

Harmful Tax Practices – Peer Review Results on Preferential Regimes



INCLUSIVE FRAMEWORK ON BEPS: ACTION 5

On 24 January 2019, the Inclusive Framework on BEPS approved new results of reviews on preferential tax regimes conducted in connection with BEPS Action 5 as shown in the table below. The results are also published in the report [Harmful Tax Practices – 2018 Progress Report on Preferential Regimes](#).

	Jurisdiction	Regime	Status
1.	Antigua and Barbuda	International business companies	Abolished
2.	Antigua and Barbuda	International banking	Abolished
3.	Antigua and Barbuda	Tonnage tax ¹	Not harmful (amended)
4.	Barbados	Shipping regime	Not harmful (amended)
5.	Barbados	International business companies (IP and non-IP)	IP: Abolished Non-IP: Abolished ²
6.	Barbados	International financial services	Abolished ³
7.	Barbados	International societies with restricted liability (IP and non-IP)	IP: Abolished Non-IP: Abolished ⁴
8.	Barbados	Exempt insurance	Abolished ⁵
9.	Barbados	Qualifying insurance companies	Abolished
10.	Barbados	International trusts	Abolished
11.	Barbados	Insurance regime	Not harmful
12.	Barbados	Credit for foreign currency earnings / Credit for overseas project or services	Abolished
13.	Belize	International business company (IP and non-IP)	IP: Abolished Non-IP: Not harmful (amended)
14.	Botswana	International financial service centres (IP and non-IP)	IP: Abolished Non-IP: Not harmful (amended)
15.	Costa Rica	Free trade zone	Not harmful (amended) ⁶
16.	Curaçao	Innovation box	Not harmful
17.	Curaçao	Curaçao investment company ⁷ (IP and non-IP)	IP: Not harmful (amended) Non-IP: Not harmful (amended)
18.	France	Reduced corporation tax rate on IP income ⁸	Not harmful (amended)
19.	Jordan	Free zone	Abolished
20.	Macau (China)	Macau offshore institution	IP: Abolished Non-IP: Abolished

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

² Subject to the confirmation of the closure of the grandfathered regime to new activities and new assets, which will be verified by the FHTP at the next opportunity.

³ 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.

⁴ Subject to the confirmation of the closure of the grandfathered regime to new activities and new assets, which will be verified by the FHTP at the next opportunity.

⁵ 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.

⁶ Subject to final adoption of new legislation.

⁷ Formerly known as “Tax exempt entity”.

⁸ Formerly known as “Reduced rate for long term capital gains and profits from the licensing of IP rights”.

	Jurisdiction	Regime	Status
21.	Malaysia	Labuan financial services	Not harmful (amended)
22.	Malaysia	Principal hub (IP and non-IP)	IP: Abolished Non-IP: In the process of being amended
23.	Malaysia	MSC Malaysia (IP and non-IP)	IP: Abolished Non-IP: Not harmful (amended)
24.	Malaysia	Special economic regions	Not harmful (amended)
25.	Malaysia	Pioneer status – High technology	Out of scope (amended)
26.	Malaysia	Pioneer status – Contract R&D	Not harmful (amended)
27.	Malaysia	Biotechnology industry (IP and non-IP)	IP: Abolished Non-IP: Not harmful (amended)
28.	Malaysia	Reinsurance and re-takaful business ⁹	Not harmful (amended)
29.	Montserrat	International business companies	Potentially harmful but not actually harmful
30.	Panama	General IP regime	Not harmful
31.	Panama	City of Knowledge technical zone	Not harmful (amended)
32.	Panama	Panama-Pacifico special economic zone	Not harmful (amended)
33.	Panama	Multinational headquarters	Not harmful (amended)
34.	Saint Lucia	International business company (IP and non-IP)	IP: Abolished ¹⁰ Non-IP: Abolished ¹¹
35.	Saint Lucia	International trust (IP and non-IP)	IP: Abolished ¹² Non-IP: Abolished
36.	Saint Lucia	International partnership (IP and non-IP)	IP: Abolished ¹³ Non-IP: Abolished ¹⁴
37.	Saint Vincent and the Grenadines	International business companies	IP: Abolished Non-IP: Abolished
38.	Saint Vincent and the Grenadines	International trusts	IP: Abolished Non-IP: Abolished
39.	Seychelles	International business companies (IP and non-IP)	IP: Abolished Non-IP: Abolished
40.	Seychelles	Companies special license (IP and non-IP)	IP: Abolished Non-IP: Abolished
41.	Seychelles	International trade zone (IP and non-IP)	IP: Abolished Non-IP: Out of scope (amended)
42.	Seychelles	Offshore banking (Segment 1 banking license)	Abolished
43.	Seychelles	Non-domestic insurance business (Insurance of offshore risks)	Abolished
44.	Seychelles	Fund administration business	Not harmful (amended)
45.	Seychelles	Securities businesses under the Securities Act	Not harmful (amended)
46.	Seychelles	Reinsurance business	Abolished

⁹ Formerly known as “Inward re-insurance and offshore insurance regime”.

¹⁰ Subject to final adoption of new legislation closing the grandfathered regime to IP assets acquired from related parties.

¹¹ Subject to final adoption of new legislation closing the grandfathered regime to new activities and new assets.

¹² Subject to final adoption of new legislation closing the grandfathered regime to IP assets acquired from related parties.

¹³ Subject to final adoption of new legislation closing the grandfathered regime to IP assets acquired from related parties.

¹⁴ Subject to final adoption of new legislation closing the grandfathered regime to new activities and new assets.

	Jurisdiction	Regime	Status
47.	Spain	Partial exemption for income from certain intangible assets (Basque country)	Not harmful (amended) ¹⁵
48.	Spain	Partial exemption for income from certain intangible assets (Navarra)	Not harmful (amended) ¹⁶
49.	Thailand	International headquarters and treasury centre (IP and non-IP)	IP: Not operational Non-IP: Potentially harmful ¹⁷
50.	Thailand	Regional operating headquarters 1 (IP and non-IP)	IP: Not operational Non-IP: Abolished ¹⁸
51.	Thailand	Regional operating headquarters 2 (IP and non-IP)	IP: Not operational Non-IP: Potentially harmful ¹⁹
52.	Thailand	International trade centre	Potentially harmful ²⁰
53.	Thailand	International banking facilities	Abolished
54.	Trinidad & Tobago	Free trade zone	In the process of being eliminated ²¹
55.	Uruguay	Benefits under law 16.906 for biotechnology (IP and non-IP)	IP: Abolished Non-IP: Not harmful (amended)
56.	Uruguay	Benefits under lit S art. 52 for biotechnology and for software (IP and non-IP)	IP: Not harmful (amended) Non-IP: Not harmful (amended)
57.	Uruguay	Free zone (IP and non-IP)	IP: Not harmful (amended) Non-IP: Not harmful (amended)

The results will be updated from time to time as approved by the Inclusive Framework.

¹⁵ 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.

¹⁶ See previous footnote.

¹⁷ The regime has been abolished, however due to legal constraints the benefits of the regime remain available after 30 June 2021, beyond the agreed FHTP timelines.

¹⁸ 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.

¹⁹ The regime has been abolished, however due to legal constraints the benefits of the regime remain available after 30 June 2021, beyond the agreed FHTP timelines.

²⁰ The regime has been abolished, however due to legal constraints the benefits of the regime remain available after 30 June 2021, beyond the agreed FHTP timelines.

²¹ Regime closed to new entrants on administrative basis and legal changes are forthcoming, which will be reviewed by the FHTP.