

# Trust

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A trust is a legal relationship which is created when the client (the Settlor) vests ownership of its assets/wealth into another person (the Trustee) which manages and administers those assets for the benefit of potential beneficiaries or for a specific purpose in accordance with the terms of the trust, as provided in the trust deed.

The Trust is a very flexible instrument which can be used for several reasons of which the following are the most common:

- Asset protection
- Estate/succession planning
- Holding of investment and intellectual property rights
- Protection of inheritance wishes through avoidance of forced heirship rules
- Continuation of ownership and management of business

## Salient features of a Mauritius trust

The Mauritius Trust Act 2001 is an innovative legislation that contains most of the desirable features prevailing in other jurisdictions and brings about several interesting features which can be summarised as follows:

- There is no registration requirement for a trust, which makes it a highly confidential vehicle, subject to Mauritius laws.
- There must be at least one qualified trustee which is duly licensed by the Financial Services Commission to provide trusteeship services. The number of trustees must however not exceed four.
- The duration of a trust, except for a purpose trust, must not exceed 99 years. A purpose trust (charitable and non-charitable) trust may be of perpetual duration.
- The settlor may provide the trustees with letter of wishes which may be considered by the trustees in exercising any functions conferred to them by the terms of the trust.

- A protector, whose role will be to ensure that Trustee is acting in accordance with the trust deed, can be appointed.
- An enforcer must be appointed for a purpose trust to enforce the trust.
- Mitigation of the effects of forced heirship (for non-Mauritian nationals) is possible
- Segregation of the role of managing trustee and custodian trustee is allowed.

## The tax regime for a Mauritius trust

- Trust may apply for a Global Business License (GBL) and may benefit from double taxation agreements that Mauritius has in place.
- A trust with a GBL is subject to income tax at the rate of 15% in Mauritius on its worldwide income. Moreover, it may benefit from a partial tax exemption of 80% on certain type of activities, provided the appropriate substance requirements are met, or claim a foreign tax credit in respect of foreign tax paid for underlying tax and foreign withholding tax.
- For new Trusts established after 30 June 2021, a Trust is considered as non-resident if its central management and control (CMC) is not in Mauritius. Where CMC is not met, as a non-resident Trust, the Trust would not be taxed on any of its foreign source income.
- A non-resident trust is still required to file a return of income in Mauritius and be subject to tax on income derived from Mauritius.
- No withholding tax is charged on distributions made to the beneficiaries.

## Types of trusts

Depending on the requirements of the client, we can set up the following types of trusts:

- Discretionary trust
- Protective trust
- Fixed income trust
- Trading trust
- Purpose trust (charitable or non-charitable)
- Employee benefit trust and pension trust
- Service trust
- Business trust
- Carried interest trust
- Family trust/office

## Our services

We offer a comprehensive range of trust services and have built the expertise in providing tailor-made solutions to clients in terms of the type of trust and most appropriate jurisdiction for the set-up of the trust. Our service offerings include:

- Drafting of trust deed, structuring and establishment of trust
- Provision of trusteeship services
- Book-keeping and preparation of annual trust accounts
- Review and reconciliation of periodic portfolio statements (if any)
- Preparation and filing of tax return with relevant authorities (where required)
- General trust administration
- Trust migration, including drafting of the relevant deeds
- Trust administration and back-office on an outsourcing basis

## Key facts and figures

People worldwide	Worldwide locations	Assets under administration	Minimum senior team experience	Funds under administration
<b>5500<sup>+</sup></b>	<b>25</b>	<b>\$750<sup>+</sup>bn</b>	<b>20yrs</b>	<b>800<sup>+</sup></b>

## Key contacts in Mauritius



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