

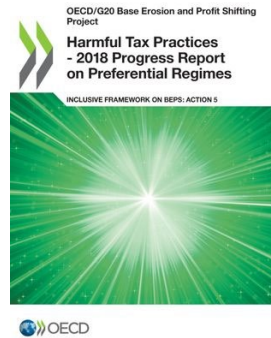
Harmful Tax Practices – Peer Review Results

INCLUSIVE FRAMEWORK ON BEPS: ACTION 5

Update (as of July 2019)

Original report available at:

<http://www.oecd.org/ctp/harmful-tax-practices-2018-progress-report-on-preferential-regimes-9789264311480-en.htm>



Introduction

On 19 July 2019, the Inclusive Framework on BEPS approved for the first time results on the review of the substantial activities factor for no or only nominal tax jurisdictions. In addition, updates to the results of reviews of preferential tax regimes conducted in connection with BEPS Action 5 were approved. The results below are a consolidated update of the regimes reported in *Harmful Tax Practices – 2018 Progress Report on Preferential Regimes*.

Results on the review of the substantial activities factor for no or only nominal tax jurisdictions – FHTP June 2019 meeting

1. The Inclusive Framework agreed to resume the application of the substantial activities requirements for no or only nominal tax jurisdictions in November 2018, ensuring a level playing field between those introducing substantial activities requirements in preferential regimes, and those offering a general zero or only nominal corporate tax rate. Since the publication of the substantial activities requirements, no or only nominal tax jurisdictions have enacted new legislative provisions to meet the standard. In January 2019, the Inclusive Framework agreed on a peer review process for these jurisdictions to be carried out by the Forum on Harmful Tax Practices (FHTP), which commences with a review of the domestic legal framework, and then proceeding to an annual monitoring process to review the effectiveness in practice.

2. During its June 2019 meeting, the FHTP reviewed for the first time the substantial activities factor for no or only nominal tax jurisdictions. The table below presents the results of the review by the FHTP.

	Jurisdiction	Status	Comments
1.	Anguilla	Not harmful	Economic substance requirements were introduced taking effect from 1 January 2019. Domestic legal framework meets all aspects of the standard.
2.	Bahamas	Not harmful	Economic substance requirements were introduced taking effect from 1 January 2019. Domestic legal framework meets all aspects of the standard.
3.	Bahrain	Not harmful	Economic substance requirements were introduced taking effect from 1 January 2019. Domestic legal framework meets all aspects of the standard.
4.	Barbados	Not harmful ¹	Economic substance requirements were introduced taking effect from 1 January 2019. Domestic legal framework meets all aspects of the standard.

¹ Subject to the final adoption of new legislation.

5.	Bermuda	Not harmful	Economic substance requirements were introduced taking effect from 1 January 2019. Domestic legal framework meets all aspects of the standard.
6.	British Virgin Islands	Not harmful	Economic substance requirements were introduced taking effect from 1 January 2019. Domestic legal framework meets all aspects of the standard.
7.	Cayman Islands	Not harmful	Economic substance requirements were introduced taking effect from 1 January 2019. Domestic legal framework meets all aspects of the standard.
8.	Guernsey	Not harmful	Economic substance requirements were introduced taking effect from 1 January 2019. Domestic legal framework meets all aspects of the standard.
9.	Isle of Man	Not harmful	Economic substance requirements were introduced taking effect from 1 January 2019. Domestic legal framework meets all aspects of the standard.
10.	Jersey	Not harmful	Economic substance requirements were introduced taking effect from 1 January 2019. Domestic legal framework meets all aspects of the standard.
11.	Turks and Caicos Islands	Not harmful	Economic substance requirements were introduced taking effect from 1 January 2019. Domestic legal framework meets all aspects of the standard.
12.	United Arab Emirates	In the process of being amended	Economic substance requirements were introduced taking effect from 30 April 2019. Domestic legal framework meets all aspects of the standard, apart from one technical point that is outstanding. The United Arab Emirates has committed to addressing this issue as soon as possible.

3. The FHTP will proceed with the annual monitoring process. The monitoring process will cover any changes in the legal framework, as well as the implementation of safeguards and enforcement measures in practice.

New regime results – FHTP June 2019 meeting

4. The below table presents the new results on preferential regimes from the FHTP meeting in June 2019.

	Jurisdiction	Regime	Status	Comments
1.	Aruba	Imputation payment company	Potentially harmful but not actually harmful From 1 January 2026: Abolished	Lack of substantial activities requirements, but no harmful economic effects in practice. Regime is subject to annual monitoring.
2.	Aruba	Investment promotion	In the process of being amended	Potentially harmful features will be addressed.
3.	Cabo Verde	International financial institution	Abolished	Grandfathering in accordance with FHTP timelines.
4.	Cabo Verde	Incentive for internationalization	Out of scope	No benefits for income from geographically mobile activities.
5.	Cabo Verde	International business centre	Out of scope (amended)	Benefits for income from geographically mobile activities removed. No grandfathering provided.
6.	Cabo Verde	International shipping	Not harmful (amended)	Ring-fencing removed. No grandfathering provided.
7.	Cook Islands	International companies	Under review	Regime under review by FHTP.
8.	Cook Islands	International insurance companies	Under review	Regime under review by

