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Summary and conclusions

As an international financial centre which is actively promoted as a gateway for investment into Africa, financial services have represented a major pillar in Mauritius' diversified economy since the early 1990s. The percentage contribution of the financial sector to GDP is above 15%. There are over 20 banks in operation in Mauritius, including subsidiaries of foreign owned banks and branches of international banks. Total assets of the banking sector are in excess of EUR 3 billion.

With such a significant amount of assets flowing through its financial sector, Mauritius needs to have a transparent and compliant eco-system as this is directly linked to its reputation as an IFC.

In 2000, when the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) started its work to achieve a global level playing field in areas of transparency and effective exchange of information, Mauritius was among the six non-OECD countries to make political commitment to improve transparency and effective exchange of information. As a keen supporter of the work of the OECD, Mauritius was among the first few non-OECD countries that formed part of the Global Forum Work Group set up to draft the Model TIEA. The country has 56 bilateral and multilateral agreements on exchange of information in force and continues to develop its bilateral exchange of information (EOI) network. Currently, Mauritius has an exchange of information relationship with some 140 countries. It has been reporting financial account information under FATCA since 2015 and under the Common Reporting Standard (CRS) since 2017.

The Global Forum first reviewed Mauritius in 2014, when it achieved largely compliant status. Following the second round of reviews which took place in 2017, the overall rating for Mauritius was upgraded to compliant. In 2019, Mauritius was also cleared by the European Union and did not appear on the so-called "grey" or "black" list of non-cooperative jurisdictions published by the European Union.

The latest ratings fully support Mauritius' credibility as a robust, transparent and reliable IFC.

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Along with consistently being ranked No. 1 for Ease of Doing Business in Africa, it sets the example for the African continent in terms of tax transparency. As one of the 29 African countries that have joined the Global Forum, it is one of only three African countries that have achieved AEOI status (the other two being South Africa and the Seychelles). While EOI infrastructure is slowly building up, as is capacity, on the continent, Mauritius has already met the required standards in terms of infrastructure, processes, confidentiality and data safeguards and legislation to ensure an efficient and robust exchange of information framework.

Mauritius has fully committed to adopt the minimum standards pursuant to the BEPS proposals. In particular, it has signed and ratified the Multilateral Convention (MLI) to implement tax treaty related measures to prevent base erosion and profit shifting. In particular, it has adopted the minimum standard under Action Point 5 (exchange of tax rulings) and Action Point 13 (Country-by-Country Reporting).

As regards the impact of digitalisation on exchange of information, the authors believe that commenting on the impact of digitalisation on the established framework would be premature given that the fintech industry is still in its infancy in Mauritius and AEOI reporting (particularly under CRS) has only been taking place for two years.

It is perhaps too early to tell the extent to which exchange of information has resulted in successful assessments or curtailment of tax evasion. However, there is little doubt that the various instruments in place will serve as a serious deterrent to tax evasion and illicit financial flows. As the MRA becomes more sophisticated and continues to build capacity on complex areas of international tax law (including transfer pricing), it becomes better equipped to analyse the information collected in order to determine whether there has been base erosion, tax avoidance or tax evasion.

1. Instruments and processes of international application

1.1. Introduction

As an international financial centre which is actively promoted as a platform for investment in Africa, financial services have represented a major pillar in Mauritius' diversified economy since the early 1990s. The percentage contribution of the financial sector to GDP is above 15%. There are over 20 banks in operation in Mauritius, including subsidiaries of foreign owned banks and branches of international banks. Total assets of the banking sector are in excess of EUR 3 billion.

With such a significant amount of assets flowing through its financial sector, Mauritius needs to have a transparent and compliant eco-system as this is directly linked to its reputation as an IFC.

Mauritius has been committed to the international exchange of information on request (EOIR) standard since 2000. The country has 56 bilateral and multilateral agreements on exchange of information in force and continues to develop its bilateral exchange of information (EOI) network. It has been reporting financial account information under the US Foreign Account Tax Compliance Act (FATCA) since 2016 and under the OECD Common Reporting Standard (CRS) since 2017. It will start reporting under country-by-country reporting (CbCR) from 2020 and has the necessary mechanisms in place to exchange tax rulings with other tax authorities.

The Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) first reviewed Mauritius in 2014, when it achieved “largely compliant” status. Following the second round of reviews which took place in 2017, the overall rating for Mauritius was upgraded to compliant. In 2019, Mauritius was also cleared by the European Union and did not appear on the so-called “grey” or “black” list of non-cooperative jurisdictions published by the European Union.

The latest ratings fully support Mauritius’ credibility as a robust, transparent and reliable IFC.

Along with consistently being ranked No. 1 for Ease of Doing Business in Africa, it sets the example for the African continent in terms of tax transparency. To date, it is one of the only three African countries (the other two being Seychelles and South Africa) which have met the standards required to exchange information under CRS.

1.2. Treaties

Mauritius has committed to a number of exchange of information agreements at the international level, both on a bilateral and on a multilateral basis. It has concluded 63 agreements relating to exchange of information, 61 of which are bilateral agreements and two multilateral agreements. Of the 56 agreements in force, 55 are to the standard.

In respect of the six bilateral agreements not yet in force, Mauritius has completed all steps necessary for ratification on its end and is awaiting ratification by the treaty partner.

Bilateral agreements

On a bilateral basis, Mauritius commits to exchange information pursuant to two types of instruments:

- (i) Double Taxation Avoidance Agreements (DTAA); and
- (ii) Tax Information Exchange Agreements (TIEA).

Mauritius currently has 45 DTAAAs in force, most of which contain an exchange of information article which permits exchange of information on request either for the purposes of implementing the provisions of the double tax treaty or those of domestic law in relation to taxes covered under the treaty, particularly for the prevention of fraud and tax evasion. The article typically provides for assurance as regards confidentiality of data.

In addition, Mauritius has concluded TIEAs with 11 countries, namely Australia, Austria, Denmark, Faroe Island, Finland, Greenland, Republic of Korea, Norway, Guernsey, Iceland and the United States.

There is therefore a wide coverage of exchange of information commitments between Mauritius and 55 other countries on a bilateral basis.

TIEAs are sometimes preferred over DTAAAs as they can be negotiated and concluded fairly quickly compared with DTAAAs, which can often take years of negotiation.

The scope of the exchange of information articles has evolved over the years. At the time of the Global Forum’s combined review in 2010, it was noted that many of Mauritius’ DTAAAs did not include paragraphs 4 and 5 of article 26 of the Model Tax Convention. Further, issues with the interpretation of foreseeable relevance arose in a few cases and some treaty partners indicated that they had not received bank information from Mauritius. Following the report issued in 2011, Mauritius reviewed its EOI network and signed a number of new agreements and protocols to existing treaties to rectify the deficiencies identified in the 2011 report (including the incorporation of article 26 of the OECD Model Tax Convention). Bank

information was also exchanged without any issues (even in the absence of reciprocity) and no further adverse comments were made in relation to the foreseeable relevant test. The 2017 Peer Review Report noted that Mauritian authorities interpret “foreseeable relevance” liberally and that Mauritius has never declined a request on the ground that it was not foreseeably relevant.

All of Mauritius’ bilateral agreements provide for the exchange of information that is “foreseeably relevant”, “necessary” (Mauritius-Monaco) or “relevant” (Mauritius-Rwanda) to the administration and enforcement of the domestic laws of the contracting parties. During the peer review period, Mauritius did not refuse to answer any EOI requests on the basis of lack of foreseeable relevance.

In addition, none of Mauritius’ EOI agreements contain language prohibiting group requests, nor is any such provision contained in Mauritius’ domestic law. Mauritius interprets its agreements and domestic law as permitting the competent authority to provide information requested pursuant to group requests in line with article 26 of the OECD Model Tax Convention and its commentaries.

