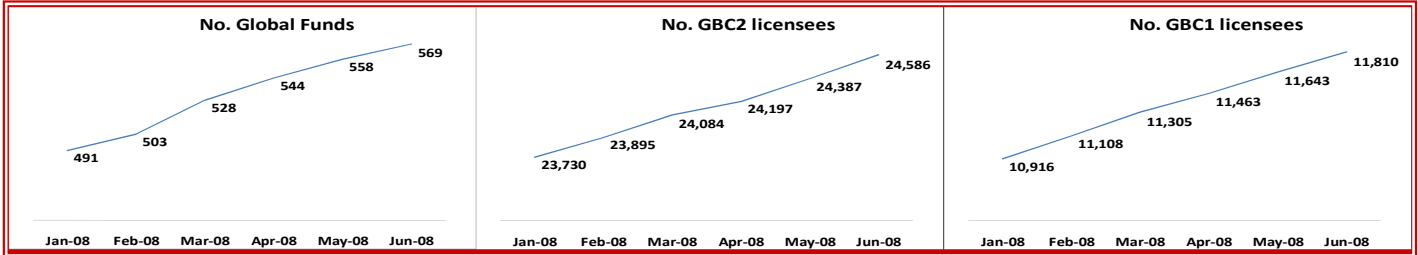




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YOUR SERVICE



Dear Readers

The commitment of Government to encourage the growth and development of the services sector in Mauritius and more specifically financial services is an important factor in the public/private sector initiatives in this field. As the global business sector is facing tough competition from other jurisdictions and many challenges, all stakeholders should make concerted efforts to ensure the continued prosperity of this dynamic sector that is growing in importance in the country's economy.

Jimmy Wong
Managing Director

Opening of the new FSC House at Ebène

The services sector is called upon to make greater contribution to the country's growth and prosperity, said the Prime Minister, Dr. Navin Ramgoolam, G.C.S.K, recently, in Ebène while inaugurating the new premises of the Financial Services Commission (FSC).

The Prime Minister added that financial services in Mauritius are well positioned to be the engine of growth in the development of the services sector as a whole. He reiterated that a right culture and ethical attitudes are needed for the financial services to remain competitive in the global business sector.

For his part, the Chief Executive of the Financial Services Commission, Mr. Milan Meetarbhan, stated that the FSC should offer quality and cost-effective services to be more competitive. Hence, it has to compete as a full-fledged international financial centre without protective or preferential networks, he added.

The Financial Services Commission was established in 2001 and operates under the Financial Services Act 2007 to license, regulate, monitor and supervise the conduct of business activities in these sectors. It is also the integrated regulator for global business and financial services other than banking and has as main objective to foster a sound environment conducive to business and safeguard the integrity of Mauritius as an international financial centre.

Contents

New FSC House at Ebène	1
Guest Article.....	2
Authentication of foreign documents	5
News at a glance.....	6
Third party Fund administration....	7
Microgen 4Series at DTOS	7

Special Economic Zones in India – Risks & Returns

Announced in April 2000, the Special Economic Zone (“SEZ”) Policy intends to make SEZs an engine for export-led economic growth supported by quality infrastructure, internationally competitive and hassle-free business environment complemented with an attractive fiscal package, both at the Centre and the State level. Another key feature of the SEZ Policy is expeditious single window approval mechanism. The law and regulations relating to SEZs are contained in the SEZ Act 2005 and SEZ Rules 2006.

SEZs are specifically delineated duty-free enclaves deemed to be a foreign territory for the purposes of duties and tariffs. Amongst others, the Developers and the Units are the key constituents of the SEZ scheme. The Developer creates infrastructure and facilities in the Zone for the Units to enable them to set up and run their business operations efficiently and seamlessly. The Developer acquires the land either by way of purchase or 20-years irrevocable lease to develop the Zone. The Developer may apply for setting up of SEZ for multi-products, multi-services, single product, single service or free trade & warehousing zone (FTWZ). Different land area norms exist for different format of SEZs. For instance, a multi-product SEZ could be set-up with minimum contiguous area of 1,000 hectares or more (but not exceeding 5000 hectares), whereas a sector specific SEZ could be set-up with minimum contiguous land area of 100-hectares. Further, SEZ Act requires that at least 50% of the land area should be the processing area. Besides, there are built-up area requirements for sector specific SEZs. The Developer also has the option of having one or more co-developers whose major role would be to develop support/ social infrastructure, generally in the non-processing area.

