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Harmful Tax Practices

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Summary

This policy brief makes the following key points:

- The G20/OECD Base Erosion and Profit Shifting (**BEPS**) Project is an international initiative intended to strengthen the international tax system through the adoption of a 15-point plan, and the 2021 Pillar One and Pillar Two consensus proposals.
- BEPS Action 5 – Harmful Tax Practices is a minimum standard that aims to counter harmful tax practices of countries around the world. Harmful tax practices are defined as preferential tax regimes of governments that have the potential to be used for base erosion or profit shifting in such a way that these regimes unfairly impact the tax bases of other governments. Harmful tax practices also may have a lack of transparency especially if delivered through tax rulings issued by the relevant tax authority to particular taxpayers.
- The Forum on Harmful Tax Practices is responsible for peer review and monitoring of preferential tax regimes and the application of the agreed transparency framework. The main focus of the Forum is peer review to identify the features of preferential tax regimes that facilitate BEPS, as well as improving transparency via the compulsory spontaneous exchange of information on taxpayer-specific rulings. The Forum carries out:
  - assessment of preferential tax regimes of different countries;
  - peer review of country regimes to ensure transparency of harmful tax practices delivered in rulings from tax authorities to specific taxpayers, by enforcing exchange of information between tax authorities; and
  - peer review of the requirement for businesses to have substantial activities in tax jurisdictions that levy little or no tax.
- Australia is a strong supporter of the BEPS project including Action 5. In response to peer review by the Forum, the Australian Government legislated to abolish its Offshore Banking Unit regime which provided lower tax rates for certain offshore banking activities. The Treasury Laws Amendment (2021 Measures No. 2) Act 2021 effective from the 2023-24 year removes the concessional tax treatment for Offshore Banking Units, removes the interest withholding tax exemption and closes the regime for new applicants.
- Globally, Action 5 has led to the dismantling of harmful tax practices in numerous countries. The Forum has reviewed 317 preferential tax regimes as of November 2021. By that date, a total of 106 preferential tax regimes have been abolished, 53 had been amended and 19 were in the process of being amended. The Forum continues to report on peer reviews.
- The OECD claims that transparency on tax rulings is now the global norm, with 20,000 tax rulings identified and 36,000 exchanges having taken place between 120 jurisdictions.
- There has been criticism about some aspects of the work undertaken by the Forum in relation to Action 5 and concerns have also been raised about the power imbalances between countries in the implementation of the BEPS Action plan. To address these concerns, scholars have called for increased transparency on the way that the Forum reviews preferential regimes.
- Further work is needed to facilitate equal participation by all affected countries in BEPS decision-making and some have called for a rethink of the factors used to assess preferential tax regimes to account for differences between developing and developed countries.

Introduction

The G20/OECD Base Erosion and Profit Shifting (**BEPS**) Project is an international initiative intended to strengthen the international tax system through the adoption of a 15-point plan, and the 2021 Pillar One and Pillar Two consensus proposals.

This Policy Brief discusses Action 5 of the BEPS 15-point Action Plan, which relates to harmful tax practices. This brief sets out the key underlying issues and recommendations from the OECD for Action 5, as well as how the action has been implemented globally and in Australia. Last but not least, the brief will discuss the impact of Action 5, as well as the next steps.

1 What is BEPS?

The G20 declared the era of bank secrecy over in 2009 and later called for action to strengthen international taxation standards. The OECD responded with a 15-point Action Plan to address taxation issues with digitalisation (Action 1); and reform the international tax system to bring cohesion (Actions 2-5), restore substance (Actions 6-10), improve transparency (Actions 11-14), and develop a multilateral instrument (Action 15). This launched the international project to prevent Base Erosion (or double non-taxation) and Profit Shifting from jurisdictions where profitable activities take place: the BEPS Project.

OECD working groups developed technical policy proposals (released October 2015), recommending updates to the model tax convention, OECD-issued guidance, and domestic policy. From November 2016, the Multilateral Instrument would update more than half of the world's bilateral tax agreements.

