



**Circular No. 1 of 2018**

**Date: 3<sup>rd</sup> September, 2018**

**Impact of upcoming amendments to certain preferential tax regimes**

The Financial Services Authority (“FSA”) would like to draw the attention of:

- companies issued with a **Special Licence** under the Companies (Special Licences) Act, 2003
- **Non-Domestic Insurers** licensed under the Insurance Act, 2008
- persons holding an **Export Services** licence under the International Trade Zone Act, 1995

to the Progress Report published by the Organisation for Economic Cooperation and Development (OECD) on the 16<sup>th</sup> October 2017, entitled “Harmful Tax Practices - 2017 Progress Report on Preferential Regimes”.

The website link to the report is as follows: <http://www.oecd.org/tax/beps/harmful-tax-practices-2017-progress-report-on-preferential-regimes-9789264283954-en.htm>

From the report, the above mentioned preferential tax regimes were reviewed by the Forum on Harmful Tax Practices (FHTP) and it was concluded that certain amendments to these regimes are required.

In view of the above and in accordance with the recommendation in the Report, the FSA would like to inform all its licensees and clients that the relevant legislations are being reviewed and the new amendments are expected to take effect on **1<sup>st</sup> January 2019**.

Therefore, companies licensed after 16<sup>th</sup> October 2017 (new entrants) may continue to benefit under these regimes up to the day before the new amendments takes effect.

Entities which have entered the regimes on or before 16<sup>th</sup> October 2017 (existing entrants) may continue to benefit under the existing regimes until the 30<sup>th</sup> June 2021. However, the benefits will be exclusively applicable to assets and activities that have been acquired or carried on by the existing entrants on or before 16<sup>th</sup> October 2017. Any new activities or assets acquired or carried on after this date will enjoy the current benefits up to the day before the new amendments take effect.

**Financial Services Authority**