Although all EOI agreements recently executed by Mauritius provide for exchange of information with respect to all persons without restrictions, in previous reviews, some of Mauritius’ older agreements were still limited to residents of one or both of the contracting states. The 2017 Peer Review Report notes that “In December 2013, Mauritius contacted all of its treaty partners with whom agreements did not extend to non-residents to request that the EOI provisions be updated to reflect Article 26 of the Model Tax Convention. All agreements have been updated with the exception of one, with Oman. Mauritius reports that it is currently engaging with Oman to update the exchange of information article”.

With respect to the obligation to exchange all types of information, the 2017 Peer Review Report makes two important observations:

- (i) that all new agreements entered into by Mauritius since the last review include provisions akin to article 26(5) of the OECD Model Tax Convention and article 5 paragraphs (a) and (b) of the OECD Model TIEA respectively. These provisions mandate that a contracting party may not decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person; and
- (ii) it was recommended in 2014 that as Mauritius’ older DTAAAs do not contain such a provision, Mauritius should continue to renegotiate its older agreements to include similar language.

Multilateral agreements

On a multilateral level, Mauritius has signed the Convention on Mutual Administrative Assistance in Tax Matters (MAC) on 23 June 2015 and deposited its instrument of ratification on 31 August 2015. The MAC entered into force for Mauritius on 1 December 2015. In fact, it is one of the nine African countries that have to date ratified the MAC. In its 2017 Peer Review Report, the Global Forum has commended the efforts of Mauritius to expand its exchange of information network.

While it is too early to assess the effectiveness of these instruments in combating tax evasion, there is no doubt that the framework is fully operational. In a press conference held in September 2019, the Director General of the Mauritius Revenue Authority (MRA) stated that approximately Rs 104 billion (approximately EUR 2.5 billion) is held by Mauritius

residents in accounts offshore, the majority of which are in the United Kingdom, France, Luxembourg and Monaco. The next step would be for the MRA to actually use the information obtained to identify if taxpayers have illegally evaded taxes.

1.3. Regional regulatory framework

Mauritius is a signatory to the Agreement on Assistance in Tax Matters of the Southern African Development Community (SADC Agreement) signed by the nine SADC countries: Mauritius, Democratic Republic of Congo, Lesotho, Malawi, Mozambique, Seychelles, Swaziland, Tanzania and Zambia.

The SADC Agreement was signed on 18 August 2012 but has not yet entered into force. The SADC Agreement provides for administrative assistance between member countries including exchange of information for tax purposes. The three SADC jurisdictions that do not have separate bilateral agreements with Mauritius are Democratic Republic of Congo, Malawi and Tanzania.

The SADC Agreement cannot come into force until a minimum of two-thirds of its members ratify it and this minimum threshold has not yet been reached.

1.4. BEPS related measures

Mauritius has fully committed to adopt the minimum standards pursuant to the base erosion and profit shifting (BEPS) proposals. In particular it has signed and ratified the Multilateral Convention (MLI) to implement tax treaty related measures to prevent base erosion and profit shifting. Of its 46 treaties, 44 have been listed under the MLI and to the extent that these treaties are covered tax agreements, they will as amended include the minimum standards under the MLI, with the Principal Purpose Test (PPT) as the main anti-abuse provision. In terms of exchange of information under the BEPS proposals, Mauritius has adopted the following minimum standards:

(i) BEPS Action 5

Mauritius has committed to exchange information on tax rulings.

(ii) BEPS Action 13

Mauritius has also signed and ratified the Country-by-Country (CbC) Multilateral Competent Authority Agreement (MCAA) and has passed legislation to enable exchange of country-by-country reports as from the fiscal year starting 1 July 2018. In fact, positive comments were received in the latest CbC peer review document in relation to the implementation of the domestic and legal framework for CbC reporting. The 'Guidance for appropriate use of CbC reporting' has been published on the MRA website and the full administrative framework is in place for exchange of CbC reports.

1.5. Global Forum related measures

Following the 2017 Peer Review Report of the Global Forum on EOIR, Mauritius received an overall rating of compliant. Furthermore, Mauritius has been exchanging information under CRS since 2018 and under FATCA since 2015.

