FHTP Preferential Regime: Overview of Regime Assessment Process

In determining which regimes are in the scope of the Action 5 standard, the relevant analysis is:

1. Does the regime grant a preference compared to general taxation principles in the country? Yes / No
2. Does the regime apply to income from financial or other mobile services? Yes / No

The regime is a preferential regime and is within the scope of the FHTP's work

The following diagram shows how the assessment of a regime is undertaken, in order to determine if it has harmful features.

1. Does the regime apply a low or zero rate of effective taxation to the relevant income? Yes / No
2. Do one or more of the following key factors or, where relevant, other factors apply? Yes / No
   - Key factors: Artificial definition of tax base, failure to apply international transfer pricing principles, foreign income exempt from residence country tax, existence of secrecy provision, access to a wide network of tax treaties, promoted as a tax minimisation vehicle.
   - Other factors: Artificial definition of tax base, failure to apply international transfer pricing principles, foreign income exempt from residence country tax, existence of secrecy provision, access to a wide network of tax treaties, promoted as a tax minimisation vehicle.

The regime is potentially harmful

Based on consideration of the economic circumstances, does the regime have actual harmful effects? Yes / No

The regime is actually harmful