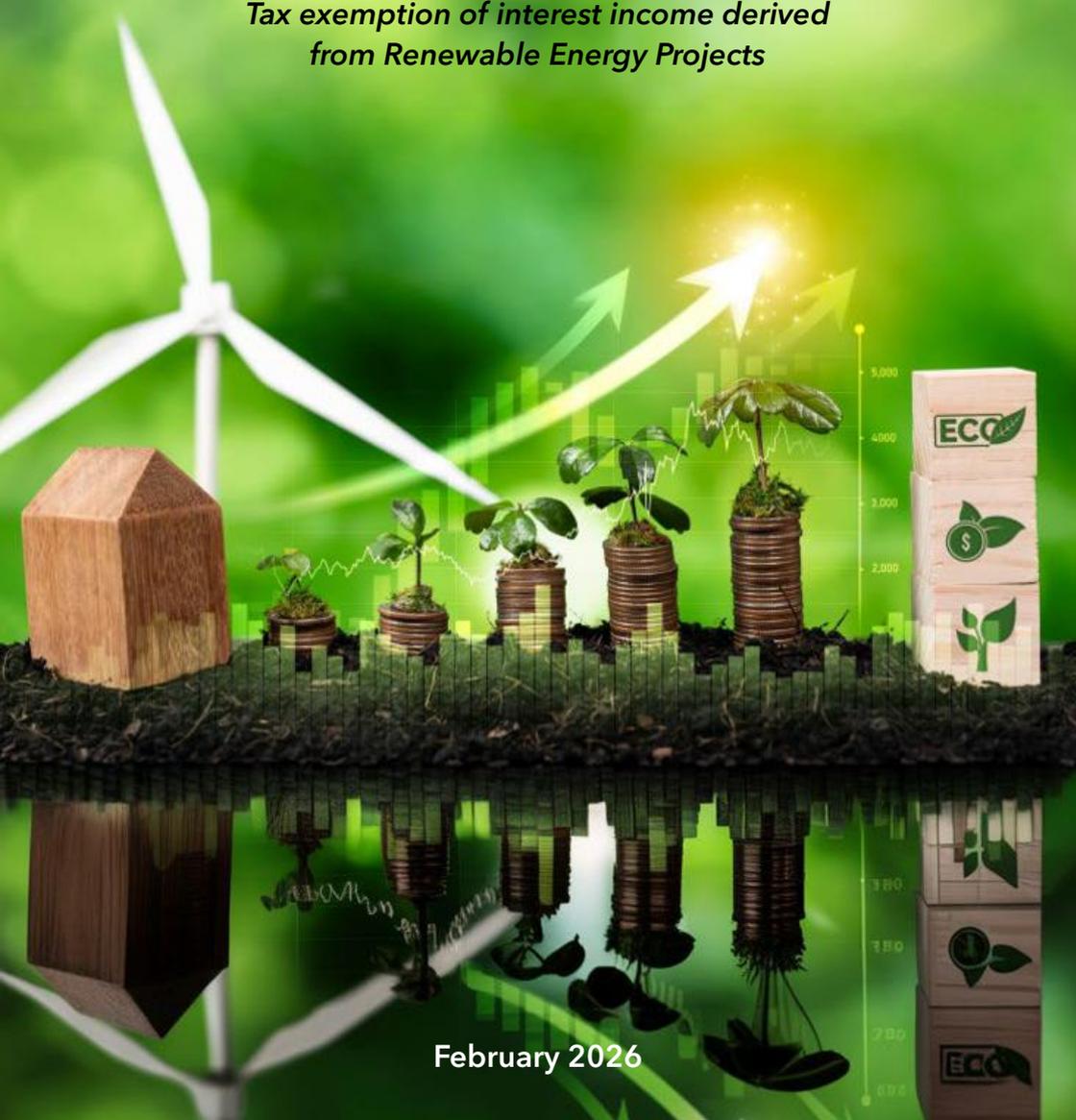


# PRACTICE NOTES ON **GREEN BONDS**

*Tax exemption of interest income derived  
from Renewable Energy Projects*



February 2026

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# ACRONYMS

BOM	Bank Of Mauritius
FSC	Financial Services Commission
GBF	Green Bonds Framework
ICMA	The International Capital Market Association
ISIN	International Securities Identification Number
ITA	Income Tax Act
SPO	Second Party Opinion