There is insufficient feedback on the reporting process under CRS as the reporting has started fairly recently (2018).

The 2017 Peer Review Report provides extensive detail and feedback with respect to the standard under EOIR.

The 2017 Peer Review Report noted that:

with respect to the exchange of information in practice, Mauritius' response times to EOI requests over the period under review has been generally good. Over the review period, Mauritius answered 89% of requests in 90 days and 98% of requests in 180 days. Further Mauritius' EOI unit is well-organised and appropriately staffed to handle the volume of requests received. Procedures and guidelines are in place to facilitate effective exchange of information.

The domestic tax legislation expressly permits exchange of information in tax matters as a derogation from any confidentiality obligation that may exist pursuant to the Banking Act or any other domestic legislation. In line with the Model Tax Convention and the Model TIEA, Mauritius' agreements provide that parties are not obliged to exchange information that would disclose any trade, business, industrial, commercial or professional secret, or information the disclosure of which would be contrary to public policy. The 2017 Peer Review Report⁴ notes that, "with respect to privilege, no case arose during the period under review where a person refused to provide the requested information because of professional privilege". It further notes that "Mauritius has never declined to provide information based on an invocation of privilege or any other professional secret and no peer indicated any issue in this respect".

The 2017 Peer Review Report does note however that Mauritius could improve in terms of enforcement action in case of delay to respond to requests for information promptly. The justification given by Mauritius for delays of up to 90 days (sometimes up to 180 days) was that the current legislative framework did not allow for administrative penalties to be levied in case of delay. The only available recourse was the most severe one, i.e. court action. In all cases encountered so far, the MRA deemed that it was not appropriate to lodge court proceedings for mere delay to respond and that it instead preferred to foster a culture of cooperation with taxpayers. Given that, in the vast majority of cases, requests were dealt with under 90 days, the 2017 Peer Review Report regarded this lack of enforcement action as being a minor issue. Administrative penalties have now been introduced by Mauritius in the Income Tax Act.

To date, it is too early to tell the extent to which the implementation of all EOI measures by Mauritius has been effective in curtailing tax evasion and avoidance. It is interesting to note that the 2017 Peer Review Report highlights that:

During the review, period, Mauritius sent a total of nine requests for information to treaty partners. Generally, feedback received from peers on the quality of requests sent by Mauritius has been positive. Peers reported that requests have been comprehensive and supported by the necessary documentation and Mauritius has been noted as being communicative and co-operative. However, one peer indicated that the standard of foreseeable relevance was not demonstrated with sufficient rigour, although this peer did not seek any clarifications on requests received from Mauritius during the review

⁴ P.104.

period. Another peer indicated that in two complex requests, it had to seek additional background information to support its domestic administrative practices but made no negative remarks with respect to the quality of the requests.⁵

This is encouraging and it is hoped that as the processes become more automated in future, the requests will convert into actual collection of taxes.

In addition, Mauritius actively participates in the work of the Global Forum either by providing assessors for the EOIR peer review process or by participating in its working groups and by attending its plenary meetings, to which it brings the voice of the African continent. Since 2009, Mauritius has provided 15 assessors in the peer review process.

It is also noteworthy that Mauritius stands out in the area of exchange of information in tax matters on the African continent. As one of the 29 African countries that have joined the Global Forum, it is one of only three African countries that have achieved AEOI status (the other two being South Africa and the Seychelles). While EOI infrastructure is slowly building up, as is capacity, on the continent, Mauritius has already met the required standards in terms of infrastructure, processes, confidentiality safeguards and legislation to ensure an efficient and robust exchange of information framework.

The Africa Initiative 2018 Progress Report⁶ reiterated that Mauritius has all the necessary tools in place for exchange of information to take place. It also noted that before the launch of the Africa Initiative, only two countries (Mauritius and South Africa) had a suitable infrastructure to deal with EOI on the continent.

The Africa Initiative 2018 Progress Report commented that the next steps for Mauritius would be for the authorities to use the available EOI infrastructure to raise more revenue (by sending out EOI requests and monitoring revenue gains) and by ensuring an effective use of information received in AEOI.