				FHTP.
9.	Cook Islands	Captive insurance	Under review	Regime under review by FHTP.
10.	Cook Islands	International banking	Under review	Regime under review by FHTP.
11.	Cook Islands	Development investment incentives	Under review	Regime under review by FHTP.
12.	Cook Islands	Incentive for certain public works	Under review	Regime under review by FHTP.
13.	Dominica	International business companies	Under review	Regime under review by FHTP.
14.	Dominica	Offshore banking	Under review	Regime under review by FHTP.
15.	Dominican Republic	Border development	Under review	Regime under review by FHTP.
16.	Dominican Republic	Free trade zones	Under review	Regime under review by FHTP.
17.	Dominican Republic	Logistics centres	Under review	Regime under review by FHTP.
18.	Greece	Tax patent incentives	In the process of being amended	Potentially harmful features will be addressed.
19.	Jamaica	Special economic zones	Under review	Regime under review by FHTP.
20.	Jordan	Development zone	Harmful	Ring-fencing addressed but substantial activities factor implicated.
21.	Kazakhstan	Astana international financial centre	In the process of being amended	Potentially harmful features will be addressed.
22.	Kazakhstan	Special economic zones	In the process of being amended	Potentially harmful features will be addressed.
23.	Malaysia	Principal hub	Not harmful (amended)	Ring-fencing removed. Substance requirements (non-IP) in place. No grandfathering provided.
24.	Malaysia	International currency business unit	Abolished	Grandfathering in accordance with FHTP timelines.
25.	Malta	Patent box deduction rules	Not harmful	New regime, designed in compliance with FHTP standards.
26.	Mauritius	Innovation box	Not harmful (amended)	Substance requirements (nexus approach) in place. No grandfathering provided.
27.	Mongolia	Free trade zone	Abolished	No grandfathering provided.
28.	Montserrat	International business companies	Abolished	No grandfathering provided.
29.	Morocco	Banks and holding companies in offshore zones	Abolished	No grandfathering provided.
30.	Morocco	Casablanca finance city	Under review	Regime under review by FHTP.
31.	Morocco	Free trade zones	Under review	Regime under review by FHTP.
32.	Morocco	Export societies	Under review	Regime under review by FHTP.
33.	Nigeria	Free trade zones	Not operational (banking and insurance regime) Out of scope (distribution and service centre regime)	Regime not operational. No benefits for income from geographically mobile activities.
34.	North Macedonia	Technological industrial development zone	Under review	Regime under review by FHTP.

35.	Paraguay	Investment of capital from abroad	Non-IP: Out of scope IP: Not operational	No benefits for business income. Regime not operational.
36.	Paraguay	Investment guarantee	Out of scope	No benefits for income from geographically mobile activities.
37.	Poland	IP box	Not harmful	New regime, designed in compliance with FHTP standards.
38.	Qatar	Qatar financial centre (QFC)	Under review	Regime under review by FHTP.
39.	Qatar	Free zone at science & technology park	Under review	Regime under review by FHTP.
40.	Qatar	Free zone areas	Under review	Regime under review by FHTP.
41.	Switzerland - federal level	Commissionaire ruling regime	Abolished ²	No grandfathering provided.
42.	Thailand	International headquarters and treasury centre	Non-IP: Abolished IP: Abolished	No grandfathering provided.
43.	Thailand	Regional operating headquarters 1	IP: Abolished	No grandfathering provided.
44.	Thailand	Regional operating headquarters 2	Non-IP: Abolished IP: Abolished	No grandfathering provided.
45.	Thailand	International trade centre	Abolished	No grandfathering provided.
46.	Thailand	International business centre	Non-IP: Not harmful IP: Not harmful	New regime, designed in compliance with FHTP standards.
47.	Viet Nam	Economic zones	Out of scope	No benefits for income from geographically mobile activities.
48.	Viet Nam	Disadvantaged areas	Out of scope	No benefits for income from geographically mobile activities.
49.	Viet Nam	IP benefits (transfer of technology)	Out of scope	No benefits for income from geographically mobile activities.
50.	Viet Nam	Software production	Potentially harmful but not actually harmful	Lack of substantial activities requirements, but no harmful economic effects in practice. Regime is subject to annual monitoring.

² As the regime is closed to new entrants, there is a definitive date for final abolition of the regime, and there is effective exchange of information of the regime (which takes place under the Action 5 transparency framework), the FHTP was able to come to a final conclusion.

Consolidated results of regime reviews since 2015

The tables below presents the consolidated results of all regimes reviewed by the FHTP since the BEPS Action 5 report.

Regimes listed in the 2015 BEPS Action 5 report

5. These tables present an update on the status of regimes listed in the 2015 BEPS Action 5 Report (OECD, 2015^[1]).

IP regimes

	Jurisdiction	Regime	Status	Comments
1.	Belgium	Deduction for innovation income	Not harmful (amended)	Substance requirements (nexus approach) in place. Grandfathering in accordance with FHTP timelines.
2.	China (People's Republic of)	Reduced rate for high & new tech enterprises	Not harmful ¹	No harmful features.
3.	Colombia	Software regime	Abolished	No grandfathering provided.
4.	France	Reduced corporation tax rate on IP income ²	Not harmful (amended)	Substance requirements (nexus approach) in place. No grandfathering provided.
5.	Hungary	IP regime for royalties and capital gains	Not harmful (amended)	Substance requirements (nexus approach) in place. Grandfathering in accordance with FHTP timelines.
6.	Israel	Amended preferred enterprise regime	Not harmful (amended)	Substance requirements (nexus approach) in place. Grandfathering in accordance with FHTP timelines.
7.	Italy	Taxation of income from intangible assets	Not harmful (amended) except for the extension to new entrants for trademark ³ between 1 July 2016 and 31 December 2016, which is harmful	Substance requirements (nexus approach) in place. Grandfathering in accordance with FHTP timelines, except for extension as noted.
8.	Luxembourg	Partial exemption for income/gains derived from certain IP rights	Abolished	Grandfathering in accordance with FHTP timelines.
9.	Netherlands	Innovation box	Not harmful (amended)	Substance requirements (nexus approach) in place. Grandfathering in accordance with FHTP timelines.
10.	Portugal	Partial exemption for income from certain intangible property	Not harmful (amended)	Substance requirements (nexus approach) in place. Grandfathering in accordance with FHTP timelines.
11.	Spain	Partial exemption for income from certain intangible assets (Federal regime)	Not harmful (amended) ⁴	Substance requirements (nexus approach) in place. Grandfathering in accordance with FHTP timelines.
12.	Spain	Partial exemption for income from certain intangible assets (Basque country)	Not harmful (amended) ⁵	Substance requirements (nexus approach) in place. Grandfathering in accordance with FHTP timelines.
13.	Spain	Partial exemption for income from	Not harmful	Substance requirements (nexus

		certain intangible assets (Navarra)	(amended) ⁶	approach) in place. Grandfathering in accordance with FHTP timelines.
14.	Switzerland - Canton of Nidwalden	Licence box	Not harmful (amended)	Substance requirements (nexus approach) in place. Grandfathering in accordance with FHTP timelines.
15.	Turkey	Technology development zones regime	Not harmful (amended) except for the extension to new entrants between 1 July 2016 and 19 October 2017, which is harmful	Substance requirements (nexus approach) in place. Grandfathering in accordance with FHTP timelines, except for extension as noted.
16.	United Kingdom	Patent box	Not harmful (amended)	Substance requirements (nexus approach) in place. Grandfathering in accordance with FHTP timelines.

