

**TR 270**

**Facts**

A is a private company with liability limited by shares registered in Mauritius on 12 October 2021. It holds a Global Business Licence and a Family Office (Single) License (“**SFO Licence**”) issued by the Financial Services Commission on 11 November 2021.

The Company is wholly owned by B – (the “**UBO**”).

The Company's investment structure is currently as follows:

- (i) 100% shareholding in D, a company based in Belize. D acts as an investment holding company. Among other activities, D holds 100% shareholding in E, a Cyprus-based company, which holds immovable property. The immovable property is not meant for rental or real estate business and is solely for family use;
- (ii) 100% shareholding in F, a company based in Cyprus. F holds title for cars, which are for family use only;
- (iii) 100% shareholding in L; a company incorporated in Cyprus. L acts as a Special Purpose Vehicle;
- (iv) 100% shareholding in H, a company based in Cyprus. H employs personnel working on the pleasure craft of the UBO;
- (v) 100% shareholding in J, a company based in Malta. J owns a yacht and other personal water crafts. The aforementioned water crafts are all for family use and not for business; and
- (vi) investment in a portfolio of securities, namely equities, bonds, commodities, alternative investments, private equity and structured products.

In addition to the above, A currently has:

- (i) motor vehicle under its direct name. This vehicle is for the sole use of the UBO and is not meant for any business; and
- (ii) interest free loans, as well as interest bearing loans, granted to the UBO and third-parties.

The UBO now wishes to expand A's asset base by transferring certain intellectual property assets (“**IP assets**”) into the name of A. As a background, the UBO, who is the promoter and majority owner of several financial services entities operating across the world (“**Operating Entities**”), mostly in the investment dealer space, has over time developed four trademarks, namely M, N, O and P which are respected trademarks in their business fields internationally. The IP assets are currently held by foreign entities owned by the UBO.



With Mauritius having formally joined the Madrid Protocol effective 6 May 2023, the UBO considers that consolidating the ownership of the IP assets within A will provide for better protection of the trademarks and also optimise operational efficiency for such trademarks. Based on the operation of the Madrid Protocol, if the trademarks are housed within A, the Madrid System will enable A to seek protection in respect of these trademarks in 130 countries through one single international registration.

Once the transfer effected, it is expected that A will grant licences, under specific Trademark Licence Agreements, to the different Operating Entities to enable them to use the IP assets on a non-exclusive basis and subject to appropriate monitoring and control. In consideration for such licensing rights, A is expected to earn royalties from the Operating Entities.

**Point at issue**

Whether the 10-year tax holiday to which A is entitled, covers royalty income to be earned by A, as the holder of an SFO Licence, from the IP assets?

**Ruling**

On the basis of the facts mentioned above, it is ruled that 10-year tax holiday to which A is entitled as holder of a SFO Licence will not cover royalty income to be earned by A as it does not satisfy the conditions set out under item 30A of Sub-Part C of Part II of the Second Schedule to the Income Tax Act.