1.6. Financial information

Mauritius has passed legislation to enable exchange of financial account information under FATCA since 2014 and under CRS since 2016.

As regards FATCA, Mauritius has signed a model 1 Intergovernmental Agreement (IGA) which allows for exchange of information between both countries on a reciprocal basis.

Reporting under FATCA has taken place since 2015 and since 2018 under CRS. Based on the authors' experience, it would appear that all financial institutions are well versed on the requirements and obligations under the legislation and have been reporting without any major issues.

In 2018, Mauritius sent financial account information under CRS to 54 treaty partners.

Based on experience, the authors are of the view that the financial institutions in Mauritius have in general implemented robust processes to enable effective information gathering and reporting under CRS. One aspect of the investment climate in Mauritius is noteworthy in terms of its impact on CRS legislation. There are some real estate schemes which entitle an investor of a "Property Development Scheme" worth at least EUR 500,000 to a permanent residence permit. However, this is for immigration purposes only and has

⁵ P.112.

⁶ <https://www.oecd.org/tax/transparency/africa-initiative-report-2018.pdf>.

no incidence whatsoever on a person's tax residency. In view of the commitment taken by Mauritius to exchange such information on a spontaneous basis with other competent authorities, Mauritius does not appear on the list of "high risk" residency by investment schemes identified by the OECD as a potential tool to avoid reporting under CRS.

The authors believe that it is too early to assess the efficiency and effectiveness of reporting under FATCA and CRS. It should be noted that the Global Forum only recently established the AEOI Peer Review Group (APRG) to review the effectiveness of each jurisdiction's implementation of the AEOI Standard in practice by 2021. As a member of the APRG, Mauritius intends to participate actively in the work of the Global Forum.

1.7. Administrative cooperation

Currently, there is nothing to report except that Mauritius is aware of the Tax Inspectors Without Borders (TIWB) initiative and intends to initiate a request for expert assistance in the future. The TIWB is an OECD/UNDP joint initiative which facilitates targeted tax audit assistance programmes in which foreign tax auditors work together directly in practice with tax officials in assistance-requesting countries on actual audit cases and audit related issues, sharing audit practices for specific cases.

1.8. Other issues

The African Tax Administration Forum (ATAF) has developed the Agreement on Mutual Assistance in Tax Matters (AMATM) which is a multilateral agreement to facilitate exchange of information among African countries. ATAF has not yet established a process for assessing whether jurisdictions that are signatories of the AMATM have the necessary confidentiality and data safeguards framework. Mauritius will only sign the AMATM once it is satisfied that information will only be exchanged with jurisdictions that meet confidentiality and data safeguard requirements.

On 15 November 2017, Mauritius signed a joint declaration in Yaoundé, Cameroon for the Tenth Plenary meeting of the Global Forum. This declaration reiterated the importance of tax transparency in the fight against tax evasion and illicit financial flows and to support domestic resource mobilisation.

2. Incorporation of the instruments and processes into domestic legislation

2.1. Domestic adoption

To enable the implementation of the CRS, the Income Tax Act was amended in 2015 by adding a new subsection (5A) to section 76. This empowered the Director General to require financial institutions to establish, maintain and document due diligence procedures and to transmit CRS information in the required xml format by 31 July of each year. Moreover, a new subsection (5) was introduced in section 76 to allow exchange of information in respect of taxes of every kind and description covered under an international agreement.

Particularly with respect to CbCR

In 2017, section 76(5A) was further amended to enable exchange of country-by-country reports.

Mauritius has also introduced secondary legislation to implement CbC reporting requirements in 2018. The legislation contains penalty provisions to impose and enforce CbC requirements. The first filing obligation for a CbC report in Mauritius applies to reporting fiscal years commencing on or after 1 July 2018.

In that connection, Mauritius has issued a guidance to ensure the appropriate use of information in all six areas identified in the 'OECD Guidance on the appropriate use of information contained in CbC Reports'.