Note: See table 6.1 of the 2015 BEPS Action 5 Report (OECD, 2015^[11]).

1. While the regime did not technically comply with the nexus approach, it was considered functionally equivalent and therefore evaluated as not harmful, given its distinct features and safeguards and the willingness of China to provide additional information.

2. Formerly known as “Reduced rate for long term capital gains and profits from the licensing of IP rights”.

3. The Italian IP regime did not and does not include in the eligible assets any marketing related assets other than trademarks.

4. Spain’s partial exemption for income from certain intangible assets was inconsistent with the nexus approach for IP assets acquired from related parties for the period from 1 January 2017 to 31 December 2017 and for new taxpayers entering the regime in the period from 1 July 2016 to 31 December 2017.

5. See previous table note.

6. See previous table note.

Non-IP regimes

	Jurisdiction	Regime	Status	Comments
1.	Argentina	Promotional regime for software industry	Not harmful	No harmful features.
2.	Australia	Conduit foreign income	Not harmful	No harmful features.
3.	Brazil	PADIS – Semiconductors industry	Not harmful	No harmful features.
4.	Canada	Life insurance business	Potentially harmful but not actually harmful	Ring-fencing implicated, but no harmful economic effects in practice. Regime is subject to annual monitoring.
5.	China (People’s Republic of)	Reduced rate for advanced technology services enterprises	Not harmful	No harmful features.
6.	Colombia	Foreign portfolio investment	Not harmful ¹	No harmful features.
7.	Greece	Offshore engineering and construction	Not harmful (amended)	Ring-fencing removed. No grandfathering provided
8.	India	Deductions in respect of certain incomes of offshore banking units and international financial services centre	Not harmful	No harmful features.
9.	India	Special provisions in respect of newly established units in special economic zones	Not harmful	No harmful features.
10.	India	Special provisions relating to income of shipping companies – tonnage tax scheme	Not harmful	No harmful features.
11.	India	Taxation of profit and gains of life insurance business	Not harmful	No harmful features.
12.	Indonesia	Public / listed company regime	Out of scope	No benefits for income from geographically mobile activities.

13.	Indonesia	Investment allowance regime	Out of scope	No benefits for income from geographically mobile activities.
14.	Indonesia	Special economic zone regime	Out of scope	No benefits for income from geographically mobile activities.
15.	Indonesia	Tax holiday regime	Out of scope	No benefits for income from geographically mobile activities.
16.	Japan	Special zones for international competitiveness development	Not harmful ²	No harmful features.
17.	Japan	Measures for the promotion of research and development	Not harmful ³	No harmful features.
18.	Latvia	Shipping taxation regime	Not harmful	No harmful features.
19.	Latvia	Special economic zones	Disadvantaged areas regime	Subject to monitoring to ensure continued low risk of BEPS.
20.	Luxembourg	Private asset management company (Société de gestion de patrimoine familial)	Not harmful ⁴	No harmful features.
21.	Luxembourg	Investment company in risk capital (Société d'investissement en capital à risque)	Not harmful ⁵	No harmful features.
22.	South Africa	Headquarter company	Potentially harmful but not actually harmful	Ring-fencing implicated, but no harmful economic effects in practice. Regime is subject to annual monitoring.
23.	South Africa	Exemption of income in respect of ships used in international shipping	Not harmful	No harmful features.
24.	Switzerland – cantonal level	Auxiliary company regime (previously referred to as domiciliary company regime)	In the process of being eliminated ⁶	Regime is being abolished.
25.	Switzerland – cantonal level	Mixed company regime	In the process of being eliminated ⁷	Regime is being abolished.
26.	Switzerland – cantonal level	Holding company regime	In the process of being eliminated ⁸	Regime is being abolished.
27.	Switzerland – federal level	Commissionaire ruling regime	Abolished ⁹	No grandfathering provided.
28.	Switzerland – federal level	Newly established or re-designed enterprises	Disadvantaged areas regime	Subject to monitoring to ensure continued low risk of BEPS.
29.	Turkey	Shipping regime	Not harmful	No harmful features.

Note: See table 6.2 of the 2015 BEPS Action 5 Report (OECD, 2015^[1]).

1. This conclusion was reached by the FHTP without reaching any conclusion that Colombia's regime was within the scope of the work of the FHTP.

2. This regime was considered prior to the approval of the BEPS Action Plan.

3. See previous table note.

4. See previous table note.

5. See previous table note.

6. The tax reform bill abolishing the cantonal tax regimes was approved by the Federal Parliament on 28 September 2018 and by Swiss voters in a popular vote (referendum) held on 19 May 2019. The bill is to enter into force on 1 January 2020. The regimes will thus be definitively abolished from 1 January 2020.

7. See previous table note.

8. See previous table note.

9. As the regime is closed to new entrants, there is a definitive date for final abolition of the regime, and there is effective exchange of information of the regime (which takes place under the Action 5 transparency framework), the FHTP was able to come to a final conclusion.

Regimes reviewed after formation of the Inclusive Framework on BEPS

6. The following tables present the results of the review of preferential regimes that have been reviewed since October 2015, as at 17 July 2019. The results are presented according to the categories of regime.