OECD/G20 BEPS project participation is now almost global with the launch of multiple global forums and the Inclusive Framework (now 141 jurisdictions), membership of which requires commitment to the BEPS four 'minimum standards'. Having broadly addressed its mandate to implement the proposed package, the Inclusive Framework delivered in October 2021 Pillar-One (on a new nexus approach) and Pillar-Two (on a minimum global tax) as consensus proposals to tackle the digitalising global economy.

2 Harmful Tax Practices

What is the issue?

The G20-OECD BEPS Action 5 – Harmful Tax Practices is a minimum standard that aims to counter harmful tax practices of countries around the world. In Action 5, harmful tax practices are defined as preferential tax regimes of governments that have the potential to be used for base erosion or profit shifting in such a way that these regimes unfairly impact the tax bases of other governments. Harmful tax practices also may have a lack of transparency especially if delivered through tax rulings issued by the relevant tax authority to particular taxpayers.

BEPS Action 5 aims to counter harmful tax practices through a consensus process of participating governments, with a focus on peer reviews to identify the features of preferential tax regimes that facilitate BEPS, and improving transparency via the compulsory spontaneous exchange of information on taxpayer-specific rulings.

The OECD's work on harmful tax practices dates to the 1990s. In 1998, the OECD published the Harmful Tax Competition: An Emerging Global Issue report which laid the foundation for the OECD's work in this area and led to the creation of the Forum on Harmful Tax Practices. This report defined harmful tax practices such as preferential tax regimes and tax havens that affect the location of geographically mobile financial and service activities. It claimed that such practices have the potential to create harmful tax competition which erodes the tax bases of other jurisdictions, distort trade and investment, and impact the fairness of tax systems. The report argued that this undermines the integrity of tax systems and negatively impacts global welfare.

The OECD Harmful Tax Competition report set out twelve factors for assessing preferential tax regimes, and a corresponding framework for assessing whether a jurisdiction is a tax haven. The four key factors in determining whether a preferential tax regime is harmful are:

- whether the regime imposes no or low effective tax rates on geographically mobile activities;
- whether it is ring-fenced from the domestic economy, so that it is accessible only or primarily for non-resident investors or businesses;
- if the regime lacks transparency, so information is not available about the rules or tax benefits available to taxpayers; and
- whether there is a lack of effective exchange of information between tax authorities about the regime.

The Harmful Tax Competition report went further to set out four criteria in assessing whether a jurisdiction is a 'tax haven':

- whether the jurisdiction imposes no or only nominal taxes;
- if there is a lack of effective exchange of information;
- if there is a lack of transparency;
- the absence of a requirement that the activity be substantial.

These recommendations did not proceed at the time, because there was a lack of consensus within the OECD about whether tax competition is harmful and how to address it (Sharman, 2006; Jogarajan and Stewart, 2007). After the global financial crisis, in 2013, the OECD work around harmful tax practices was given a renewed focus under leadership of the G20 in the 15-point BEPS Action Plan. Action 5 of the 15-point Action Plan commits the Forum to update and reinvigorate the work on harmful tax practices.

What does the OECD Recommend?

In 2015, the OECD released final reports on the BEPS Action Plan. The Action 5 report, Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance includes recommendations on an approach to determine what constitutes substantial activities for all preferential regimes; results from the Forum of Harmful Tax Practices review of preferential regimes in OECD and G20 countries, and a transparency framework for the exchange of taxpayer-specific rulings.

The Forum for Harmful Tax Practices was tasked with the monitoring of preferential regimes and the application of the transparency framework, including a strategy to extend participation to third countries beyond OECD/G20 countries. The Forum's work currently falls into three main areas:

- assessment of preferential tax regimes to identify the features of such regimes;
- establishment and monitoring of the substantial activities requirement in no or only nominal tax jurisdictions; and
- peer review and monitoring of the transparency framework which mandates the spontaneous exchange of taxpayer-specific rulings issued by tax authorities.

As one of the four BEPS minimum standards, all 141 members of the Inclusive Framework on BEPS commit to implementing the Action 5 minimum standard and to participate in the peer review undertaken by the Forum. The peer review process evaluates the implementation of the Action 5 minimum standard against set criteria.