Needless to say, an international investor, before taking a decision to invest in developing an SEZ or setting up an SEZ Unit, would like to do the cost-benefit analysis of the investment proposal at hand. Like any other business proposal, SEZs are also exposed to certain elements of risk. However, comparatively, the returns outshine the risks. In the following lines, an analysis has been made to give an insight on the potential risk areas and major returns from such investment proposals:

Risks

Developer/ Co-Developer	Units
<p>A Developer has to invest in and put indefatigable efforts to turn a zone from a green field stage to a fully operational stage. This involves various risks elements, which include:</p> <ul style="list-style-type: none"> • Policy instability (very few instances); • Inter-Ministerial issues; • Procedural clarity (viz., the development of non-processing area and social infrastructure and business to be conducted in the non-processing area) • Long gestation period of the project; • Relatively high investments towards land acquisition and creating infrastructure; • Centre-State issues (Goa SEZ fiasco); • High uncertainty about the occupation of the Zone by the Entrepreneurs; • Issues tagged with acquisition of land; • Rehabilitation & Resettlement (R&R) issues. The R&R Bill, 2007 has been introduced in the Parliament which once notified would lay an obligation on the Developer to compensate the displaced persons (including by way of offering equity in the developer company); 	<p>The SEZ Units also have to put in great amount of efforts and money to commence the operations, which expose them to certain risk elements, which include (without limitation):</p> <ul style="list-style-type: none"> • SEZ Units have to be net foreign exchange earner at the end of the 5-year period (for which approval is given). Failure to do so may attract penalties and also the Unit shall have to forego the exemptions/ concessions availed. • Procedural clarity (viz., the business to be conducted in the non-processing area); • Units providing support facilities in the processing area (viz., cafeteria, courier services, etc.); • Lack of clarity under fiscal laws (viz., income-tax and service tax). For instance, inter-Unit export by SEZ Units under section 2(m)(iii) of the SEZ Act may not qualify for income-tax exemption under section 10AA of the Income-tax Act; • Availability of the sector-specific/ multi-product SEZ in the desired area; • Concerns relating to lease rentals; • Issues relating to availability of skilled manpower;

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| <ul style="list-style-type: none"> • The Reserve Bank of India has classified SEZs under the real estate sector. In view of this, availability of funding options and cost of funding has become big concerns. Further, FDI is not allowed in the real estate business. • Once notified, there is no provision for de-notification of the Zone. | <ul style="list-style-type: none"> • Though the SEZ Act contemplates special/ designated Courts to deal with matters relating to SEZs, there is no functional authority yet in place to address issues between Developer & the Units. |
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Returns

An SEZ project is essentially a big ticket investment project for a Developer. Returns of his initial investments would come from the lease of buildings/ premises in the Zone to the Units. The SEZ Policy guarantees numerous returns in the form of fiscal incentives and other benefits to the Developers and the Units. The benefits to the Developers and the Units through exemptions from all types of taxes and levies have proved to be outdoing the risks involved.

The fiscal incentives to the Developers and the Units at different stages of business could be summarized as under:

Stage	Developer/ Co-Developer	Units
Development stage (Capital Goods, Consumables, spares, components, office equipments, DG sets, etc.)	<ul style="list-style-type: none"> • No Customs Duty • No Excise Duty • No Sales Tax • No Service Tax • No Purchase Tax • No Stamp duty & Registration Fees • No Stamp duty on Mortgages • No Electricity duty 	<ul style="list-style-type: none"> • No Customs Duty • No Excise Duty • No Sales Tax • No Service Tax • No Purchase Tax • No Stamp duty & Registration Fees • No Stamp duty on Mortgages • No Electricity duty
Operation stage (Consumables, spares, components, etc.)	<ul style="list-style-type: none"> • As above 	<ul style="list-style-type: none"> • As above + • External commercial borrowing up to US\$ 500 million in a year without any maturity restriction. • Free to bring in export proceeds without any time limit. • Writing-off unrealized export bills allowed, etc.
Profit Stage	<ul style="list-style-type: none"> • No income tax for 10 years out of first 15 years • No Minimum Alternate Tax (MAT) • No dividend distribution tax 	<ul style="list-style-type: none"> • Exemption from Income tax for 15 years <ul style="list-style-type: none"> - First 5 years - 100% - Next 5 years - 50% - Next 5 years* - 50% (*subject to certain conditions) • No MAT

In addition, the fiscal incentives above, the SEZ Units may (i) sub-contract part of production or production process through Units in Domestic Tariff Area or through other EOUs/ SEZ Units; and (ii) sub-contract part of their production process abroad. Further, for Banking sector, setting up of Off-shore Banking Units allowed in SEZs, which are allowed income tax exemption of 100% in first 5-years; and 50% in next 5-years.

In view of the multiplicity of laws in India and their multifarious business implications, the Single Window Mechanism provided under the SEZ Policy can be regarded as yet another significant advantage to the Developers and the Units.

