

A HEART TO HEART COMMUNICATION FROM A SOUTH AFRICAN CLIENT

MOVING TO MAURITIUS

While I sit here and watch South Africa burning following Jacob Zuma starting his 15 months prison sentence for contempt of court, my mind goes back to the reasons why I made the decision to move to Mauritius in May 2008.

The reasons for my leaving South Africa all came to a head in 2007. The chanting of Nelson Mandela's name at the opening of the 1995 Rugby World Cup at Newlands. South Africa was full of promise in 1995 and I recall the triumphant Amabokke. South Africa going on to win the African Cup of Nations football tournament in 1996. The South African swimming victories at the Olympic Games. Who can forget the 438 match vs Australia in March 2006 at The Wanderers. Other successes followed with the 2007 RWC victory but by then the rainbow dream was beginning to fade.

Crime was spiraling out of control with armed robberies being a daily occurrence. In 2007 Eskom commenced with its rolling blackouts, which were temporary, but in 2021 they are a South African fact of life. Tax rates were excessively high exacerbated by capital gains taxes. Rates and taxes on property were excessive and the cost of electricity and water were on a continuing upward spiral. The ZAR consistently lost value to hard currencies. By the time Jacob Zuma was appointed as President of the ANC in December 2007, my mind was made up to leave; the only question was where to.

Mauritius always seemed an attractive option. I had done a fair amount of consulting for management companies based in Mauritius and understood the broad parameters. I had visited Mauritius a few times and thought, I could really live there.

With that in mind, we left South Africa in May 2008 to start a new life in Mauritius. The first thing that I benefitted from was a 15% tax rate, as opposed to the rate of 45% that I was paying in South Africa. I could also open a USD bank account in Mauritius and freely transact in that currency. The greatest freedom was knowing that my family would not be a victim of crime. Gun ownership is to a large extent prohibited in Mauritius and there are no cash heists, armed robberies, robberies with aggravating circumstances and car hijacking to name but a few.

We spent the first three months living on the beach, with the gate to our front garden not more than 10 meters from the ocean's edge. We found South African brands present in Mauritius. At that time there was Game, Shoprite, Steers and the familiar fast food outlets. Whilst Shoprite and Game have left the Island, South African goods are in abundance in Mauritius. We enrolled our 2 children, who were 3 and 5 at the time, at the local school (approximately 60 children) and today they are both studying and excelling in England, proof that the education system in Mauritius works and is functional. We continued to live a lifestyle which was not dissimilar to what we enjoyed in South Africa which had the beach added to braai's, and discovered a very friendly and happy population who will converse with you in English.

We met many South Africans who had made the transition prior to us and had the support of a pretty extensive expat community in Mauritius.

Mauritius has now become our permanent home, and the same reasons as to why I left in 2008 are as valid today as they were then.

I continued working in the same field I had been engaged in South Africa and continued to consult with my clients that I had in South Africa whilst also attracting new clients who were keen to emigrate from South Africa.

Emigration to Mauritius can be done in a number of ways. The preferable route is to establishing a company which employs you in Mauritius. In the alternative, you may elect to become self-employed.

With an amendment to the Exchange Control Regulations in South Africa, it is possible to transfer ownership of your South African companies to a Mauritian holding company, with the result that proceeds arising on the sale of the South African subsidiary company may be remitted to Mauritius and those proceeds are not subject to tax in Mauritius as there is no CGT in Mauritius.

An added advantage is that any dividends declared by a South African company to a Mauritian company will benefit from a reduced dividend tax rate in South Africa of 5%, which dividend will not be taxable in Mauritius by virtue of the corporate tax rate of 15% in Mauritius and the manner in which Mauritius allows a foreign tax credit in respect of the corporate tax paid in South Africa.

One does, however, need to go through the financial pain of tax emigrating from South Africa, but it is well worth it as you then become disentangled from the South African worldwide tax regime.

A heart to heart communication from a South African Client

LET US EXPLORE THE OPTIONS AVAILABLE TO ACHIEVE YOUR OBJECTIVE OF LIVING IN MAURITIUS.



Come to Mauritius for a long stay of at least one year. The visa is issued for a period of 1 year and may be extended for a further period of 1 year.

Set up a company in Mauritius and qualify for the Mauritian Investor Permit. This is the best investment you'll ever make. An investor permit is available to any person who wishes to invest USD50 000 in Mauritius. This investment can be satisfied by establishing a company and loaning USD50 000 to this company. That loan may be repaid subject to the cash flow requirements of the company.



Proceed with the acquisition of a property in Mauritius and qualify for the permanent residence scheme (with a minimum investment of USD 375,000).

Retire in Mauritius and qualify under the retirement permit. Aged 50 and above. T&C's apply.



BOOK 15 MINUTES WITH US TO TALK TO OUR TAX EXPERT AND OUR TEAM ON A NON-COMMITTAL BASIS



Ian Chambers
Our Tax Expert
Email:
ichambers@juristax.com



Nicky Combrinck
Our Country
Representative – SA
Mobile: +27 73 005 219
Email:
ncombrinck@juristax.com



Galvin Ramsamy
Commercial Director
Mobile: +230 5944
3958
Email:
gramsamy@juristax.com

ANY QUESTION?

Talk to us, we are just a phone call away.
For more information about our services, please visit juristax.com