

## PRACTICE NOTE

### Taxation of gains from sale of shares or other securities

Under the Income Tax Act, any gains derived by GBL 1 companies from sale of shares and other securities are exempt from income tax.

2. It has been decided that gains derived from sale of shares and other securities be dealt with as under:

- (i) any gains derived from sale of shares and other securities by an individual resident in Mauritius be considered as capital gains and therefore not be subject to income tax;
- (ii) any gains derived by a company resident in Mauritius from sale of shares and other securities held for a period of at least 6 months prior to the sale by the company be considered as capital gains.  
The taxation of gains derived by the company from the sale of shares and other securities held for a period of less than 6 months will depend on the nature of business the company is involved in. Where shares or other securities are held by the company as fixed assets, gains from sale of such assets are treated as capital gains;
- (iii) any gains derived by a non-resident from sale of shares and other securities in Mauritius be treated as not taxable as non-residents from treaty partners do not generally have a permanent establishment in Mauritius to trade in shares in Mauritius. They rather deal in securities from their own country of residence.