



# The emergence of **Family Offices** in Mauritius



## Setting up of Family Offices in Mauritius

Statistics have it that the number of ultra-high net worth individuals are increasing year on year adding to the equally increasing number of high net worth individuals - which means that the demand for family offices is likely to grow even more in the coming years. Very wealthy families are having recourse to family offices more and more as concerns around wealth preservation, family disputes, succession planning and the complexity of managing the family affairs are intensifying.

From its initial role as an entity involved in wealth management and investment management services for a high net worth or ultra-high net worth family, the family office has responded effectively to meet widening needs in adding among its core services such tasks as the administration and management of concierge services, accounting and reporting, philanthropy-related services, disaster recovery planning, risk management, provision of administration support, lifestyle management, family governance, provision of tax and advisory services, among others. The combination of financial, administrative and lifestyle management makes family offices very appealing. A family office can also be structured in different forms, tailored to the unique appetite, circumstances and preferences of the family it serves.

Wealth management is one of the core pillars of the Mauritius International Financial Centre and in its bid to growing that segment, Mauritius has launched the family office licence in 2016. It offers two types of family office licences namely the Family Office (Single) Licence (“SFO”) which allows for the management of the financial affairs of a single family and the Family Office (Multiple) Licence (“MFO”) which allows for the management of the financial affairs of multiple families, thereby benefiting from economies of scale. A family office according to its needs may be established in any legal form and is commonly organized in the form of limited liability company although sometimes a foundation or a trust may also be used.

When one is considering a family office, the first question which crops up, is ‘In which jurisdiction should I set it up’. Mauritius offers the right reasons for setting up a family office, namely a strong regulatory framework, an efficient tax structure for wealth placement, a stable political climate and economy, robust legal and judicial framework, efficient banking system, foreign currency availability with free capital flows, cost efficient jurisdiction for

office and employment purposes and a pool of highly qualified professionals. It is also of interest to note that family offices in Mauritius enjoys a 5-year tax holiday based on certain substance criteria like minimum employment and expenditure requirement. International respectability of the jurisdiction is another factor that weighs in favour of Mauritius as a choice location for a family office. On this score, Mauritius is recognised to be a fully transparent and collaborative jurisdiction which is committed to the automatic exchange of information to fight money laundering and tax evasion.

**Some of the main features of the family office Mauritius regulatory regime as enacted by Rules made by the Mauritius Financial Services Commission:**

- An application for a Family Office Service Licence (single or multiple) may be made by a person with relevant experience in the field of wealth management, private banking, investment management (and/or any relevant field as deemed appropriate by the Regulator).
- The family office, whether it is an MFO or SFO may be: (1) wholly-owned by family clients; and (2) exclusively controlled by family members/family entities: -
  - (i) Spouses;
  - (ii) Descendants of individuals and their spouses;
  - (iii) Parents including step-parents and grand-parents;
  - (iv) Parent-in-laws including step-parents-in-laws, brothers, step-brothers, sisters, step-sisters and their spouses;
  - (v) Spouses' grand-parents, spouses' brothers, spouses' step-brothers, spouses' sisters, spouses' step-sisters and their spouses and children, as well; and
  - (vi) Parents' brothers, parents' step-brothers, parents' sisters, parents' step-sisters and their spouses, children of the brothers, step-brothers, sisters, and step-sisters.
- The value of the assets and/or investments of each family under SFO or MFO management must be more than USD 5 million. The requirement refers to the minimum asset base of the Family and not of assets to be managed by the MFO/SFO.
- Each family office shall, at all times, have a designated Money Laundering Reporting Officer and a Deputy Money Laundering Reporting Officer approved by the Regulator.
- A Family office (Single) shall, at all times maintain a fully paid minimum stated unimpaired capital of at least USD 35,000 while a Family office (Multiple) shall, at all times maintain a fully paid minimum stated unimpaired capital of at least USD 70,000.

By having a family office in Mauritius, family members also have the opportunity to acquire luxury immovable properties or apply for work and residence permits. The family office will surely have employees located in the jurisdiction where it is set up and by having at least one family member on the ground may help in keeping close contact with the family office staffs.

While Mauritius is quite new in the race to becoming one of the preferred jurisdictions for family offices, with the several advantages that it has been in terms of its regulatory framework or legal system amongst many others, it has gained traction and attention since the family office licence was launched in 2016. AXIS together with its sister law firm BLC Robert & Associates work hand in hand to assist clients in the setting up of family offices by supporting their individual needs. A one stop shop!



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