IP regimes

	Jurisdiction	Regime	Status	Comments
1.	Andorra	Special regime for exploitation of certain intangibles ¹	Not harmful (amended)	Substance requirements (nexus approach) in place. Grandfathering in accordance with FHTP timelines.
2.	Curaçao	Innovation box	Not harmful	New regime, designed in compliance with FHTP standards.
3.	Greece	Tax patent incentives	In the process of being amended	Potentially harmful features will be addressed.
4.	India	Tax on income from patent	Not harmful	Substance requirements (nexus approach) in place.
5.	Ireland	Knowledge development box	Not harmful	New regime, designed in compliance with FHTP standards.
6.	Israel	Preferred technological enterprise regime	Not harmful	New regime, designed in compliance with FHTP standards.
7.	Korea	Special taxation for transfer, acquisition, etc. of technology	Not harmful (amended)	Substance requirements (nexus approach) in place. No grandfathering provided.
8.	Liechtenstein	IP box	Abolished	Grandfathering in accordance with FHTP timelines.
9.	Lithuania	IP regime	Not harmful	New regime, designed in compliance with FHTP standards.
10.	Luxembourg	IP regime	Not harmful	New regime, designed in compliance with FHTP standards.
11.	Malta	Patent box	Abolished	Grandfathering in accordance with FHTP timelines.
12.	Malta	Patent box deduction rules	Not harmful	New regime, designed in compliance with FHTP standards.
13.	Mauritius	Innovation box	Not harmful (amended)	Substance requirements (nexus approach) in place. No grandfathering provided.
14.	Panama	City of knowledge technical zone	Not harmful (amended)	Substance requirements (nexus approach) in place. No grandfathering provided.
15.	Panama	General IP regime	Not harmful	New regime, designed in compliance with FHTP standards.
16.	Poland	IP box	Not harmful	New regime, designed in compliance with FHTP standards.
17.	San Marino	IP regime provided by law no. 102/2004	Abolished	No grandfathering provided.
18.	San Marino	IP regime	Not harmful	New regime, designed in compliance with FHTP standards.
19.	Singapore	IP development incentive	Not harmful ²	New regime, designed in compliance with FHTP standards.
20.	Slovak Republic	Patent box	Not harmful	New regime, designed in compliance with FHTP standards.
21.	Turkey	5/B regime	Not harmful	New regime, designed in compliance with FHTP

22.	Viet Nam	IP benefits (transfer of technology)	Out of scope	standards. No benefits for income from geographically mobile activities.
IP regimes that are also reviewed as non-IP regimes³				
23.	Aruba	Exempt company	In the process of being eliminated/amended	Potentially harmful features will be addressed.
24.	Barbados	International business companies	Abolished	Grandfathering in accordance with FHTP timelines.
25.	Barbados	International societies with restricted liability	Abolished	Grandfathering in accordance with FHTP timelines.
26.	Belize	International business companies	Abolished	Grandfathering in accordance with FHTP timelines.
27.	Botswana	International financial services company	Abolished	No grandfathering provided.
28.	Brunei Darussalam	Pioneer services companies	Under review	Regime under review by FHTP.
29.	Cook Islands	International companies	Under review	Regime under review by FHTP.
30.	Curaçao	Curaçao investment company ⁴	Not harmful (amended)	Substance requirements (nexus approach) in place. No grandfathering provided.
31.	Curaçao	Export facility	Abolished	No grandfathering provided.
32.	Dominica	International business companies	Under review	Regime under review by FHTP.
33.	Jordan	Aqaba special economic zone	Under review	Regime under review by FHTP.
34.	Jordan	Development zone	Harmful	Ring-fencing addressed but substantial activities factor implicated
35.	Kazakhstan	Special economic zones	In the process of being amended	Potentially harmful features will be addressed.
36.	Kenya	Special economic zone	Not operational	Regime not operational.
37.	Lithuania	Free economic zone taxation regime	Disadvantaged areas regime	Subject to monitoring to ensure continued low risk of BEPS.
38.	Macau (China)	Macau offshore institution	Abolished	Grandfathering in accordance with FHTP timelines.
39.	Malaysia	Biotechnology industry	Abolished	Grandfathering in accordance with FHTP timelines.
40.	Malaysia	MSC Malaysia	Abolished	Grandfathering in accordance with FHTP timelines.
41.	Malaysia	Pioneer status – High technology	Out of scope (amended)	No benefits for income from geographically mobile activities. Grandfathering in accordance with FHTP timelines.
42.	Malaysia	Principal hub	Abolished	Grandfathering in accordance with FHTP timelines.
43.	Mauritius	Global business license 1	Abolished	Grandfathering in accordance with FHTP timelines.
44.	Mauritius	Global business license 2	Abolished	Grandfathering in accordance with FHTP timelines.
45.	Mongolia	Free trade zones	Abolished	No grandfathering provided.
46.	Paraguay	Investment of capital from abroad	Not operational	Regime not operational.
47.	Qatar	Free zone at science & technology park	Under review	Regime under review by FHTP.

