

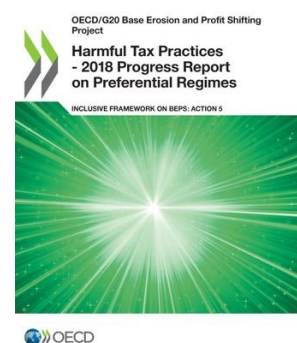
# Harmful Tax Practices – Peer Review Results

INCLUSIVE FRAMEWORK ON BEPS: ACTION 5

*Update (as of February 2024)*

Original report available at:

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



## Introduction

At its October 2023 meeting, the FHTP updated conclusions for four preferential tax regimes. In addition, the FHTP concluded its third annual monitoring process for the effectiveness in practice of the substantial activities requirements in no or only nominal tax jurisdictions. The Inclusive Framework on BEPS approved these results on 5 February 2024. A summary of the new results provided below.

## New regime results – FHTP October 2023 meeting

The below table presents the new results on preferential regimes from the FHTP meeting in October 2023.

	Jurisdiction	Regime	Status	Comments
1.	Albania	Industries incentive (software production / development)	Abolished	Grandfathering in accordance with FHTP timelines.
2.	Armenia	Information technology projects	Abolished	No grandfathering provided.
3.	Hong Kong (China)	Profits tax concessions for family offices	Not harmful	New regime, designed in compliance with FHTP standards.
4.	United Arab Emirates	Free zones	Not harmful	New regime, designed in compliance with FHTP standards.

A consolidated update of the regimes reported in *Harmful Tax Practices – 2018 Progress Report on Preferential Regimes* can be found [here](#).

## Results on the review of the substantial activities factor for no or only nominal tax jurisdictions

The below table presents the FHTP's conclusions from the third annual monitoring process of the effectiveness in practice of the substantial activities requirements in no or only nominal tax jurisdictions, as approved by the FHTP at its October 2023 meeting and during a written procedure in January 2024. These results also include the FHTP's review of legislation, regulations and guidance issued since the June 2019 meeting.

	Jurisdiction	Status	Legal framework	Effectiveness in practice for the year 2022 <sup>1 2</sup>
1.	Anguilla	Not harmful	Economic substance requirements were introduced taking effect from 1 January 2019.	Area that needs to be substantially improved by the next annual monitoring: exchanges of

			Domestic legal framework meets all aspects of the standard.	information. Focused monitoring with respect to (i) statistical data and (ii) compliance programme.
2.	Bahamas	Not harmful	Economic substance requirements were introduced taking effect from 1 January 2019. Domestic legal framework meets all aspects of the standard.	Focused monitoring with respect to (i) statistical data and (ii) compliance programme.
3.	Bahrain	Not harmful	Economic substance requirements were introduced taking effect from 1 January 2019. Domestic legal framework meets all aspects of the standard.	No issues identified.
4.	Barbados	Not harmful	Economic substance requirements were introduced taking effect from 1 January 2019. Domestic legal framework meets all aspects of the standard.	Focused monitoring with respect to (i) statistical data, (ii) compliance programme, and (iii) exchanges of information.
5.	Bermuda	Not harmful	Economic substance requirements were introduced taking effect from 1 January 2019. Domestic legal framework meets all aspects of the standard.	No issues identified.
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.	No issues identified.
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.	No issues identified.
8.	Guernsey	Not harmful	Economic substance requirements were introduced taking effect from 1 January 2019. Domestic legal framework meets all aspects of the standard.	No issues identified.
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.	No issues identified.
10.	Jersey	Not harmful	Economic substance requirements were introduced taking effect from 1 January 2019. Domestic legal framework meets all aspects of the standard.	No issues identified.
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.	Focused monitoring with respect to (i) statistical data, (ii) compliance programme and (iii) exchange of information.
12.	United Arab Emirates	Not harmful (amended)	Economic substance requirements were introduced taking effect from 30 April 2019, and subsequently amended on 10 August 2020. The domestic legal framework, as amended, meets all aspects of the standard.	No issues identified. Last monitoring year, as the United Arab Emirates introduced a corporate income tax as of 1 June 2023.

1. The annual monitoring that took place in 2023 reflected the year 2022.

2. Areas that need to be substantially improved by the next annual monitoring, are those for which the jurisdiction has significant issues with respect to the effectiveness in practice. Areas for focused monitoring during the next annual monitoring, are those for which minor areas for further improvement have been identified.