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# Tax exemption of interest income derived from Renewable Energy Projects (Second Schedule Sub-Part B - 3A(a)(i))

## 1. Objective

This guideline is intended to provide guidance on the terms and conditions that need to be fulfilled in order to obtain the approval by the Director-General under item **3A(a)(i) of Sub-part B of Part II of the Second Schedule to the Income Tax Act (ITA)**.

## 2. Exemption

Item 3A(a)(i) of Sub-Part B to the Second Schedule of the Income Tax Act provides for tax exemption on interest derived by individuals and companies from debentures, bonds or sukuk issued by a company to finance renewable energy projects on such terms and conditions as the Director-General may approve.

An extract of the Income Tax Act is provided as follows:

“3A. (a) Interest derived by individuals and companies -  
i. from debentures, bonds or sukuk issued by a company to finance renewable energy projects on such terms and conditions as the Director-General may approve;...”

## 3. Green bonds

In the budget speech 2017/2018, it was announced to grant exemption on interest derived from debentures, bonds or sukuk issued to finance renewable energy projects, indirectly referred to as green bonds. Hence, the term “Green Bond” will be used in connection with funds used to finance renewable energy projects. Where the issuer is a bank or any institution or entity other than a bank, it should adhere to the BOM and FSC guidelines respectively for the issue of green bonds in renewable energy projects considering the requirements in this guide altogether as laid down in paragraph 5.2.

The term “green bonds” has been defined in Green Bond Principles published by the International Capital Market Association and means any type of bond instrument where the proceeds or an equivalent amount will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects.

The issuance of green bonds should adhere to appropriate compliance standards and procedures established under the ICMA Green Bond Principles (ICMA GBP). The ICMA GBP are an internationally recognized framework that provides guidelines designed to promote integrity in the green bond market and ensure that proceeds are used for environmentally beneficial projects.

Moreover, in Mauritius, the issuance of green bonds is subject to:

- i. **The Bank of Mauritius guide for the issue of sustainable bonds**  
*Click [here](#)*
- ii. **Financial Services Commission (FSC) guidelines for the issue of corporate and green bonds**  
*Click [here](#)*
- iii. **The Green Bond Principles published by the International Capital Market Association**  
*Click [here](#)*

#### **4. Parties involved**

##### **a. Issuer**

For the purpose of this guide, the term “issuer” means a company issuing debentures, bonds or sukuk to raise funds to finance renewable energy projects.

##### **b. Bondholder**

For the purpose of this guide, the term “bondholder” means an individual or a company who has invested in debentures, bonds or sukuk issued by the issuer to finance renewable energy projects.

## 5. Terms and conditions for exemption

To be eligible for the exemption under paragraph 2 above, the following terms and conditions should be satisfied.

### 5.1 Documents to be kept and maintained by the issuer

Taking into account the guidelines issued by FSC and BOM and the ICMA Green Bond Principles, the following documents need to be maintained:

Principles	Purpose	Content
<b>Green Bond Framework</b>	Outlines how the bond aligns with ICMA Green Bond Principle	<ul style="list-style-type: none"> <li>• Use of proceeds</li> <li>• Process for project evaluation and selection</li> <li>• Management of proceeds</li> <li>• Reporting</li> </ul>
<b>Use of proceeds documentation</b>	Support how proceeds are used for eligible green projects.	<ul style="list-style-type: none"> <li>• List of projects financed</li> <li>• Environmental objectives targeted (e.g., climate change mitigation)</li> <li>• Green bond proceeds should be applied or allocated to approved green/social investments within a reasonable period of time after issuance and up to the maturity of the bond.</li> </ul>
<b>Management of proceeds</b>	Confirms how funds are allocated to eligible green projects	<ul style="list-style-type: none"> <li>• Breakdown by project category</li> <li>• Geographic distribution</li> <li>• Amount of unallocated proceeds</li> </ul>
<b>Reporting</b>	a) Green bond report b) Annual impact reports	<ul style="list-style-type: none"> <li>• Total amount of assets in the portfolio, financial commitments to each asset, unallocated proceeds and the total outstanding amount raised under green bond issuances</li> <li>• Allocation of proceeds (ideally with an auditor's assurance) and qualitative and quantitative performance indicators (GHG emissions avoided, energy saved)</li> </ul>
<b>Second party opinion (SPO) review (on an annual basis)</b>	Independent review confirming alignment with GBP, SBG or SLBP	<ul style="list-style-type: none"> <li>• A recognized environmental expert with relevant experience in non-fossils energy to provide transparency and assurance</li> </ul>

## **5.2 Documents and information required upon application to the Director General together with the application form (Refer to Annex 1) by the issuer**

- a. Copy of the prospectus or any other equivalent document;
- b. Copy of Green Bond Framework;
- c. Approval Letter that the green bond framework has been duly approved from the BOM and/or the FSC or letter of notification to the FSC, where applicable;
- d. Details with respect to the International Securities Identification Number code or any other identification number, as applicable and dates the bonds were issued;
- e. Copies of pricing supplements, specifying whether the issuance of the green bonds is at arm's length; and
- f. Governance surrounding policy to avoid greenwashing.

## **5.3 Documents and information required for follow-up**

- a. Second Party Opinion/ Independent Assurance Report (on an annual basis);
- b. Expected date of submission of the issuing company's progress report/Annual Report;
- c. Final copy of prospectus; and
- d. Green progress bond report and annual impact reports showing:
  - A list of projects to which the green bond proceeds have been allocated;
  - A description of each project and the corresponding amount disbursed, specifying which project have been financed and refinanced;
  - The environmental impact of the projects, the qualitative and where feasible, the quantitative, key performance indicators used to measure the environmental impact of the projects;
  - The underlying methodology or assumptions used in preparing the key performance indicators, confirmation of the ongoing eligibility of the projects as qualifying green projects; and
  - The balance and type of temporary placement for the unallocated green bond proceeds, the expected remaining timeframe for completion of the projects.

## 5.4 Certification of interest

A certificate of interest paid/payable should be issued to each bond holder stating clearly on the certificate the ISIN code or any other identification number, as applicable and dates the bonds were issued.

## 5.5 Greenwashing

The issuer should avoid greenwashing.

Greenwashing refers to misleading tactics employed by companies with a view to present their overall projects, policies or practices as eco-friendly thereby concealing the potential harmful environmental impacts.

## 5.6 Additional disclosure

Given the complexity of assuring the use of proceeds for green bonds, references to more detailed supporting documentation/disclosures may be requested.



## Annex 1 - Application Form

Issuer Name:

Business Registration Number:

Address:

Country of incorporation:

Email address:

Type of instrument:

ISIN/ identification number:

Amount Issued:

Purpose/ Project list:

Contact Person (Name, phone and email address):

Issuance of green bonds is at arm's length (Y/N):

The following supporting documents are required to be submitted together with the application to the MRA:

SN	Document reference	Yes	No
a	Prospectus/Notification		
b	Copy of Green Bond Framework		
c	Approval Letter that the green bond framework has been duly approved from the BOM and/or the FSC or letter of notification to the FSC, where applicable		
d	Details with respect to the International Securities Identification Number code or any other identification number, as applicable and dates the bonds were issued		
e	Copies of pricing supplements		
f	Governance surrounding policy to avoid greenwashing		

Declaration of applicant: I ..... (NIC/  
Passport Number .....), do hereby declare that the information I have given in this application is true and correct and that proceeds will be used solely for eligible renewable energy projects.

**Signature:**

**Capacity in which acting:**

**Date:**

**NIC:**

**Seal:**



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