48.	Qatar	Free zone areas	Under review	Regime under review by FHTP.
49.	Saint Kitts and Nevis	Companies act	Under review	Regime under review by FHTP.
50.	Saint Kitts and Nevis	Nevis business corporation	Under review	Regime under review by FHTP.
51.	Saint Kitts and Nevis	Nevis LLC	Under review	Regime under review by FHTP.
52.	Saint Lucia	International business company	Abolished	Grandfathering in accordance with FHTP timelines.
53.	Saint Lucia	International partnership	Abolished	Grandfathering in accordance with FHTP timelines.
54.	Saint Lucia	International trust	Abolished	Grandfathering in accordance with FHTP timelines.
55.	Saint Vincent and the Grenadines	International business companies	Abolished	Grandfathering in accordance with FHTP timelines.
56.	Saint Vincent and the Grenadines	International trusts	Abolished	Grandfathering in accordance with FHTP timelines.
57.	San Marino	New companies regime provided by art. 73, law no. 166/2013	Not harmful (amended)	Substance requirements (nexus approach) in place. Grandfathering in accordance with FHTP timelines.
58.	San Marino	Regime for high-tech start-up companies under law no. 71/2013 and delegated decree no. 116/2014	Not harmful (amended)	Substance requirements (nexus approach) in place. Grandfathering in accordance with FHTP timelines.
59.	Seychelles	Companies special license	Abolished	Grandfathering in accordance with FHTP timelines.
60.	Seychelles	International business companies	Abolished	No grandfathering provided.
61.	Seychelles	International trade zone	Abolished	Grandfathering in accordance with FHTP timelines.
62.	Singapore	Development and expansion incentive - services	Abolished	Grandfathering in accordance with FHTP timelines.
63.	Singapore	Pioneer service company	Abolished	Grandfathering in accordance with FHTP timelines.
64.	Thailand	International headquarters and treasury centre	Abolished	No grandfathering provided.
65.	Thailand	Regional operating headquarters 1	Abolished	No grandfathering provided.
66.	Thailand	Regional operating headquarters 2	Abolished	No grandfathering provided.
67.	Thailand	International business centre	Not harmful	New regime, designed in compliance with FHTP standards.
68.	United States	Foreign-derived intangible income (FDII)	Under review	Regime under review by FHTP.
69.	Uruguay	Benefits under law 16.906 for biotechnology	Abolished	No grandfathering provided.
70.	Uruguay	Benefits under lit S art. 52 for biotechnology and for software	Not harmful (amended)	Substance requirements (nexus approach) in place. Grandfathering in accordance with FHTP timelines.
71.	Uruguay	Free zones	Not harmful (amended)	Substance requirements (nexus approach) in place. No grandfathering provided.

72.	Viet Nam	Export processing zone	Out of scope	No benefits for income from geographically mobile activities.
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1. Formerly known as “Companies involved in the international exploitation of intangible assets”.
2. Subject to final adoption of new legislation.
3. Some preferential regimes provides for benefits to both income from IP and other non-IP geographically mobile activities. These “dual category” regimes are reviewed as both an IP regime and a non-IP regime and therefore have to comply with both substantial activities requirements and two separate conclusions are applicable to the regime.
4. Formerly known as “Tax exempt entity”.

Headquarters regimes

	Jurisdiction	Regime	Status	Comments
1.	Barbados	International business companies ¹	Abolished	Grandfathering in accordance with FHTP timelines.
2.	Chile	Business platform regime	Potentially harmful but not actually harmful From 1 January 2022: Abolished ²	Ring-fencing factor implicated, but no harmful economic effects in practice. Regime is subject to annual monitoring.
3.	Kenya	Special economic zone ³	Not operational	Regime not operational.
4.	Malaysia	Principal hub ⁴	Not harmful (amended)	Ring-fencing removed. Substance requirements (non-IP) in place. No grandfathering provided.
5.	Mauritius	Global business license 1	Abolished	Grandfathering in accordance with FHTP timelines.
6.	Mauritius	Global business license 2	Abolished	Grandfathering in accordance with FHTP timelines.
7.	Mauritius	Global headquarters administration regime	Not harmful	No harmful features.
8.	Panama	Multinational headquarters	Not harmful (amended)	Ring-fencing removed. Substance requirements (non-IP) in place. Grandfathering in accordance with FHTP timelines.
9.	Philippines	Regional or area headquarters	Out of scope	No benefits for income from geographically mobile activities.
10.	Philippines	Regional operating headquarters	In the process of being eliminated	Potentially harmful features will be addressed.
11.	Seychelles	Companies special license ⁵	Abolished	Grandfathering in accordance with FHTP timelines.
12.	Singapore	Development and expansion incentive – services	Not harmful	No harmful features.
13.	Singapore	Pioneer service company	Not harmful	No harmful features.
14.	Thailand	International headquarters and treasury centre	Abolished	No grandfathering provided.
15.	Thailand	Regional operating headquarters 1	Abolished ⁶	Grandfathering provided, see table note.
16.	Thailand	Regional operating headquarters 2	Abolished	No grandfathering provided.
17.	Thailand	International business centre	Not harmful	New regime, designed in compliance with FHTP standards.
18.	Turkey	Regional headquarters / regional management centre	Out of scope	No benefits for income from geographically mobile activities.

1. Also reviewed as a financing and leasing regime.
2. In accordance with Law No. 21,047 no new taxpayers will benefit from this regime as from 23 November 2017. With regard to existing business platform companies, the law provides for a grandfathering period which expires by 31 December 2021. Therefore, this regime will be considered completely abolished by 1 January 2022.

3. Also reviewed as a distribution and service centre regime.
4. Also reviewed as a financing and leasing regime.
5. Also reviewed as a financing and leasing regime.
6. Subject to the confirmation of the closure of the grandfathered regime to new activities, which will be verified by the FHTP at the next opportunity.

Financing and leasing regimes

	Jurisdiction	Regime	Status	Comments
1.	Antigua and Barbuda	International business corporations	Abolished	No grandfathering provided.
2.	Andorra	Intercompany and financing regime	Abolished	Grandfathering in accordance with FHTP timelines.
3.	Aruba	Exempt company	In the process of being eliminated/amended	Potentially harmful features will be addressed.
4.	Barbados	International business companies ¹	Abolished	Grandfathering in accordance with FHTP timelines.
5.	Barbados	International financial services	Abolished	Grandfathering in accordance with FHTP timelines.
6.	Barbados	International trusts ²	Abolished	No grandfathering provided.
7.	Belize	International business companies	Not harmful (amended)	Ring-fencing removed. Substance requirements (non-IP) in place. Grandfathering in accordance with FHTP timelines.
8.	Botswana	International financial services company	Not harmful (amended)	Ring-fencing removed. No grandfathering provided.
9.	Cabo Verde	International financial institution	Abolished	Grandfathering in accordance with FHTP timelines.
10.	Curaçao	Curaçao investment company ³	Not harmful (amended)	Substance requirements (non-IP) in place. No grandfathering provided.
11.	Dominica	International business companies	Under review	Regime under review by FHTP.
12.	Georgia	International financial company	Potentially harmful but not actually harmful	Ring-fencing implicated, but no harmful economic effects in practice. Regime is subject to annual monitoring.
13.	Hong Kong (China)	Profits tax concession for corporate treasury centres	Not harmful (amended)	Ring-fencing removed. No grandfathering provided.
14.	Hong Kong (China)	Profits tax concessions for aircraft lessors and aircraft leasing managers	Not harmful	No harmful features.
15.	Kazakhstan	Astana international financial centre	In the process of being amended	Potentially harmful features will be addressed.
16.	Malaysia	Treasury management centre	Abolished	Grandfathering in accordance with FHTP timelines.
17.	Malaysia	Labuan leasing	Not harmful (amended)	Ring-fencing removed. Substance requirements (non-IP) in place. No grandfathering provided.
18.	Malaysia	Principal hub ⁴	Not harmful (amended)	Ring-fencing removed. Substance requirements (non-IP) in place. No grandfathering provided.
19.	Mauritius	Global treasury activities	Not harmful	No harmful features.
20.	Montserrat	International business companies	Abolished	No grandfathering provided.
21.	Morocco	Casablanca finance city	Under review	Regime under review by FHTP.