Review of preferential tax regimes

Preferential tax regimes are a type of tax incentive granted by countries to attract investment into certain sectors of the economy or to promote the country as a business hub (Valderrama, 2020). This may include Multinational Enterprise (**MNE**) headquarter regimes, distribution and service centre regimes, financing or leasing regimes, fund management regimes, banking and insurance regimes, shipping regimes and holding company regimes. Other tax incentives could include special economic zones, regimes to enhance the sharing of technological advancements, and those that seek to encourage activity in particular sectors of the economy (such as research and development or renewable energy technologies).

The Forum's work has been carried out cooperatively with the European Union (**EU**), which has also surveyed preferential tax regimes of its member states as part of its work addressing harmful preferential tax regimes under the EU Code of Conduct (Business Taxation). The Code of Conduct which was adopted as a resolution by the European Council in 1997, defines harmful tax measures as those 'which provide for a significantly lower effective level of taxation, including zero taxation, than those levels which generally apply in the member state in question'. In the Action 5 2015 report, the Forum presented results from the review of 43 preferential regimes mainly in OECD member countries (and including territories associated with those countries) (pp 63-64).

For example, one preferential tax regime that was designated as harmful by the Forum was Switzerland's commissionaire ruling regime. This regime encouraged MNEs to locate their sales and trading companies in Switzerland. The structure would consist of a Swiss company that sells products, services or licenses through affiliated companies in the MNE group acting as agents of the Swiss company ('commissionaires') based around the world, but with all central sales and management activities being carried out in Switzerland. Each foreign commissionaire affiliate would be a permanent establishment (**PE**) of the Swiss company. Typically, 30% of the income attributable to the commissionaire affiliates would be manufacturing income, with the remaining 70% being commercial income. Under the regime, which was administered under a Circular issued by the Swiss Federal Tax Administration, the Swiss company could attribute up to 50% of the commercial income to the foreign affiliate, with the result that this income was exempt from Swiss federal, cantonal and municipal taxes. Under this kind of arrangement, the effective tax rate in Switzerland may be as low as five percent. Following peer review from the Forum and from the EU Code of Conduct Group, this regime was found to be harmful and it has since been abolished by Switzerland.

Substantial activities requirement

The Action 5 report recommended the strengthening of the 'substantial activities' requirement for any preferential regime (p 23). The substantial activities requirement was first set out in the 1998 Harmful Tax Competition report. The aim of this requirement is to address harmful preferential tax regimes that allow taxpayers to 'derive benefits from the regime while engaging in operations that are purely tax-driven and involve no substantial activities'. The goal is to identify business or commercial substantial activities in a jurisdiction, for example requiring employees, assets such as plant and equipment, or physical business premises in the jurisdiction.

The determination of what constitutes 'substantial activities' has been done for favourably taxed intellectual property (**IP**) rights (patent box) regimes. For such regimes, the Inclusive Framework has agreed to a nexus approach, under which the tax benefits for the income from IP rights will only be applicable to the extent that the taxpayer incurred the expenditure to develop the IP right in the jurisdiction (Action 5 report, p 24-25).

For non-IP regimes, the OECD has provided examples and descriptions of the type of activities that may be required to establish 'substantial activities' under different types of preferential regime (Action 5 report, 37-39). For example, a shipping company that may benefit from preferential tax treatment under a shipping regime should have undertaken core income-generating activities including crew management, ship maintenance and delivery tracking in the jurisdiction.

As the Forum's work only applies to preferential regimes rather than to tax havens, or low or nominal tax jurisdictions, concerns were raised over the fact that businesses could relocate to such a jurisdiction to avoid meeting the substantial activity requirement. In 2018, the Inclusive Framework on BEPS decided to extend the application of the substantial activities requirement to no or only nominal tax jurisdictions to 'deliver a level playing field'. Results of the review of no or only nominal tax jurisdictions were released in 2019. The Inclusive Framework subsequently released further guidance on the framework for the spontaneous exchange of information for substantial activities in no or nominal tax jurisdictions.