As part of the implementation process for exchange of information under the Common Reporting Standard, a committee on automatic exchange of information (AEOI) comprising representatives from governmental departments as well as regulators and the industry was set up at the level of the MRA. Through this committee, it was possible to engage with the industry prior to implementation of CbCR.

In 2015, so as to be able to cope with the growing challenges arising out of the commitments taken by Mauritius towards tax transparency, staff capacity within the International Taxation Section was beefed up and training provided to staff dealing with all types of information exchange including CbCR. Moreover, within the International Taxation Section of the MRA, staff who are well versed in CbCR matters attend to queries received through dedicated CbCR email boxes, telephone helplines and face-to-face meetings.

Mauritius has no provision which requires the reporting of foreign (subsidiaries, branches, head offices) entities located in a jurisdiction that are not compliant with CbCR.

Given that there are only a few MNEs with group turnover exceeding EUR 750 million that are headquartered in Mauritius, the implementation of CbCR is expected to have little effect on foreign direct investment or business activities in Mauritius or the cost of doing business in Mauritius. Compliance with CbCR regulations is bound to lead to an effective increase in tax transparency in Mauritius.

2.2. Tax administration authority

The MRA has broad access powers by virtue of section 124 of the Income Tax Act to obtain bank, ownership and identity information and accounting records from any person for both domestic tax purposes and in order to comply with its obligations under bilateral and multilateral international agreements. Section 126 of the Income Tax Act vests in the MRA the power of inspection whereby any MRA officer can enter a taxpayer's premises and inspect any information, book, record, or other document. These powers enable the MRA to obtain information directly from a person in possession or control of it.

As opposed to information requested under the EOI article under a treaty, at the domestic level, there is no requirement to comply with the 'foreseeable relevance standard' in order to request information from the taxpayer.

Following ratification of the Convention for Mutual Administrative Assistance in Tax Matters (MAC), Mauritius has considerably expanded its EOI network and is now able to exchange information with some 140 jurisdictions.

In the context of information exchanged under the CRS, an amnesty confide has been set up to encourage Mauritian residents deriving income from Mauritius and parking such

income abroad to come forward and declare any undisclosed income free from penalties and interests. The scheme will end on 31 March 2019.

The MRA has a fully computerised system. It furthermore has a comprehensive network of third-party information with linkages through the IT system with various governmental and regulatory bodies.

Within the MRA, there is a dedicated unit, the Tax Risk Management Unit (TRMU) which has been established with specific focus on identification, assessment and ranking of compliance risks. The MRA employs IT specialists, statisticians and other trained personnel who work in collaboration with compliance departments during the data mining and risk-based selection process. Within compliance departments, resources are also dedicated to selecting cases for audit using specialist software and analytical tools such as IDEAS.

Thus, information exchanged under the CRS is cross matched with information declared in the income tax return and third-party information. This is factored into the risk scoring system to enable the selection of the riskiest cases for audit.

With an expanded EOI network, the relationship between the MRA and the taxpayer is more transparent and the ability of the MRA to raise assessments has increased. At this stage, it is too soon to assess the effectiveness of AEOI with regard to increasing revenue for the tax administration.

2.3. Institutional framework

Up till early 2015, the EOI Unit comprised two staff working full time on exchange of information on request. In view of the commitments taken by Mauritius to exchange information under FATCA and CRS and the BEPS Project, an International Taxation Section within the Large Taxpayer Department was created in March 2015.

The EOI team consists of one section head, two team leaders and eight technical officers / officers who deal with EOI requests as part of their workload. The team also consists of a full-fledged CRS/FATCA unit which is staffed with a team leader and four officers, all of whom are well versed in FATCA and CRS matters, have been involved in implementation of CRS including the drafting of CRS Guidance Notes and the conduct of workshops on a regular basis for the industry. The CRS/FATCA unit is also responsible for implementing the strategy to monitor compliance with the CRS.

The MRA has developed an electronic system which was built in-house to record requests received and the different tasks effected for each request. This system is able to generate a number of management reports.

New staff are provided with training on how to attend efficiently to EOI requests as soon as they join the Exchange of Information unit. The procedure manual on EOI is put at their disposal.