22.	Qatar	Qatar financial centre (QFC)	Under review	Regime under review by FHTP.
23.	Saint Kitts and Nevis	Nevis LLC	Under review	Regime under review by FHTP.
24.	Saint Kitts and Nevis	Nevis business corporation	Under review	Regime under review by FHTP.
25.	Saint Kitts and Nevis	Companies act	Under review	Regime under review by FHTP.
26.	Saint Lucia	International business company	Abolished	Grandfathering in accordance with FHTP timelines.
27.	Saint Lucia	International trusts ⁵	Abolished	Grandfathering in accordance with FHTP timelines.
28.	Saint Lucia	International partnership	Abolished	Grandfathering in accordance with FHTP timelines.
29.	Saint Vincent and the Grenadines	International business companies	Abolished	Grandfathering in accordance with FHTP timelines.
30.	Saint Vincent and the Grenadines	International trusts ⁶	Abolished	Grandfathering in accordance with FHTP timelines.
31.	San Marino	Financing regime provided by law no. 102/2004	Abolished	No grandfathering provided.
32.	Seychelles	International business companies	Abolished	No grandfathering provided.
33.	Seychelles	Companies special license ⁷	Abolished	Grandfathering in accordance with FHTP timelines.
34.	Singapore	Aircraft leasing scheme	Not harmful	No harmful features.
35.	Singapore	Finance and treasury centre	Not harmful	No harmful features.
36.	Sint Maarten	Tax exempt company	Under review	Regime under review by FHTP. Jurisdiction affected by hurricane.

1. Also reviewed as a headquarters regime.

2. Also reviewed as a holding company regime.

3. Formerly known as "Tax exempt entity".

4. Also reviewed as a headquarters regime.

5. Also reviewed as a holding company regime.

6. Also reviewed as a holding company regime.

7. Also reviewed as a headquarters regime.

Banking and insurance regimes

	Jurisdiction	Regime	Status	Comments
1.	Antigua and Barbuda	International banking	Abolished	No grandfathering provided.
2.	Australia	Offshore banking unit	In the process of being amended	Potentially harmful features will be addressed.
3.	Barbados	Exempt insurance	Abolished	Grandfathering in accordance with FHTP timelines.
4.	Barbados	Qualifying insurance companies	Abolished	No grandfathering provided.
5.	Barbados	Insurance regime	Not harmful	New regime, designed in compliance with FHTP standards.
6.	Canada	International banking centres	Abolished	No grandfathering provided.
7.	Cook Islands	International insurance companies	Under review	Regime under review by FHTP.
8.	Cook Islands	Captive insurance	Under review	Regime under review by FHTP.
9.	Cook Islands	International banking	Under review	Regime under review by FHTP.
10.	Dominica	Offshore banking	Under review	Regime under review by

				FHTP.
11.	Hong Kong (China)	Profits tax concession for professional reinsurers	Not harmful (amended)	Ring-fencing removed. No grandfathering provided.
12.	Hong Kong (China)	Profits tax concession for captive insurers	Not harmful (amended)	Ring-fencing removed. No grandfathering provided.
13.	Macau (China)	Macau offshore institution	Abolished	Grandfathering in accordance with FHTP timelines.
14.	Malaysia	Re-insurance and re-takaful business ¹	Not harmful (amended)	Ring-fencing removed. No grandfathering provided.
15.	Malaysia	Labuan financial services	Not harmful (amended)	Ring-fencing removed. Substance requirements (non-IP) in place. No grandfathering provided.
16.	Mauritius	Captive insurance	Not harmful (amended)	Substance requirements (non-IP) in place. Grandfathering in accordance with FHTP timelines.
17.	Mauritius	Banks holding a banking licence under the Banking Act 2004 ("Segment B banking")	Abolished	Grandfathering in accordance with FHTP timelines.
18.	Mauritius	Banks holding a banking licence under the Banking Act 2004	Not harmful	New regime, designed in compliance with FHTP standards.
19.	Mauritius	Investment banking	Not harmful	No harmful features.
20.	Morocco	Banks and holding companies in offshore zones	Abolished	No grandfathering provided.
21.	Nigeria	Free trade zones ²	Not operational	Regime not operational.
22.	Seychelles	Non-domestic insurance business	Abolished	Grandfathering in accordance with FHTP timelines.
23.	Seychelles	Offshore banking	Abolished	No grandfathering provided.
24.	Seychelles	Fund administration business	Not harmful (amended)	Substance requirements (non-IP) in place. Grandfathering in accordance with FHTP timelines.
25.	Seychelles	Securities businesses under the securities act	Not harmful (amended)	Substance requirements (non-IP) in place. Grandfathering in accordance with FHTP timelines.
26.	Seychelles	Reinsurance business	Abolished	No grandfathering provided.
27.	Singapore	Insurance business development	Not harmful (amended)	Ring-fencing removed. Grandfathering in accordance with FHTP timelines.
28.	Singapore	Financial sector incentive	Not harmful	No harmful features.
29.	Thailand	International banking facilities	Abolished	Grandfathering in accordance with FHTP timelines.