Conclusion

Within a short span, 222-SEZs have been notified up to 15th May 2008. The Government has granted formal approval to 531-SEZs and in-principle approval to 138-SEZs. According to the official statistics (www.sezindia.nic.in), the total investment in SEZs has been to the tune of INR 810.93 billion up to 30th May, 2008. The facts fortify that despite the existence of risk elements, the SEZ Policy has evoked tremendous response from the investors' community, both foreign and domestic. This is precisely the reason that most of the transnational corporations are redefining their vision statement to include "Destination India".

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Disclaimer: The views expressed are those of the author and do not represent the views of any organization. Further, the material contained herein does not constitute/ substitute professional advice that may be required before acting on any matter.

DTAA between the Republic of Mauritius and the Republic of Tunisia

A DTAA between the Republic of Mauritius and the Republic of Tunisia was signed on 13 February 2008 in Tunis.

The signatories were H. E. Rashid Soobadar, Ambassador, for the Republic of Mauritius and Mr. Moncef Boiden, Secretary of State, Ministry of Finance of Tunisia, for the Republic of Tunisia.

The Agreement will enter into force after that the two countries have completed their relevant internal legal procedures and have notified each other of same in accordance with Article 28 of the DTAA.

Authentication and consularisation of documents in Mauritius

Legalisation proceedings require that needed certifications must be released by qualified authorities back in the country of origin. The translated certificate together with the original documents are then legalised by the concerned consular authorities.

Some clients may require only the notarization of documents, in which case only a request to the notary public for the same should be sent. The requirement is the original and a copy of the document to be notarized.

Where the client requires the signature on an agreement to be authenticated, the requirement is the original document along with a certified passport copy of the person who signed the document.

For the consularisation process, the relevant embassy/consulate should be contacted.

For each of the above mentioned procedures, a formatted letter is available.

The following countries have their consulates/embassies in Mauritius- High Commission of Australia, Embassy of Egypt, 'Ambassade de France', Embassy of China, High Commission of India, General Consulate of Germany, General Consulate of Turkey, General Consulate of Thailand, General Consulate of Israel, General Consulate of Switzerland, General Consulate of Japan, General Consulate of Seychelles, General Consulate of Netherlands, Consulate of Canada, Consulate of Austria, Belgium Consulate, Brazil Consulate, Consulate of Bangladesh, Consulate of Gabon, Consulate of Indonesia, Consulate of Finland, Consulate of Ghana, Consulate of Czech Republic, Comoros Consulate, Consulate of Denmark, Consulate of Hungary, Consulate of Chile, Greece Consulate.

The Hague Convention (October 5th, 1961)

For the legalisation of documents from the countries which have signed the Hague Convention, the above mentioned requirements for the legalization by diplomatic means will be substituted by the corresponding seal (Apostilla) issued by the responsible authority of the countries from which the documents are issued.

The following countries have signed the Hague Conventions:

Germany, Antigua & Barbados, Old Yugoslavian Republic, Argentina, Armenia, Austria, the Bahamas, Belgium, Belize, Bielorussia, Bosnia-Hertzevovina, Botswana, Brunet, Croacia, Slovenia, Spain, the United States of America, Esthonia, Russia, Fidji, Finland, France, Greece, Holland, Hungary, Mauritius Island, Marshall Island, Israel, Italy, Japan, Lesotho, Liechtenstein, Luxemburg, Macedonia, Malawi, Malta, New Zealand, Norway, Panama, Portugal, United Kingdom, Saint Kitts and Nevis, Seychelles, Switzerland, Surinam, Swaziland, Tong and Turkey.

Those documents that have been issued either by the authorities of the EU members, or by the signatories of the agreement about the European Economic Space do not need any kind of authentication. The only requisite is that they must be issued by the authorities of the country in which the transactions have been carried out.

Thus the foreign consulates in Mauritius are of great importance for the welfare of foreign citizens in Mauritius and also for the smooth functioning of the business transactions which involves the certification of documents.

Entry Of Foreign Lawyers In Mauritius

Plans to allow foreign law firms to operate in Mauritius have met with a mixed reception, it emerged recently.

According to the government, the Law Practitioners (Amendment) Bill 2008 provides for "the setting up and functioning of law firms, the status of a legal consultant, the registration of law firms, foreign law firms, joint law ventures and foreign lawyers, the framework for the regulation of the practice of foreign law and international law in Mauritius and for related matters".

The new legislation has, unsurprisingly been welcomed by overseas lawyers, with the UK's Law Society commenting last month that:

"Up until now lawyers have been permitted to offer their services on an individual basis. The new legislation will allow foreign law firms to establish offices and enter joint ventures and partnerships with domestic firms."

"Mauritius has already established itself as an attractive offshore market; English, French and Hindi are fluently spoken throughout the jurisdiction and its working day overlaps with those of both the UK and China."

