

Beyond Africa & India: Can Mauritius' Tax Framework Unlock Broader Fund Markets?

By combining tax policy refinements with broader market development strategies, Mauritius could expand its appeal as a fund domicile, according to Zaynab Hisaund and Teelshi Nobaub of Andersen in Mauritius, reaching out beyond Africa and India to compete on an equal footing with the world's leading jurisdictions.



Mauritius has long held a reputation as a premier International Financial Centre ("IFC") for investment vehicles targeting Africa and India. Over the years, the island has evolved into more than just a tax-efficient jurisdiction; it has become a trusted partner for institutional investors seeking reliable structuring,

treaty access and credible fund administration.

With the rise of competing fund hubs like Singapore, Luxembourg and the UAE, Mauritius faces a strategic choice: remain focused on its traditional strengths in the Africa-India corridor, or unlock a broader global investor base by expanding its market reach.

Mauritius in Numbers: Current Fund Landscape

Historically, Mauritius-based funds have attracted European and North American institutional investors, particularly development finance institutions (“DFIs”), pension funds and large endowments.

In recent years, there has been a notable rise in capital commitments from Middle Eastern sovereign wealth funds and African institutional investors, reflecting both the growing appetite for intra-African investment and the strengthening economic ties between the Gulf Cooperation Council (GCC) countries and Africa.

The latest statistics show Mauritius hosting around 942 licensed funds as at January 2025¹. These funds predominantly channel investments into India and Africa.

Mauritius provides modern and flexible structuring vehicles

India remains a dominant investment destination, with Mauritius being one of the largest sources of FDI into India in the financial year 2023–2024 and maintaining momentum into 2025, with USD 8.34 billion in FDI inflows².

From an African perspective, the African Private Capital Activity Report 2024 by the African Private Equity and Venture Capital Association (“AVCA”) recorded USD 4 billion in fundraising across the continent³. Mauritius-domiciled vehicles, particularly in private equity, infrastructure, energy and SME growth strategies, played a significant role in facilitating these flows.

Tax Advantages: The Mauritius Value Proposition

Mauritius offers a competitive headline corporate income tax rate of 15%, complemented by targeted exemptions that substantially reduce the effective tax burden for investment funds. In addition, a Corporate Climate Responsibility (CCR) Levy of 2%

applies where a company’s annual turnover exceeds Rs 50 million in a year.

Licensed Collective Investment Schemes (“CIS”) and Closed-End Funds (“CEF”) may claim an 80% exemption on their income, subject to meeting prescribed substance requirements. Effective from the year of assessment commencing 1 July 2024, this exemption was increased to 95% for interest income derived by CIS and CEF, a measure specifically aimed at promoting the use of debt funds for investment into India. This is particularly advantageous when combined with the India–Mauritius tax treaty, which provides a reduced 7.5% withholding tax on interest payments from India, compared to 10% under the India–Singapore treaty.

The domestic tax regime also incorporates a foreign tax credit mechanism, enabling taxpayers to offset foreign taxes paid against their Mauritian liability.

Mauritius imposes no capital gains tax, and profits derived from the sale of securities are fully exempt from income tax. Significantly, from 1 July 2024, the definition of “securities” for income tax purposes was extended to include virtual assets and virtual tokens, encouraging investment into digital asset classes.

Repatriation of profits is equally tax-efficient: dividends distributed by resident companies are exempt from tax, ensuring that returns are not eroded at the fund level. In addition, interest payments made by Global Business Companies to non-residents, when sourced from foreign income, are exempt from withholding tax, facilitating efficient cross-border financing.

Mauritius’ extensive network of double taxation agreements underpins its role as a gateway into key markets, offering structuring opportunities that enhance after-tax returns for investors.

Furthermore, the jurisdiction provides modern and flexible structuring vehicles such as the Variable Capital Company (“VCC”) and Protected Cell Company (“PCC”), with the option for individual sub-funds or cells to be taxed separately, granting operational efficiency and fiscal flexibility.

The Finance Act 2025 introduces the Qualified Domestic Minimum Top-up Tax (“QDMTT”), effective from the year of assessment commencing 1 July 2025, underscoring Mauritius’ commitment to OECD

Pillar Two standards. While investment funds are stated to be excluded from its scope, this departs from Article 1.5.1 of the OECD GloBE Rules, which excludes only those that are ultimate parent entities. The absence of a statutory definition for “investment fund” could create uncertainty over eligibility, pending clarification in forthcoming regulations.

Comparing Mauritius with other jurisdictions, each leading fund hub brings a distinct advantage.

Luxembourg and Ireland offer fund-level tax neutrality combined with EU “passporting,” allowing easy cross-border marketing in Europe. Cayman has zero fund-level taxation and minimal compliance, appealing to hedge and private funds seeking speed and simplicity. Singapore provides generous fund tax exemptions, GST remissions, and a deep service ecosystem for Asia-focused managers. The UAE exempts qualifying investment funds from its corporate tax regime while offering proximity to Gulf sovereign capital.

While these jurisdictions each have distinctive advantages, Mauritius holds a competitive position through its strong tax treaty network, targeted tax incentives, absence of capital gains tax, flexible fund structures and by being a jurisdiction of substance.

Unlocking Broader Markets: The Way Forward

By combining tax policy refinements with broader market development strategies, Mauritius could expand its appeal as a fund domicile.

From a tax perspective, the government could consider expanding its treaty network into jurisdictions where Mauritius currently has limited coverage.

From a non-tax perspective, lessons from Luxembourg and Ireland show that visibility and trust are built through consistent, transparent market data. Targeted marketing campaigns, modelled on Ireland’s and Singapore’s roadshows, could position Mauritius as a viable hub for emerging market multi-jurisdiction strategies, combining its existing strengths with broader regional offerings. Faster turnaround times for VCC approvals, as seen in Singapore, could also make

Mauritius more attractive for multi-strategy platforms.

By adopting these targeted enhancements, Mauritius can retain its stronghold in treaty-driven markets while evolving into a more versatile and globally recognised fund centre - balancing its traditional advantages with modern competitive features.

Conclusion

Mauritius retains key advantages as a bridge between global capital and high-growth markets. Its competitive tax framework, extensive treaty network, absence of exchange controls, sophisticated financial services sector and flexible structuring tools provide a solid base for growth, while its political and economic stability add weight in an increasingly competitive landscape.

Competitiveness depends on continuous adaptation to investor needs

The experience of other leading fund hubs shows that competitiveness depends on continuous adaptation to investor needs, regulatory developments, and market trends. By focusing on well-targeted reforms; enhancing market transparency, streamlining approvals, diversifying product offerings, and building deeper investor engagement, Mauritius can strengthen its positioning and attract a broader range of international funds.

With the right measures, the jurisdiction can evolve from being viewed mainly as a gateway to India and Africa into a recognised global fund centre able to compete on equal footing with the world’s leading jurisdictions.



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1 <https://www.fscmauritius.org/en/statistics/statistics/global-business>

2 <https://dpiit.gov.in/publications/fdi-statistics>

3 https://www.avca.africa/media/fcpjt4s3/2024_avca_african_private_capital_activity_report_apca_public.pdf