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**Facts**

PPP Fund, (the Fund) together with its non-resident partners (the Partners) will set up a special purpose vehicle (Mauritius SPV) organised as a partnership under the laws of Mauritius. The Fund and its Partners will be non-tax resident in Mauritius.

The Mauritius SPV will acquire a 15% to 17.5% equity interest in S Ltd, a partnership organized under the laws of Norway. S Ltd currently holds varying equity interest in companies located in Benin, Gabon, Ghana, Gibraltar, Liberia, Sierra Leone, Tanzania and Togo.

The Fund will set up a holding company H Ltd, a company resident in Mauritius with a Category 1 Global Business Licence to own its shareholding in the Mauritius SPV.

**Points of Issue**

Whether the Mauritius SPV will be considered as a resident société?

If the Mauritius SPV is treated as a transparent entity, whether share of income of H Ltd in the Mauritius SPV will be deemed to be foreign source income in the hands of H Ltd, and whether H Ltd would be eligible for credit in respect of any foreign tax suffered in the African countries or the presumed 80% tax credit?

If the Mauritius SPV holds a GBC 1 Licence and opts to be liable to tax, whether the Mauritius SPV will benefit from the 80% presumed tax credit or the actual tax suffered to set off against the Mauritian tax payable?

If the Mauritius SPV opts to be liable to tax at 15 %, whether the distribution by Mauritius SPV to H Ltd is exempt from any Mauritian tax?

Whether the non-resident partners of the Mauritius SPV will be taxable in Mauritius on their share of income in the Mauritius SPV derived outside Mauritius?

**Rulings**

It is confirmed that -

1) the Mauritius SPV will be considered as a resident société for tax purposes in Mauritius, in accordance with the definition given to the term in Section 73 of the Income Tax Act.

2) since the Mauritius SPV will be considered as a resident société, and since it will derive income solely from sources outside Mauritius, the share of income of its associate H Ltd will be deemed to be foreign source income. Accordingly, H Ltd will be entitled to claim credit for foreign tax suffered in the African countries or the presumed 80% tax credit.

3) if the Mauritius SPV holds a GBC 1 Licence and opts under Section 47 (6) of the Act to be liable to tax, it will benefit from the 80% presumed tax credit or the actual tax suffered to set off against the Mauritian tax payable in accordance with the provisions of regulations 3 and 8 of the Income Tax (Foreign Tax Credit) Regulations 1996.

4) if the Mauritius SPV opts to be liable to tax at 15 %, the distribution of income will be treated as dividend which is exempt from Mauritian tax in accordance with the provisions of Sub-Part B of Part II of the Second Schedule to the Act.

5) the non-resident partners of the Mauritius SPV would not be liable to income tax in Mauritius in respect of their share of income in the Mauritius SPV, being given that the latter will derive income from outside Mauritius.