Exchange of information on tax rulings

The Action 5 Report provides an extensive framework for compulsory spontaneous information exchange between countries of six categories of taxpayer-specific rulings (p 46). The 2015 report defined rulings as 'any advice, information or undertaking provided by a tax authority to a specific taxpayer or group of taxpayers concerning their tax situation and on which they are entitled to rely'. The six categories of rulings:

- rulings related to preferential regimes;
- unilateral rulings on transfer pricing including Advance Pricing Agreements (**APAs**);
- rulings affecting cross-border dealings that provide for a downward adjustment of taxable profits;
- permanent establishment (**PE**) rulings;
- related party conduit rulings; and
- any unilateral ruling that gives rise to BEPS concerns, as determined by the Forum.

Tax rulings provide legal certainty for administrators and taxpayers regarding the treatment of certain transactions. The exchange of tax rulings promotes cooperation between tax administrators, while preventing hidden tax competition between different jurisdictions in the form of preferential treatment of taxpayers (Wohrer, 2018). For instance, tax rulings that result in lower taxation rates may lead to companies to artificially shift profits to that jurisdiction, eroding the tax base of other jurisdictions. The exchange of information on tax rulings would thus better equip jurisdictions to protect their tax bases and act against aggressive tax planning.

The 2015 report identified the jurisdictions with which information should be exchanged, as well as the timeframe for the information exchanges (pp 53-55). Peer reviews and monitoring of the implementation of the transparency framework is undertaken by the Forum. Since then, annual peer review reports have been released on the exchange of information on tax rulings in 2016, 2017, 2018, and 2019. In June 2019, the Exchange on Tax Rulings XML Schema and User Guide was released providing a standardised electronic format for the exchange of tax rulings between jurisdictions. This was accompanied by the ETR Status Message XML Schema, which enables tax administrators to provide structured feedback to senders on frequent errors encountered in the exchange of tax rulings.

In February 2021, the OECD Inclusive Framework on BEPS approved a new transparency framework for 2021 to 2025, which includes renewed terms of reference and methodology for future peer reviews.

3 How has the Action Been Implemented Globally?

Preferential tax regimes

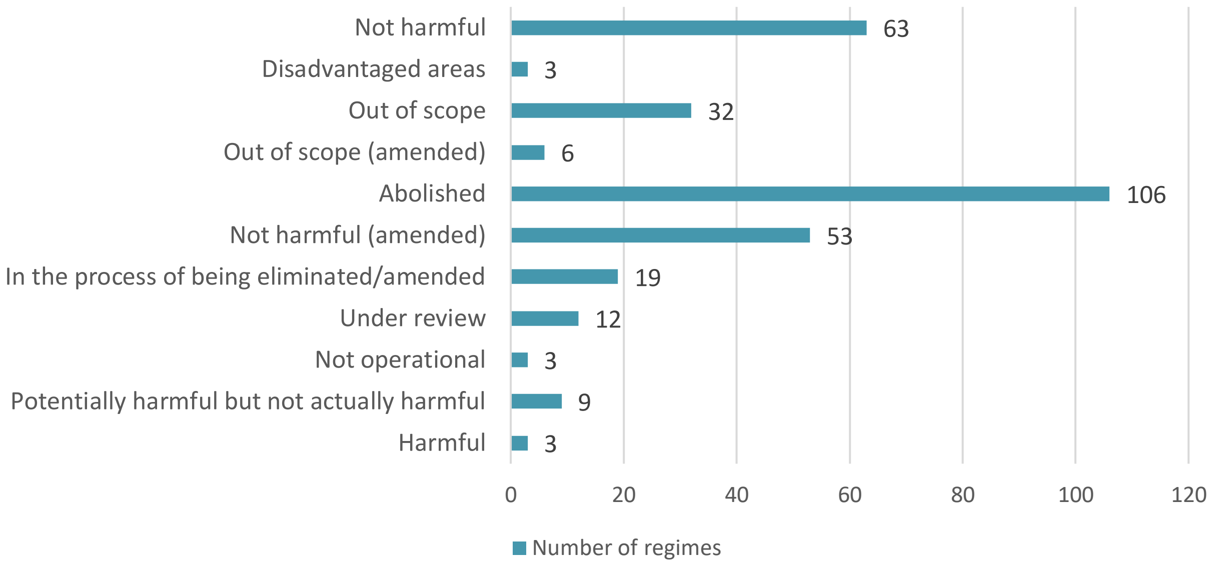
As one of the four BEPS minimum standards, all members of the Inclusive Framework on BEPS commit to the implementation of Action 5.