1. Formerly known as "Inward re-insurance and offshore insurance".

2. Also reviewed as a distribution and service centre regime.

Distribution centre and service centre regimes

	Jurisdiction	Regime	Status	Comments
1.	Andorra	Companies involved in international trade	Abolished	Grandfathering in accordance with FHTP timelines.
2.	Aruba	Free zone	In the process of being eliminated/amended	Potentially harmful features will be addressed.
3.	Barbados	Fiscal incentives act	Out of scope	No benefits for income from geographically mobile activities.

4.	Costa Rica	Free trade zone	Not harmful (amended)	Ring-fencing removed. Substance requirements (non-IP) in place. No grandfathering provided.
5.	Curaçao	Export facility	Abolished	No grandfathering provided.
6.	Curaçao	E-Zone	Out of scope (amended)	Benefits for income from geographically mobile activities removed. No grandfathering provided.
7.	Dominican Republic	Border development	Under review	Regime under review by FHTP.
8.	Dominican Republic	Free trade zones	Under review	Regime under review by FHTP.
9.	Dominican Republic	Logistics centres	Under review	Regime under review by FHTP.
10.	Gabon	Special economic zone	Under review	Regime under review by FHTP.
11.	Georgia	Free industrial zone	Out of scope	No benefits for income from geographically mobile activities.
12.	Georgia	Special trade company	Out of scope	No benefits for income from geographically mobile activities.
13.	Georgia	Virtual zone person	Potentially harmful but not actually harmful	Ring-fencing and substantial activities factor implicated, but no harmful economic effects in practice. Regime is subject to annual monitoring.
14.	Jamaica	Special economic zones	Under review	Regime under review by FHTP.
15.	Jordan	Aqaba special economic zone	Under review	Regime under review by FHTP.
16.	Jordan	Development zones	Harmful	Ring-fencing addressed; substantial activities factor implicated.
17.	Jordan	Free trade zones	Abolished	No grandfathering provided.
18.	Kazakhstan	Special economic zones	In the process of being amended	Potentially harmful features will be addressed.
19.	Kenya	Export processing zone	Out of scope	No benefits for income from geographically mobile activities.
20.	Kenya	Special economic zone ¹	Not operational	Regime not operational.
21.	Korea	Foreign investment zone	Out of scope	No benefits for income from geographically mobile activities.
22.	Korea	Free economic zone / free trade zone	Out of scope	No benefits for income from geographically mobile activities.
23.	Lithuania	Free economic zone taxation regime	Not harmful	No harmful features.
24.	Malaysia	Approved service projects	Out of scope	No benefits for income from geographically mobile activities.
25.	Malaysia	Green technology services	Not harmful	No harmful features.
26.	Malaysia	Malaysian international trading company	Out of scope	No benefits for income from geographically mobile activities.
27.	Malaysia	Special economic regions	Not harmful (amended)	Ring-fencing removed. Substance requirements (non-IP) in place. Grandfathering in accordance with FHTP timelines.

28.	Mauritius	Freeport zone	Out of scope (amended)	Benefits for income from geographically mobile activities removed. Grandfathering in accordance with FHTP timelines.
29.	Mongolia	Free trade zones	Abolished	No grandfathering provided.
30.	Morocco	Free trade zones	Under review	Regime under review by FHTP.
31.	Morocco	Export societies	Under review	Regime under review by FHTP.
32.	Nigeria	Free trade zones ²	Out of scope	No benefits for income from geographically mobile activities.
33.	North Macedonia	Technological industrial development zone	Under review	Regime under review by FHTP.
34.	Panama	Colon free zone	Out of scope	No benefits for income from geographically mobile activities.
35.	Panama	Panama-Pacifico special economic zone	Not harmful (amended)	Ring-fencing removed. Substance requirements (non-IP) in place. Grandfathering in accordance with FHTP timelines.
36.	Paraguay	Free zone	Out of scope	No benefits for income from geographically mobile activities.
37.	Peru	Special economic zone 1 (Ceticos / ZED)	Out of scope	No benefits for income from geographically mobile activities..
38.	Peru	Special economic zone 2 (Zofratacna)	Not harmful	No harmful features.
39.	Qatar	Free zone at science & technology park	Under review	Regime under review by FHTP.
40.	Qatar	Free zone areas	Under review	Regime under review by FHTP.
41.	Saint Kitts and Nevis	Fiscal incentives act	Out of scope	No benefits for income from geographically mobile activities..
42.	Seychelles	International trade zone	Out of scope (amended)	Benefits for income from geographically mobile activities removed. Grandfathering in accordance with FHTP timelines
43.	Singapore	Global trader programme	Not harmful	No harmful features.
44.	Thailand	International trade centre	Abolished	No grandfathering provided.
45.	Trinidad and Tobago	Free trade zones	In the process of being eliminated ³	Regime is being abolished.
46.	Uruguay	Free zones	Not harmful (amended)	Ring-fencing removed. Substance requirements (non-IP) in place. Grandfathering in accordance with FHTP timelines.
47.	Uruguay	Shared service centre	Not harmful (amended)	Ring-fencing removed. No grandfathering provided.
48.	Viet Nam	Disadvantaged areas	Out of scope	No benefits for income from geographically mobile activities.
49.	Viet Nam	Economic zones	Out of scope	No benefits for income from geographically mobile activities.
50.	Viet Nam	Export processing zone	Out of scope	No benefits for income from geographically mobile

51.	Viet Nam	Industrial parks/zones	Out of scope	activities. No benefits for income from geographically mobile activities.
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1. Also reviewed as a headquarters regime.
2. Also reviewed as a banking and insurance regime.
3. Regime closed to new entrants on administrative basis and legal changes are forthcoming, which will be reviewed by the FHTP.

