

TR 205

Facts

X will be incorporated as an investment holding company in Mauritius and will hold a Global Business licence.

C will be registered as a Limited Partnership in Mauritius and will hold a Global Business Licence and a CIS Manager licence. It will be a tax transparent entity and all its limited partners will be non-resident Egyptian individuals. It will also hold shares in X.

B, a resident company holding a Global Business Licence will act as the General Partner of C. It will also hold interest in C.

C will provide investment management/advisory services to X in return for fees which include incentive/performance fees.

Points at issue

- i. Whether fees received by C from X will be regarded as “foreign source income”?
- ii. Whether the share of income paid by C to B will be treated as exempt income?
- iii. Whether the non-resident limited partners of C have an obligation to file tax returns in respect of their share of income from C?

Ruling

Based on the facts provided above, our stand is as follows -

- i. as the investment management/advisory services will be provided in Mauritius by C to X, the fees received by C will be regarded as Mauritian source income in accordance with the provisions of Section 74 of the Income Tax Act.
- ii. the share of income derived by B from C will be subject to tax in Mauritius by virtue of Section 47(2) of the Income Tax Act.
- iii. the share of income of the non-resident limited partners from C will be Mauritian source income and will be treated as gross income under section 10(1)(b) of the Income Tax Act. The non-resident limited partners will therefore have an obligation to file their income tax returns in Mauritius as provided under Section 112 of the Income Tax Act.