Since the 2015 report, the Forum has progressed its review of preferential regimes. Updates were published in the 2017 Progress Report, which also included guidance relating to the timeline for amending regimes, how the regimes will be monitored, and the requirement for businesses in jurisdictions offering preferential regimes to undertake substantial activities in the jurisdiction. Subsequently, the OECD released the 2018 Progress Report on Preferential Regimes, which reflected the results from the Forum's review of 255 regimes since the start of the project.

The 2018 progress report delivered conclusions on 57 regimes, including 44 regimes where jurisdictions have made legislative changes to abolish or amend the preferential regimes (Antigua and Barbuda, Barbados, Belize, Botswana, Costa Rica, Curaçao, France, Jordan, Macau (China), Malaysia, Panama, Saint Lucia, Saint Vincent and the Grenadines, the Seychelles, Spain, Thailand and Uruguay).

In August 2021, the OECD released updates to the review of preferential tax regimes, which showed that more countries are bringing their preferential tax regimes to meet the minimum standard. Notably, Australia abolished the offshore banking unit regime, while the United States confirmed its intention to abolish the Foreign derived intangible income (FDII) regime. Other countries have also made government commitments to amend or abolish harmful preferential regimes. Reviews up to the end of 2021 brings the total regimes reviewed by the Forum to a total of 317 since the beginning of the BEPS project. The results as at August 2021 are summarised in **Figure 1**.

Figure 1: Outcome of the review of preferential tax regimes (August 2021)



Source: OECD (2021) Outcomes of the review of preferential tax regimes

For nil or nominal tax jurisdictions, the results of the review of substantial activities factor for no or only nominal tax jurisdictions were published in November 2020. The review for Anguilla, Bahamas, Bahrain, Barbados, Bermuda, British Virgin Islands, Cayman Islands, Guernsey, Isle of Man, Jersey, Turks and Caicos Islands, and the United Arab Emirates showed that all these jurisdictions have introduced economic substance requirements and now have domestic legal frameworks that meet the substantial activities requirement.

As of March 2021, the no or only nominal tax jurisdictions began their first information exchanges under the Forum's standard on substantial activities. The exchanges provide information on the substance and activities of entities in these jurisdictions to jurisdictions where the parent entities and beneficial owners are tax residents. The goal is to ensure that business income can no longer be attributed to a low tax jurisdiction if the core business functions are not being carried out from that jurisdiction.

Exchange of information on tax rulings

In December 2020, the OECD released the 2019 Peer Review Reports on the Exchange of Information on Tax Rulings, which documented the progress made by 124 jurisdictions in the spontaneous exchange of information on tax rulings as required by the Action 5 minimum standard. According to the OECD, the results suggest that transparency on tax rulings is now the global norm, with 20,000 tax rulings identified and 36,000 exchanges having occurred. 81 jurisdictions have met the BEPS Action 5 minimum standard on exchange of tax rulings, and the remaining 43 have received recommendations to improve legal or operational frameworks.

The Multilateral Convention on Mutual Administrative Assistance in Tax Matters (**MAAC**) is the widest reaching multilateral treaty to facilitate international tax cooperation and exchange of information. As of August 2021, 144 jurisdictions participate in the Convention. As of 25 April 2019, 109 jurisdictions have also signed the Multilateral Competent Authority Agreement on the Automatic Exchange of Information to automatically exchange information based on Article 6 of the Convention. The agreement sets out the details of the types of information that will be exchanged and when the exchange will occur. Many countries have also entered into bilateral agreements with other jurisdictions.

The EU has also reached an agreement on a framework to facilitate the exchange of tax rulings between EU member states. The amended Directive on Administrative Co-operation is intended to align with BEPS Action 5 to implement the automatic exchange of tax rulings, while covering a broader range of rulings and recipients. The EU framework provides for automatic exchange of information on all advance cross-border rulings and APAs between EU member states and applies to rulings granted from 1 January 2017.