Shipping regimes

	Jurisdiction	Regime	Status	Comments
1.	Antigua and Barbuda	Tonnage tax ¹	Not harmful (amended)	Ring-fencing removed. No grandfathering provided.
2.	Aruba	Shipping and aviation	Not harmful	No harmful features.
3.	Barbados	Shipping regime	Not harmful (amended)	Ring-fencing removed. No grandfathering provided.
4.	Cabo Verde	International shipping	Not harmful (amended)	Ring-fencing removed. No grandfathering provided.
5.	Hong Kong (China)	Profits tax exemptions for ship operators	Not harmful	No harmful features.
6.	Liberia	Shipping regime	Not harmful	No harmful features.
7.	Lithuania	Tonnage tax regime	Not harmful	No harmful features.
8.	Malta	Tonnage tax system	Not harmful	No harmful features.
9.	Mauritius	Shipping regime	Not harmful	No harmful features.
10.	Panama	Shipping regime	Not harmful	No harmful features.
11.	Singapore	Maritime sector incentive	Not harmful	No harmful features.

Note: The determination of substantial activity in the context of shipping regimes recognises that significant core income generating activities within shipping are performed in transit outside of the jurisdiction of the shipping regime, and that the value creation attributable to the core income generating activities that occur from a fixed location is more limited than for other types of regimes for mobile business income. The determination further considered whether the regime was designed to ensure that the qualifying taxpayer handles all corporate law and regulatory compliance of the shipping company with any additional obligations within the jurisdiction such as ship registration including compliance with International Maritime Organisation (“IMO”) regulations, customs and manning requirements (noting the various regulatory requirements for shipping identified in the Consolidated Application Note) consistent with the IMO definition.

1. This regime will apply from 2021. The shipping regime under the Antigua and Barbuda Merchant Shipping Act 2006 has been abolished.

Holding company regimes

	Jurisdiction	Regime	Status	Comments
1.	Andorra	Holding company regime	Not harmful (amended)	Ring-fencing removed. Grandfathering in accordance with FHTP timelines.
2.	Barbados	International societies with restricted liability	Abolished	Grandfathering in accordance with FHTP timelines..
3.	Barbados	International trusts ¹	Abolished	No grandfathering provided.
4.	Saint Lucia	International trusts ²	Abolished	Grandfathering in accordance with FHTP timelines.
5.	Saint Vincent and the Grenadines	International trusts ³	Abolished	Grandfathering in accordance with FHTP timelines.

1. Also reviewed as a financing and leasing regime.
2. Also reviewed as a financing and leasing regime.
3. Also reviewed as a financing and leasing regime.

Fund management regimes

	Jurisdiction	Regime	Status	Comments
1.	Malaysia	Foreign fund management	Not harmful	No harmful features.

Miscellaneous regimes

	Jurisdiction	Regime	Status	Comments
1.	Aruba	Imputation payment company	Potentially harmful but not actually harmful From 1 January 2026: Abolished	Lack of substantial activities requirements, but no harmful economic effects in practice. Regime is subject to annual monitoring.
2.	Aruba	Investment promotion	In the process of being amended	Potentially harmful features will be addressed.
3.	Aruba	San Nicolas	Abolished	Grandfathering in accordance with FHTP timelines.
4.	Barbados	Credit for foreign currency earnings / Credit for overseas project or services	Abolished	No grandfathering provided.
5.	Brunei Darussalam	Pioneer services companies	Under review	Regime under review by FHTP.
6.	Cabo Verde	Incentive for internationalization	Out of scope	No benefits for income from geographically mobile activities.
7.	Cabo Verde	International business centre	Out of scope (amended)	Benefits for income from geographically mobile activities removed. No grandfathering provided.
8.	Cook Islands	International companies	Under review	Regime under review by FHTP.
9.	Cook Islands	Development investment incentives	Under review	Regime under review by FHTP.
10.	Cook Islands	Incentive for certain public works	Under review	Regime under review by FHTP.
11.	Malaysia	Biotechnology industry	Not harmful (amended)	Substance requirements (non-IP) in place. Grandfathering in accordance with FHTP timelines.
12.	Malaysia	International currency business unit	Abolished	Grandfathering in accordance with FHTP timelines.
13.	Malaysia	MSC Malaysia	Not harmful (amended)	Ring-fencing removed. Substance requirements (non-IP) in place. Grandfathering in accordance with FHTP timelines.
14.	Malaysia	Pioneer status – Contract R&D	Not harmful (amended)	Substance requirements (non-IP) in place. Grandfathering in accordance with FHTP timelines.
15.	Maldives	Reduced tax rates on profits sourced outside Maldives	In the process of being eliminated	Regime is being abolished.
16.	Mauritius	Partial exemption system	Not harmful	New regime, designed in compliance with FHTP standards.
17.	Paraguay	Investment guarantee	Out of scope	No benefits for income from geographically mobile activities.
18.	Paraguay	Investment of capital from abroad	Out of scope	No benefits for income from geographically mobile activities.
19.	San Marino	New companies regime provided by art. 73, law no. 166/2013	Not harmful	No harmful features.
20.	San Marino	Regime for high-tech start-up companies under law no. 71/2013 and delegated decree no. 116/2014	Not harmful	No harmful features.

21.	Singapore	DEI-Legal services	Abolished	Grandfathering in accordance with FHTP timelines.
22.	Singapore	International growth scheme	Abolished	Grandfathering in accordance with FHTP timelines.
23.	United States	Foreign-derived intangible income (FDII)	Under review	Regime under review by FHTP.
24.	Uruguay	Benefits under law 16.906 for biotechnology	Not harmful (amended)	Substance requirements (non-IP) in place. No grandfathering provided.
25.	Uruguay	Benefits under lit S art. 52 for biotechnology and for software	Not harmful (amended)	Substance requirements (non-IP) in place. No grandfathering provided.
26.	Uruguay	Financial company reorganisation	Abolished	Regime abolished before FHTP assessment. No grandfathering provided.
27.	Uruguay	Investment law incentives under law 16.096	Out of scope	No benefits for income from geographically mobile activities.
28.	Uruguay	Tax system according to the source principle	Out of scope	No divergence from the jurisdiction's general tax system.
29.	Viet Nam	Software production	Potentially harmful but not actually harmful	Lack of substantial activities requirements, but no harmful economic effects in practice. Regime is subject to annual monitoring.