PROTECTED CELL COMPANY

The Protected Cell Company (PCC) is governed by the Protected Cell Companies Act 1999 and can be either set up as a Domestic Company or a Global Business Corporation.

The concept of PCC and object of the legislation is that a company, while it remains a single legal entity, may create segregated cells (PCC are special purpose vehicle – a "Cell") such that the assets and liabilities attributable to each Cell are legally separate of the other Cells, whether corporately or individually owned. Creditors will only be able to make claims against the assets of that cell primarily and against the non-cellular assets of the company secondarily, but not against the assets in other protected cells.

A PCC, by statute, protects one cell from contagion from others. This legal segregation is known as "ringfencing".

PCC provide more opportunities, flexibility and security for international investment structuring.

General Overview	
Regulatory Bodies	The Registrar of Companies The Financial Services Commission The Mauritius Revenue Authority
Name	•Prior approval required from The Registrar of Companies •Should include "Protected Cell Company" or "PCC" after its name
Characteristics	•Single legal entity •Legal segregation and protection of assets and liabilities for each cell •No minimum capital requirement is imposed each cell except for insurance business •Creation of cellular and non-cellular assets •Unlimited number of cells may be provided with, each cell its own name or designation •May be incorporated, continued or converted from an existing company •Lawful for the cellular assets to any cell of a PCC, but the non-cellular assets of a PCC, to be transferred to another person without court order •A formal procedure is provided for the liquidation, receivership or administration order of any individual cell.
Corporate Tax	15%, and will qualify for an exemption of 80% of the specific foreign-source income or foreign tax credit
Access to Double Taxation Avoidance Agreements	Yes
Beneficial Ownership	Must be disclosed to the Financial Services Commission and Banks only
Continuation / Migration in Mauritius	•Allowed •To abide by the additional requirements under Section 5 of the Protected Cell Company Act 1999
Conversion to another Legal Regime	Allowed
Confidentiality	Yes

Formation and Requirements	
Continuation / Migration in Mauritius	•Allowed •To abide by the additional requirements under Section 5 of the Protected Cell Company Act 1999
Due Diligence requirements	Promoters, beneficial owners/shareholders, directors, bank account signatories
Business plan should include	1. Nature of business 2. Amount of capital investment 3. Sources of funds or capital 4. Projected forecasts (inflows and outflows) for first three years 5. Target markets and / or investment areas
Documents to be retained at Registered Office	Constitutive documents, registers, due diligence, accounting records and agreements

Directors	
Minimum number of directors	Must have at least two resident directors
Corporate director	Not allowed

Shareholders	
Minimum number of shareholders	One / Pooling of investors
Stated Capital	1. Can be any currency except MUR 2. Minimum paid-up is USD 1
Nominee shareholder	Allowed

Company Secretary and Registered Office	
Company Secretary	Required – should be Mauritius resident
Registered Office	Required

Accounting and Administration	
Approved activities	Any lawful activity inline with business plan and constitutive documents, provided that the main economic activity lies "outside" Mauritius In case of specific activities, there may require an additional licence
Audited Accounts required	Submission to FSC of Audited Financial Statements required within 6 months of financial year end and for CIS, 3 months
Separate financial statements and Tax returns	Allowed
Tax Return required	Yes – annual and quarterly
Tax Certificate	Tax resident in Mauritius and may apply for Tax Residence Certificate
Board meetings	Provides for meeting of directors to include at least 2 directors from Mauritius
Bank Account	Maintain at all times its principal bank account in Mauritius
Exchange controls	No

Insurance companies
For insurance entities the FSC requires the filing of an audited financial statements, certificate of liquidity ratio, certificate of margin of solvency, actuarial valuation of adequacy of premium and loss reserves in case of long term business, declaration of principal representative as to the accuracy of accounts.

Capitalisation
Qualified global insurance businesses may conduct any one or all of the following, in respect of which there are different minimum capitalisation requirements:

- Captive insurance $100,000
- Long-term insurance $250,000
- General insurance $200,000
- Re-insurance $300,000

Solvency Margin
A PCC must ensure that it meets the solvency margin requirement as laid down in the Global (Insurance) Business Regulations 2001 and the guidelines for the Regulation and Supervision of Captive Insurance Business in Mauritius.

Uses of Protected Cell Companies
A PCC can presently be used to carry out two types of global business, namely global insurance business and investment funds.

Life Assurance Companies	Can legally separate the assets of life, pension and individual policyholders	**Multinationals**	Companies can operate their captive insurance, treasury and other functions globally in a single entity using the same core capital
Composite Insurers	The assets of life insurance business need to be legally separated from those of non-life business	**Captive Insurance Companies**	Segregate distinct areas of risk and activity into different "cells"
Conglomerates	Several cells are established, each holding a particular insurance exposure of the parent and segregated, for example, in relation to the various geographical locations, corporate division or types of risk of those exposures	**Rent-a-Captive**	The owners of the PCC offer capital financing to clients, who, because of their own size, would find it impractical to set up their own individual captive insurance arrangements
Insurance	Insurers can accommodate the differing needs of clients	**Investment Funds**	Umbrella or multi-class funds with various classes of shares providing each individual share class the same limited liability that would be obtained if separate corporate structures were used or each category of investors
Reinsurance	Finite reinsurance contracts and securitisation issues can be placed within separate cells		