4 How has Australia Implemented the Action?

Abolishing the Offshore Banking Unit regime

Australia is a strong supporter of the Forum on Harmful Tax Practices and has actively engaged in the peer review process. Australia has closely engaged in tax administrative cooperation and exchange of information across borders to support Action 5 and other BEPS Actions.

Australia has signed and ratified the MAAC. Pursuant to Article 6, Australia signed the Multilateral Competent Authority Agreement on Automatic Exchange of Information on 3 June 2015. According to the 2019 Peer Review reports on the Exchange of Information on Tax Rulings, Australia also has bilateral agreements for exchange of information in force with 45 jurisdictions. The report provided that Australia has met all of the terms of reference for the exchange of information processes. In addition, Australia has signed a number of taxation information exchange agreements (**TIEAs**) with non-OECD offshore financial centre jurisdictions to foster effective information exchange and improve the transparency of taxpayers' tax transactions.

The Forum on Harmful Tax Practices has assessed two regimes in Australia: the conduit foreign income regime, which was assessed as not harmful, and the Offshore Banking Unit (**OBU**) regime. The OBU regime was been assessed as potentially harmful and the Treasurer announced a review of the regime on 26 October 2018.

The OBU regime was initially introduced as a tax incentive to attract financial sector activities in Australia which are highly mobile, to compete with low tax jurisdictions in the Asia Pacific. The OBU regime promoted the use of Australia as a centre for financial activities such as offshore trading, investment management and lending, with participants including hedge funds and major Australian institutions. Under the OBU regime, there was:

- an attractive tax rate of 10% for offshore banking income derived by an Australian registered Offshore Banking Unit, which is significantly lower than the corporate tax rate of 30%; and
- an interest withholding tax exemption on offshore banking activities.

The Forum raised concerns about the OBU regime's concessional tax rates and its 'ring-fenced' nature which excludes domestic transactions from its scope. In other words, the regime unfairly attracted foreign investment into Australia that would have otherwise benefited another jurisdiction's tax base.

In response to the concerns raised, the Australian Government took action to avoid this being designated as a harmful tax regime. On 17 March 2021, the Australian government introduced the Treasury Laws Amendment (2021 Measures No. 2) Bill 2021 into Parliament with measures to reform

Australia's OBU regime. The Bill was enacted as Treasury Laws Amendment (2021 Measures No. 2) Act 2021 effective from the 2023-24 year. The Act repealed the preferential tax rate and closes the regime to new entrants from that year. Existing participants will be able to access concessional tax rates for two years up to the 2022-23 income year and the interest withholding tax exemption will be removed for interest paid on or after 1 January 2024. Australia's response was reflected in the latest update on the review of preferential tax regimes, which noted that the OBU regime has been abolished.

5 Impact

BEPS Action 5 has led to the dismantling and tightening of harmful tax practices globally, bringing preferential tax regimes across jurisdictions in line with international standards. The Forum had reviewed 317 preferential tax regimes as of November 2021. By that date, a total of 106 preferential tax regimes have been abolished, 53 had been amended and 19 were in the process of being amended. The Forum continues to report on peer reviews of preferential tax regimes. The OECD states that this is progress towards a fairer international tax system, placing 139 jurisdictions on an 'equal footing for multilateral negotiating of international tax rules'.

Implementation of the Action 5 minimum standard has so far led to over 30,000 exchanges on tax rulings taking place between jurisdictions. According to the OECD, this improves global tax transparency as tax administrators across different jurisdictions are able to receive more information on tax rulings on the tax arrangements of their taxpayers, enabling them to identify and act on potential BEPS risks. The OECD concluded in 2020 that transparency on tax ruling has now become a 'fully-entrenched part of the international tax framework', following the progress made by jurisdictions in accordance with the BEPS Action 5 minimum standard.

