

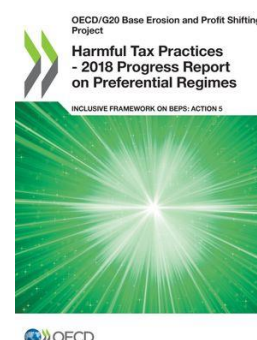
Harmful Tax Practices – Peer Review Results

INCLUSIVE FRAMEWORK ON BEPS: ACTION 5

Update (as of January 2025)

Original report available at:

https://www.oecd.org/en/publications/harmful-tax-practices-2018-progress-report-on-preferential-regimes_9789264311480-en.html



Introduction

At its December 2024 meeting, the FHTP updated conclusions for eight preferential tax regimes. In addition, the FHTP concluded its fourth 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 31 January 2025.

New regime results – FHTP December 2024 meeting

The below table presents the new results on preferential regimes from the FHTP meeting in December 2024.

	Jurisdiction	Regime	Status	Comments
1.	Barbados	Patent box	Not harmful	New regime, designed in compliance with FHTP standards.
2.	Croatia	Investment promotion act	Not harmful (amended)	Substance requirements (non-IP) in place. No grandfathering provided.
3.	Fiji	Revised Income communication technology (ICT) business investment incentives	Not harmful	New regime, designed in compliance with FHTP standards.
4.	Fiji	Original Income communication technology (ICT) business investment incentives	Under review	Regime under review by the FHTP.
5.	Hong Kong (China)	IP regime	Not harmful	New regime, designed in compliance with FHTP standards.
6.	Malaysia	Malaysia Digital tax incentives	Non-IP part: Under review IP part: Under Review	Regime under review by the FHTP.
7.	Trinidad and Tobago	Free trade zones	Abolished	Grandfathering period ended on 31 December 2024.
8.	Trinidad and Tobago	Special economic zones	Non-IP part: Not harmful IP part: Not operational	Non-IP part: New regime, designed in compliance with FHTP standards. IP part: Regime not operational.

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 fourth 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 December 2024 meeting. 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 2023 ^{1 2}
1.	Anguilla	Not harmful	Economic substance requirements were introduced taking effect from 1 January 2019. Domestic legal framework meets all aspects of the standard.	Area that needs to be substantially improved by the next annual monitoring: exchanges of information. Focused monitoring with respect to 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.	No issues identified.
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.	Focused monitoring with respect to statistical data.
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) compliance programme and (ii) exchanges of information.

1. The annual monitoring that took place in 2024 reflected the year 2023.

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.