

THE REAL ESTATE SCHEME



A publication of the Board of Investment.

This brochure is meant to convey the basic information about the RES to small landowners and other stakeholders. More detailed RES guidelines can be downloaded from the web site of the Board of Investment on:

www.investmauritius.com

The BOI invites landowners and stakeholders to contact them for guidance.

A NEW OPPORTUNITY IN RESIDENTIAL PROPERTY DEVELOPMENT

Already a well established and popular tourism destination, Mauritius is now faced with a growing demand from non-citizens to acquire residential properties over the island.

The Real Estate Scheme was introduced under the Investment Promotion Act and Investment Promotion (Real Estate Development Scheme) Regulations 2007. Under this scheme, small landowners are allowed to develop and sell any mix of residences to non-citizens. The development must include commercial facilities and leisure amenities as well as day-to-day management services such as security, maintenance, gardening, solid waste disposal and household services.

EXTENT OF THE RES PROJECT

A project under the RES must be developed on freehold land of an extent of at least 1 arpent but not exceeding 10 hectares (23.69 arpents). Such land must be free of any charge, lien or mortgage.

ELIGIBILITY FOR DEVELOPMENT OF A PROJECT UNDER THE RES

1. The plot of land, of an extent of at least 1 arpent but less than 10 hectares, must have been owned for at least 5 consecutive years.
2. The small landowner shall not have any direct or indirect interest in land where the total extent of land exceeds 10 hectares in aggregate in Mauritius. This condition includes land owned by his/her spouse and/or dependents of less than 18 years of age.
3. Any small landowner can group his land with other qualifying small landowners provided that the lands are contiguous and the total real estate development area does not exceed 10 hectares.
4. The RES project shall be implemented by a company incorporated in Mauritius where the small landowner or group of small landowners shall be shareholder(s) in the RES company equivalent to at least the value of the land brought in the RES company.
5. The small landowner shall retain shares in the RES company until at least one year after the last residential unit has been delivered to the buyer.

LOCATION OF THE RES PROJECT

A plot of land located on the edge or outside settlement boundaries can be used for a RES project provided that the policy guidelines of the relevant Outline Scheme are respected. These guidelines are issued by the Planning Department of the Municipal or District Council concerned.

ELIGIBILITY FOR ACQUISITION OF A PROPERTY UNDER THE RES

A residential property may be acquired from a RES company by: a citizen of Mauritius; a non-citizen; a local or foreign company incorporated under the Companies Act; a société; or a trust. Entities holding a Global Business Licence cannot acquire property under the RES.

The acquisition of a residential property under the RES does not entitle its owner to a residence permit in Mauritius. A non-citizen can secure a residence permit as an investor, as a professional, as a self-employed or retired person.

EXTENT AND COST OF THE RES PROPERTY

The extent of land that may be used for the development of a single residential property under the RES must not exceed 1.25 arpents. However, there is no restriction on the minimum amount of investment in the acquisition of a residential property under the RES.

BASIS OF ACQUISITION

One can buy property under the RES either on the basis of a plan, during the construction phase or when the construction is completed. Where the acquisition is made on the basis of a plan or during construction, the contract is governed by the provisions of a "vente à terme" or "vente en l'état futur d'achèvement", as the case may be, in accordance with the provisions of the Code Civil Mauricien.

BENEFITS TO THE SMALL LANDOWNER AND TO THE RES COMPANY

1. No registration duty and land transfer tax are payable on a deed witnessing the transfer of land to a company for a RES project if the value of the land transferred equals the value of the shares held by the small landowner(s).
2. The RES company is exempted from the Morcellement Act for any excision of land for transfer to the company implementing the RES project and thereafter to any land parcelled within the real estate development area.
3. The RES company is liable to corporate tax at 15%. Dividends are tax free.

DUTIES AND TAXES ON ACQUISITION OF A RESIDENTIAL PROPERTY UNDER THE RES

1. Land transfer tax of 5% is payable by the RES company on the value of the property sold.
2. A registration duty of USD 25,000 is payable by the buyer.

APPLICATION AND APPROVAL OF A PROJECT UNDER THE RES

The company implementing the RES project should submit an application form to the BOI together with all the required documents. The BOI will evaluate whether the project satisfies all the criteria before issuing a Letter of Approval. Upon satisfying the terms and conditions of the Letter of Approval, a RES Certificate will then be delivered by the BOI.

The application form and the list of documents to be submitted can be downloaded from the web site of the BOI on: www.investmauritius.com

Are you interested to know more about the RES? Please contact the BOI who will guide you and assist you in identifying potential investors and promoters.

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AND WHAT IF YOU BECAME A REAL ESTATE PROMOTER ?



BOARD OF INVESTMENT

www.investmauritius.com