



***The Impact of the
Multilateral Instrument (MLI)
on the Mauritius Tax Treaties***

May 2021

1. The Impact of the Multilateral Instrument (MLI) on the Mauritius Tax Treaties

Mauritius has signed the Multilateral Convention to implement the Tax Treaty Related Measures to prevent Base Erosion and Profit Shifting (hereafter referred to as the 'MLI') on 5 July 2017. The MLI only modifies tax treaties that are 'Covered Tax Agreements' ('CTA'). A CTA is a tax agreement that is in force between parties to the MLI and which both parties have listed under MLI. The MLI shall therefore not apply to a bilateral tax treaty if:

- one party or both parties to the MLI have not included the treaty in their list of notifications; or
- one of the contracting states is not a party to the MLI.

Countries may sign up to the MLI or choose to bilaterally renegotiate their tax treaties to incorporate BEPS minimum standards and other treaty anti-avoidance provisions.

2. Mauritius MLI Position

Mauritius has chosen to adopt the mandatory provisions of the MLI under Articles 6, 7 and 16 and the non-mandatory provisions under Article 17 and Part VI (Arbitration). The mandatory provisions would apply to all CTAs while the non-mandatory provisions would only apply to CTAs for which the other contracting state has neither made a reservation not to apply Article 17 nor made a notification of choice to apply Part VI (Arbitration). For further details on the provisions, please consult our previous document on the MLI titled "[Overview](#)" issued in March 2020.

Mauritius deposited its instrument of ratification on 18 October 2019. Since the MLI enters into force on the first day of the month following the expiration of three calendar months after the date of ratification, the MLI entered into force for Mauritius on 01 February 2020. Please refer to Paragraph 5 below for the DTAs that would be amended by the MLI. For DTAs amended by the MLI, the main changes are:

- a. the inclusion of a new preamble which states that the purpose of the DTA is to eliminate double taxation without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance;
- b. the inclusion of a 'principal purpose test' provision which is an anti-abuse rule to deny DTA benefits in abusive cases; and
- c. the inclusion in some DTAs of provisions which allow taxpayers to request for mutual agreement procedure cases to be resolved through an arbitration process if the Competent Authorities are unable to reach an agreement within a specified time period.

3. Entry into effect of the MLI for Mauritius

The provisions of the MLI may take effect on different dates, depending on the taxes involved and on the choices made by each contracting state in their respective MLI positions. Subject to the above, the earliest dates on which the MLI takes effect in Mauritius are as follows:

- For withholding taxes, on income derived on or after 1st July 2020;
- For all other taxes, for income years starting on or after 1st July 2021; and
- For dispute resolution, generally on or after 1st February 2020.

4. Synthesised Texts

Synthesised texts are being prepared for the majority of Mauritius' tax treaties modified by the MLI and will be published after consultation with the competent authority of the other contracting state, unless otherwise stated in the document. The texts contain the consolidated texts of the provisions of a CTA, including the texts of any amending protocols, and the provisions of the MLI applicable to that CTA.

Synthesised texts are not legally binding and are prepared solely to facilitate the interpretation and application of tax agreements modified by the MLI. The applicable provisions of the MLI and the authentic texts of the CTAs (as may be amended by protocols) remain the only legal instruments to be applied.

5. Treaties modified by the MLI

The table below lists the treaties, the operations thereof will be modified by the MLI. You can click through to the synthesised text for each treaty partner in the table below, as they become available.

Mauritius' CTAs will enter into effect for withholding taxes and for other taxes as set out below:

Treaty Partner	Date of entry into force of the MLI of the Treaty Partner	Date of entry into effect for withholding tax on income derived on or after	Date of entry into effect for other taxes for income years starting on or after	Synthesised text of CTA
Grand Duchy of Luxembourg	1 August 2019	1 July 2020	1 July 2021	Click here
Kingdom of Belgium	1 October 2019	1 July 2020	1 July 2021	Click here

Synthesised texts are in preparation in respect of the following treaty partners:

Republic of Singapore, Kingdom of Sweden, United Kingdom of Great Britain and Northern Ireland, Republic of France, Republic of Malta, Principaute de Monaco, States of Guernsey, United Arab Emirates, State of Qatar, Republic of Cyprus, Sultanate of Oman, Arab Republic of Egypt, Barbados, Islamic Republic of Pakistan, Republic of Croatia, Malaysia.

The following treaty partners have yet to action their ratification, acceptance or approval of the MLI and notify the OECD:

People's Republic of China, Republic of Italy, State of Kuwait, Republic of Senegal, Republic of Seychelles and the Republic of South Africa. Therefore, the date of entry into effect of the MLI provisions is not yet known in respect of those treaties.

6. Treaties not modified by the MLI

Based on current MLI positions or jurisdictions that have not signed the MLI, treaties not modified by the MLI include:

Australia*, People's Republic of Bangladesh, Republic of Botswana, Republic of Cabo Verde, Republic of Congo, Kingdom of Eswatini, Federal Republic of Germany, Republic of Ghana, Republic of India**, Jersey, Kingdom of Lesotho, Republic of Madagascar, Republic of Mozambique*, Republic of Namibia, Kingdom of Nepal, Republic of Rwanda, Democratic Socialist Republic of Sri Lanka, Kingdom of Thailand, Republic of Uganda, Republic of Zambia and the Republic of Zimbabwe.

**Abridged treaty not listed by Mauritius under the MLI*

***Protocol to amend the treaty is currently under negotiation*