"The arrival of international firms on the island is expected to bring even greater growth through international expertise and investment of which the benefits can be shared with the domestic

China May Use Mauritius As A Gateway To Africa

The People's Republic of China have expressed interest in investing in Mauritius and using the island as a gateway to Africa especially in the financial services sector.

Recently, the Chinese delegation and the Deputy Prime Minister, Minister of Finance and Economic Development, Dr. Rama Sithanen discussed trade, investment, economic, political and cultural relations between the two countries. Over the last five years trade between Mauritius and China has almost trebled.

China is already considered as an important partner for Mauritius and so far it has supported Mauritius financially and technically in the implementation of various projects including the expansion and development of the Sir Seewoosagur Ramgoolam International Airport and the construction of a "dream" bridge in Port Louis to relieve traffic congestion.

China is also investing some RS20bn over a period of five years for creating an economic and investment zone in Mauritius.

Mauritius paving the way for a second "Growth Miracle"

The annual International Monetary Fund (IMF) survey, published recently, qualifies Mauritius as going through revitalization. It states that if the country succeeds in reducing its fiscal deficit, strengthening monetary policy, and pursuing structural reforms, a second "Growth Miracle" is on the way compared to its first "Growth Miracle" achieved in the mid-1970s and the mid-1990s.

The IMF survey affirms that the wide-ranging reform strategy initiated by Mauritius in 2005 due to the end of longstanding trade preferences and the deterioration in its terms of trade is bearing fruit. At present there is a flow of FDI at an unprecedented rate and growth is projected to be above 6 percent this year and next year. Growth is expected to be remarkable in sectors like tourism, banking, construction and services.

As the Mauritian economy is changing rapidly, the traditional sectors, like the sugar industry and the textile sector, have begun to grow again in 2007/2008 and are consolidating and restructuring after years of decline. **Mauritius has also seen very rapid growth in the emerging sectors such as the offshore financial sector, the Integrated Resorts Schemes tied to the tourism sector, thereby drawing large amounts of FDI. The country has also sought to position itself as a platform for investment from China and India to east Africa.**

However, the survey states that to meet the challenge of managing success, Mauritius will need to broaden the structural reforms to spur economic efficiency and create fiscal space for spending on public infrastructure and education. Labour market reforms are also needed and these would be achieved by taking steps to upgrade the skills of the workforce and through an increase of labour market flexibility.

The IMF survey also mentions that the vision of the authorities is to see Mauritius transition to a regional banking and services hub. For this goal to be realised, it therefore recommends that the bold reforms process which started in 2005 be pursued and deepened with special attention to managing demand pressures and removing constraints to higher growth.

Mauritian PM Confident of Growth, Prosperity

Following delivery of the recent 2008/2009 Budget, the Prime Minister of Mauritius, Dr Navin Ramgoolam, has expressed his confidence that as a nation, Mauritius can overcome the global challenges facing it, and lead the way into a new era of growth, prosperity and social equity for all of its people.

Addressing the National Assembly during the 2008/2009 budget debates, the Prime Minister pointed out that the budget is a critical building block in the country's attempt to construct a modern and wealthy nation. On this score, the Prime Minister argued that the 2008/2009 budget demonstrates that the Government has a "relentless drive" to combat poverty in all its forms.

The Prime Minister further recalled that the vibrant economic diplomacy has been one of the key ingredients of the economic success of Mauritius after independence. Dr Navin Ramgoolam suggested that the economic diplomacy missions he has personally led have succeeded in making the voice of "our remote, small country" heard amongst a host of influential global economic players.

THIRD PARTY FUND ADMINISTRATION

DTOS Ltd has extensive experience in the administration of different types of funds that covers the traditional one tiered structure funds, master feeder funds, private equity funds, hedge funds. It offers an array of services to funds located in other jurisdictions. The services encompass the following areas:

- Fund accounting (NAV)
- Financial accounting
- Compliance
- Registrar and transfer agency
- Reporting and client services

With the proven capability to deliver high quality services for any size of fund, we offer a truly integrated service that can vary from fund accounting and administration amongst others. Our team services a vast client base including large pension funds, mutual funds, reputable international banks, Fortune 500 companies, institutional investors and their investment managers throughout the world

Microgen 4 Series Powers DTOS Funds Services



DTOS Fund Services provides a complete and comprehensive range of services regarding set up and administration of funds. Accounting and fund valuation services are provided for funds located in Mauritius and other jurisdictions.

DTOS Ltd is a leading service provider in the global financial services centre of Mauritius. It is a management company duly licensed by the Financial Services Commission (FSC) to provide inter alia, corporate, trustee and fund administration services.

DTOS Trustees Ltd is a wholly owned subsidiary of DTOS Ltd and licensed by the FSC to act as qualified trustee and to provide trust related services.

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