

TR 285

**Facts**

A has been incorporated as a private company limited by shares in Mauritius in 2004. A holds a Global Business Licence and has been authorised to operate as an investment dealer by the Financial Services Commission ("FSC").

**Business activities and operations**

A is involved in the following activities:

- Acting as intermediary in the execution of security transactions on behalf of clients by executing orders of securities in the financial markets;
- Trading in securities in its own account as principal with the intention of reselling these to the public;
- A's investment dealer licence excludes underwriting.

A also has an office and the following employees in Mauritius:

Name	Position
Employee 1	Investment Dealer
Employee 2	Trading officer
Employee 3	Senior MLRO & Compliance officer
Employee 4	Compliance & Business Operation officer

**Functions of the employees**

A has 4 full time employees based in Mauritius who carry out the following functions:

- **On boarding** –Conduct compliance reviews, pre-screening and world check screening to check clients' background.
- **Trading** - Monitor and execute trade orders from clients on the trading platform
- **Daily operations** – A also operates a back office in Mauritius and its employees are responsible for ensuring statutory works e.g. compliance works.

A incurs the minimum expenditure proportionate to its level of activities.

**Point at issue**

Whether A satisfy the conditions of section 23(d) of the Income Tax regulations and is eligible for 80% partial exemption on its income derived under its investment dealer licence?

**Ruling**

On the basis of the facts mentioned above, it is ruled that in accordance with item 41 of Part II of Sub-Part C to the Second Schedule of the Income Tax Act, A will be entitled to 80% partial exemption on income derived by it as an investment dealer provided that it:

- (a) carries out its core income generating activities in Mauritius as specified in the application;
- (b) has an office in Mauritius;
- (c) has an adequate number of suitably qualified persons in Mauritius (direct employment) to conduct its core income generating activities and who will carry out the duties as enumerated in the application; and
- (d) incurs a minimum expenditure proportionate to its level of activities.