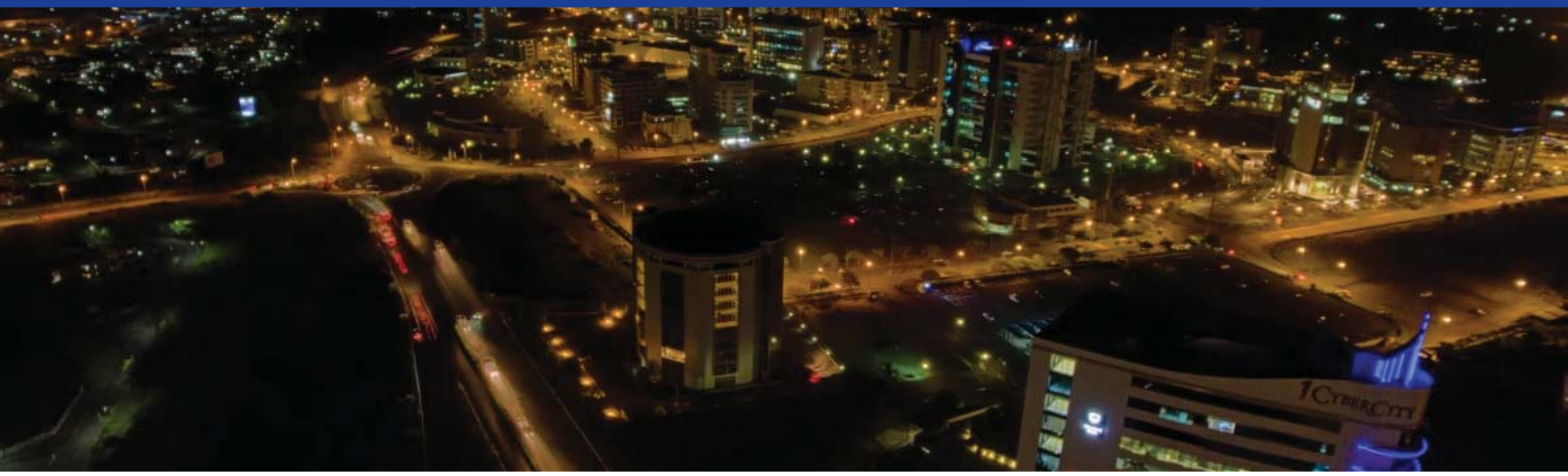
DOUBLE TAXATION AGREEMENTS
THE MAURITIUS ADVANTAGE



IMARA
Trust & Corporate Services

IMARA TRUST COMPANY (MAURITIUS) LIMITED

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Mauritius combines the traditional advantages of being an offshore financial center (no capital gains tax, no withholding tax, no capital duty on issued capital, confidentiality of company information, exchange liberalization and free repatriation of profits and capital) with the distinct advantages of being a treaty-based jurisdiction with a substantial network of treaties and DTAs thereby enhancing the image of the jurisdiction as an international tax planning centre.

The attractive concessions provided by those treaties include:

- Elimination of double taxation through tax credit equivalent to Mauritian tax.
- Reduction in withholding taxes on dividends, interest and royalties.
- Exemption from capital gains.
- Possible exemption on interest payments on loans.

General overview and effects of DTAs

It is not unusual for a business or an individual who is resident in one country to make a taxable gain (earnings, profits) in another. This person may find that he is obliged by domestic laws to ay tax on that gain locally and pay again in the country in which the gain was made thus leading him to suffer from double taxation. Because this is inequitable and may discourage cross border investments, many nations make bilateral DTAs with each other. DTAs are international tax agreements which aim at reducing or eliminating the unfair burden of double tax on the same income and for identical or overlapping periods due to connecting factors.

The key components of a DTA are:

(i) source rules define the agreed source of various income;
(ii) assignment rules allocate the taxing rights to one or both states;
(iii) relief rule eliminate or relieve juridical double taxation.