However, despite the progress made by the OECD in dismantling harmful tax regimes and improving transparency, there has been criticism on the lack of transparency surrounding the work undertaken by the FHTP in relation to Action 5. For instance, there is no information available on the number of meetings conducted by the FHTP, the agenda of these meetings, as well as the attendees and views expressed during such meetings. Although the results of these peer review processes are published, insights on why a particular tax regime is considered harmful or not harmful are not publicly available. This may prevent the public from assessing the rationality of the decision.

Furthermore, power imbalances amongst countries remain an issue in the implementation of the BEPS Action Plan. Emerging and developing countries often lack the requisite capacity and resources to participate in BEPS meetings and therefore cannot engage in meaningful decision-making. Some scholars argue that this could lead to OECD member countries introducing rules that fit within their regimes and subsequently 'imposing their will on others' (Brosens, 2020).

For instance, the nexus approach for IP-based preferential tax regimes that was ultimately adopted in BEPS Action 5 was based upon a joint proposal by Germany and United Kingdom. It is important to increase transparency surrounding decision making procedures and measures to facilitate equal participation by all states.

Valderrama contends that the evaluation of tax incentives in the form of preferential tax regimes under Action 5 is a significant burden for developing countries. Due to limited technical capacities or resources, developing countries may elect to repeal a tax incentive to comply with the Forum requirements, instead of changing it so that they can continue to attract foreign investment and benefit from technology, research, and development from developed countries (Valderrama, 2020). This may undermine attempts by governments to attract foreign investment. Valderrama called for a rethink of the factors used to assess preferential tax regimes and to consider the differences between developed and developing countries.

6 What comes next?

In the OECD/G20 Inclusive Framework on BEPS: Progress Report July 2019 - July 2020, the OECD provided that the Forum on Harmful Tax Practices will continue to review and monitor preferential tax regimes, as well as consider ways to streamline and improve the effectiveness of the transparency framework. The Forum will also monitor and review changes to the legislative frameworks of the substantial activities requirement in no or only nominal tax jurisdictions, and review the next steps in the implementation of this standard in accordance with the established guidelines.

To further improve transparency on tax rulings, the Inclusive Framework on BEPS has also approved a renewed peer review process for the transparency framework from 2021-2025, including a renewed Terms of reference and methodology for peer reviews.

More broadly, there remains dispute about whether tax competition is harmful, and whether the Action 5 process benefits only wealthier OECD member states instead of developing countries (for example, Chukmuwudu, 2021). Many developing countries that seek to attract investment may prefer to advocate for regulation of preferential taxation that enables them to design such incentives appropriately. Meanwhile, the Inclusive Framework Pillar Two proposal that seeks to establish a global minimum tax rate of 15% will limit the ability of governments to enact tax incentives, even if these would not be 'harmful' under the Action 5 test (see Policy Brief 17/2021).

Appendix

The follow table contains an extract of the updated results on nine preferential regimes from the FHTP meeting in November 2021. (Source: Harmful Tax Practices Peer Review Results Update – FHTP November 2021 meeting)

	Jurisdiction	Regime	Status	Comments
1	Albania	Industries incentive (software production / development)	Under review	Regime under review by FHTP.
2	Costa Rica	Free trade zone	In the process of being amended	Potentially harmful features will be addressed.
3	Hong Kong (China)	Profits tax concession for carried interest	Not harmful	New regime, designed in compliance with FHTP standards.
4	Lithuania	Large scale investment projects	Non-IP: Out of scope IP: Not harmful	No benefits for income from geographically mobile activities. New regime, designed in compliance with FHTP standards
5	Mauritius	Foundations	Abolished	Grandfathering in accordance with FHTP timelines.
6	Mauritius	Trusts	Abolished	Grandfathering in accordance with FHTP timelines.
7	Qatar	Exemptions and concessionary rate under Qatar financial centre (QFC)	Not harmful (amended)	Substance requirements (non-IP) in place. No grandfathering provided.
8	Qatar	Free zone at science & technology park	Not harmful (amended)	Substance requirements (nexus approach and non-IP) in place. Grandfathering in accordance with FHTP timelines.
9	Qatar	Free zone areas	Not harmful (amended)	Substance requirements (nexus approach and non-IP) in place. Grandfathering in accordance with FHTP timelines.

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(*All links as at 30/11/2021*)

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