There is an EOI dashboard which has been implemented. The requests obtained are allocated to the officers on a rotational basis. All tasks are recorded on the dashboard until the request is closed. Reports are retrieved at the end of each month and an explanation is sought in cases of overdue requests. Key performance indicators used are the time it takes to attend to the request (three-month limit). The competent authorities for EOI purposes are the director and section heads of the Large Taxpayers Department.

2.4. Confidentiality and data protection

All of Mauritius' information exchange agreements signed since the April 2014 report contain provisions ensuring that the information exchanged will be disclosed only to persons authorised by the treaties and which are in line with article 26(2) of the OECD Model Tax Convention or article 8 of the Model TIEA.

Mauritius' domestic legislation contains safeguards to protect the confidentiality of sensitive information. Section 154 of the Income Tax Act imposes a duty of secrecy on every officer of the MRA. Contravention of secrecy provisions is punishable by a fine not exceeding MUR 5000 (EUR 130) and a term of imprisonment not exceeding two years. The obligations as to secrecy imposed under the Income Tax Act do not prevent the disclosure of information under an EOI arrangement.

Mauritius also has safeguards in place in its EOI practice to ensure the confidentiality of information received in the context of an EOI request. Exchange of information files and any accompanying information are handled exclusively by the officer of the EOI unit and will remain in the custody of the officer to which they are assigned. Files are kept separately from the taxpayer's normal file.

Further, the MRA has in place a clean-desk policy and appropriate termination procedures for departing staff. The MRA is able to impose a wide range of penalties for unauthorised disclosure of confidential information under sections 13 and 25(1) of the Mauritius Revenue Authority Act, section 154 of the Income Tax Act, section 8 of the Value Added Tax Act and section 19A of the Customs Act.

EOI documents are stored in secure areas protected by entry controls to ensure that only authorised personnel are allowed access. Mauritian authorities indicate that there have not been any cases where information received by the competent authority from an EOI partner has been disclosed other than in accordance with the terms under which it was provided. No peer has raised any concerns in this respect in the 2017 Peer Review Report.

3. Impacts of digitalisation on the established frameworks

Exchange of information in tax matters, and in particular exchange of financial account information under FATCA and CRS, was not designed to deal with the digital disruption that is fast evolving.

Blockchain and cryptocurrencies have attracted a great deal of attention and are the new challenge facing policymakers of this era. Until regulators address digital assets, investors will not have much clarity or certainty.

This industry is quite nascent in Mauritius. However, in January 2018 a 'Fintech and Innovation-driven Financial Services Regulatory Committee' (Fintech Committee) was set up under the aegis of the Financial Services Commission, Mauritius, (FSC) which is the integrated regulator for the non-bank financial services sector and global business. Mauritius has also recently been admitted as a member of the Global Financial Innovation Network (GFIN).

On 17 September 2018, the FSC issued a guidance note on the 'Recognition of Digital Assets' considering them as an asset-class for investment by Sophisticated and Expert Investors. In addition, the FSC issued a circular letter on Cyber Risk Governance in August 2019 reminding corporate service providers of their obligations to comply with the Code of business conduct and to the National Code of Corporate Governance. The circular letter

also ensures that the board corporate service provider competently exercises its oversight over the risk governance function and of the implementation of an adequate and effective cyber-resilience programme.

The MRA has not yet issued any guidance notes in relation to digital assets.

The authors believe that commenting on the impact of digitalisation on the established framework would be premature given that the fintech industry is still in its infancy in Mauritius and AEOI reporting (particularly under CRS) has only been taking place for two years.

Conclusion

It is perhaps too early to tell the extent to which exchange of information has resulted in successful assessments or curtailment of tax evasion. However, there is little doubt that the various instruments in place will serve as a serious deterrent to tax evasion and illicit financial flows. As the MRA becomes more sophisticated and continues to build capacity on complex areas of international tax law (including transfer pricing), it becomes better equipped to analyse the information collected in order to determine whether there has been base erosion, tax avoidance or tax evasion.



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