



Mauritius Leaks

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According to the recently released data by the **International Consortium of Investigative Journalists (ICIJ)**, as many as 50 entities, or **one-fourth** of those disclosed in the Mauritius leaks, had India as their only country or one of the countries of activity.

Although investment in India through Mauritius is declining but Mauritius has seen a sizeable amount of funds getting routed through by entities operating or investing in India.

- In Mauritius Leaks, data of 200,000 leaked documents (in the form of emails, contracts and bank statements) reveals how one country's **low tax rates** (like Mauritius) were **leveraged and misused** by Multinational Companies for **tax avoidance**.
- After Swiss leaks, Panama papers and Paradise papers, Mauritius leaks show how the island nation was used by a long list of corporates to facilitate partnerships with multinationals and, without paying any capital gains tax, remit profits as Foreign Direct Investment (FDI) to India.

Tax treaty between India and Mauritius

- The **Double Taxation Avoidance Agreement (DTAA)** was signed between India and Mauritius in 1982. Under this, any entity could apply for tax residency and pay zero capital gains tax. This became the principal reason why Mauritius emerged as a top channel for investments being routed into India.
- In 2016 India amended its Double Taxation Avoidance Agreement (DTAA) with Mauritius, and the new provisions related to capital gains tax were introduced.
- **GAAR (General Anti Avoidance Rule)**: It is an anti-tax avoidance law under Income Tax Act, 1961 of India and is framed by the Department of Revenue under the Ministry of Finance.
- **Common Reporting Standard (CRS)**: It is an information standard for the **Automatic Exchange Of Information (AEOI)** regarding bank accounts on a global level, between tax authorities with the objective of combating tax evasion.

International Consortium of Investigative Journalists

- ICIJ is a **United States** based **nonprofit organization** with a global network of **reporters** and **media organizations** who work together to investigate the most important issues in the world.
- ICIJ has released several important **investigations** – including the Pulitzer Prize-winning **Panama Papers**.
- ICIJ is fully **funded by donations**.
- ICIJ encourages **tips, leaks** and **story ideas** from the **public**, whistleblowers, as well as from outstanding investigative journalists.

Source: B.S