A DTA will achieve the objective of eliminating double taxation through various methods, namely that of Exemption, Credit and Tax Sparing or a combination of these methods.

The Exemption Method is for the residence country to exclude foreign income from its tax base and the exclusive right to tax such incomes goes to the source country. This is known as complete exemption method and is sometimes followed in respect of profits attributable to foreign permanent establishments or income from immovable property.

The Credit Method reflects the underlying concept that the resident remains liable in the country of residence on its global income, however as far as the quantum of liabilities is concerned credit for tax paid in the source country is given by the residence country against its domestic tax as if the foreign tax were paid to the country of residence itself.

With Tax Sparing the investor is allowed to preserve to himself benefits of tax incentives available in the country of investment for such investments. This is done through the Tax Sparing method, where the credit is allowed by the country of its residence, not only in respect of taxes actually paid by it in the country of investment but also in respect of those taxes the country of investment foregoes due to its fiscal incentive provisions under its tax legislation.

Lastly, a DTA will also often provide a reduced rate of withholding tax than is otherwise applicable in the source country. They also provide the resident state with the right to tax capital gains (subject to certain restrictions).

Benefits of DTAs

DTAs have a number of benefits which may be summed up as follows:

(i) Enable the sharing of tax between states.
(ii) Allow for clarity on tax rights between states.
(iii) Relieve juridical double taxation.
(iv) Provides for non-discrimination of nationals.
(v) Allows for international business to be transacted with certainty to the benefit of companies and individuals.
(vi) Allows better planning through predictability.
(vii) Prevents fiscal evasion.

These benefits taken together promote and foster economic trade and investment between the two treaty signatories.

Double Taxation Agreements ("DTAs") in force in Mauritius

EUROPE	AFRICA	ASIA & MIDDLE EAST	OTHERS
Belgium	Botswana	Bangladesh	Australia
Croatia	Congo	China	Barbados
Cyprus	Egypt	India Kuwait	
France	Lesotho	Malaysia Nepal	
Germany	Madagascar	Oman Pakistan	
Guernsey	Mozambique	Qatar	
Italy	Namibia	Singapore Sri	
Luxembourg	Rwanda	Lanka Thailand	
Malta	Senegal	U.A.E	
Monaco	Seychelles		
Sweden	South Africa		
UnitedKingdom	Swaziland		
	Tunisia		
	Uganda		
	Zimbabwe		
	Zambia		

- Treaties awaiting ratification : Gabon, Ghana, Jersey, Kenya, Morocco, Nigeria and Russia
- Treaties awaiting signature : Cape Verde, Cote D'Ivoire, Gibraltar, Malawi and The Gambia
- Treaties being negotiated: Algeria, Burkina Faso, Canada, Czech Republic, Greece, Hong Kong, Lesotho (New), Montenegro, North Sudan, Portugal, Republic of Iran, Saudi Arabia, Spain, St. Kitts & Nevis, Tanzania, Vietnam, Yemen and Mali

Highlights of Mauritius DTAs

COUNTRY	DURATION TO CONSTITUTE PERMANENT ESTABLISHMENT		MAXIMUM TAX RATES APPLICABLE IN THE STATE OF SOURCE		
	Building Site etc	Furnishing of services	Dividends	Interest(i)	Royalties
Australia (Partial)	-	-	-	-	-
Barbados	> 6 months	(iv)	5%	5%	5%
Belgium	> 6 months	(iv)	5% & 10%	10%	Exempt
Botswana	> 6 months	> 6 months (ii)	5% & 10%	12%	12.5%
China	> 12 months	> 12 months(iii)	5%	10%	10%
Congo	> 12 months	> 12 months	0% & 5%	5%	Exempt
Croatia	> 12 months	(iv)	Exempt	Exempt	Exempt
Cyprus	> 12 months	> 9 months (ii)	Exempt	Exempt	Exempt
Egypt	> 6 months	> 6 months	5% & 10%	10%	12%
France	> 6 months	(iv)	5% & 15%	same rate as under domestic law	15%
Germany (new)	> 12 months	(iv)	5% & 15%	Exempt	10%
Guernsey	> 12 months	> 9 months	Exempt	Exempt	Exempt
India	> 9 months	> 3 months	5% & 15%	7.5%	15%
Italy	> 6 months	(iv)	5% & 15%	same rate as under domestic law	15%
Kuwait	> 9 months	(iv)	Exempt	Exempt	10%
Lesotho	> 6 months	> 6 months (ii)	10%	10%	10%
Luxembourg	> 6 months	(iv)	5% & 10%	Exempt	Exempt
Madagascar	> 6 months	(iv)	5% & 10%	10%	5%
Malaysia	> 6 months	(iv)	5% & 15%	15%	15%
Malta	> 12 months	> 12 months	Exempt	Exempt	Exempt
Monaco	> 12 months	> 12 months	Exempt	Exempt	Exempt
Mozambique	> 6 months	> 6 months (ii)	8%, 10% & 15%	8%	5%
Namibia	> 6 months	> 6 months (ii)	5% & 10%	10%	5%
Nepal	> 6 months	> 6 months (ii)	5%, 10% & 15%	10% & 15%	15%
Oman	> 6 months	(iv)	Exempt	Exempt	Exempt
Pakistan	> 6 months	(iv)	10%	10%	12.5%
Rwanda	> 6 months	> 6 months	10%	10%	10%
Republic of Bangladesh	>12 months	> 12 months	10%	normal rate	normal rate
Senegal	> 9 months	> 9 months (i)	Exempt	Exempt	Exempt
Seychelles	> 12 months	> 6 months (ii)	Exempt	Exempt	Exempt
Singapore	> 9 months	(iv)	Exempt	Exempt	Exempt
South Africa	> 12 months	> 6 months (ii)	5% & 10%	10%	5%
Sri Lanka	> 6 months	> 6 months (ii)	10% & 15%	10%	10%
State of Qatar	> 6 months	> 6 months (ii)	Exempt	Exempt	5%
Swaziland	> 6 months	> 6 months(ii)	7.5%	5%	7.5%
Sweden (New)	> 12 months	(iv)	0% & 15%	Exempt	Exempt
Thailand	> 6 months	> 6 months (ii)	10%	10% & 15%	5% & 15%
Tunisia	> 12 months	(iv)	Exempt	2.5%	2.5%
Uganda	> 6 months	> 4 months (ii)	10%	10%	10%
United Arab Emirates	> 12 months	> 12 months	Exempt	Exempt	Exempt
United Kingdom	> 6 months	(iv)	10% & 15%	Same rate as under domestic law	15%
Zimbabwe	> 6 months	(iv)	10% & 20 %	10%	15%
Zambia	> 9 months	(iv)	5% & 15%	10%	5%

Investment Promotion and Protection Agreements ("IPPAs")

DTAs have a number of benefits which may be summed up as follows:

Mauritius has signed Investment Promotion and Protection Agreements ("IPPAs") with various countries which offer the following guarantees to investors:

- Free repatriation of investment capital and returns;
- Guarantee against expropriation;
- Most favoured nation rule with respect to the treatment of investment, compensation for losses in case of war or armed conflict or riot etc; and
- Arrangement for settlement of disputes between investors and the contracting states.

IPPAs signed and in force

EUROPE	AFRICA	ASIA & MIDDLE EAST	OTHERS
Belgium	Burundi	China	Barbados
Luxembourg	Madagascar	India	
Czech Republic	Mozambique	Indonesia	
Finland	Senegal	Kuwait	
France	South Africa	Pakistan	
Germany	Tanzania	Republic of Korea	
Portugal		Singapore	
Romania			
Sweden			
Switzerland			
United Kingdom