

Cabinet decision on changes to International Business sector taxation

Cabinet have agreed to the following:

- i. that the International Business Companies Act Cap 77 and the Societies with Restricted Liabilities Act be amended to change the tax rate on the highest band for taxable income for income years 2012 and 2013;
- ii. that the tax schedule in Section 10 (1) of the International Business Companies Act be amended to read as follows:
 - (a) 2.5% on all profits and gains up to \$10,000,000;
 - (b) 2.0% on all profits and gains exceeding \$10,000,000 but not exceeding \$20,000,000;
 - (c) 1.5% on all profits and gains exceeding \$20,000,000 but not exceeding \$30,000,000; and
 - (d) 0.5% on all profits and gains in excess of \$30,000,000.
- iii. that the lower band of 0.5% apply for income year 2012 and that this be changed to 0.25% for income year 2013;
- iv. that the changes apply to legislation for Societies with Restricted Liabilities as well as offshore Banks;
- v. that the range of services eligible for the Foreign Currency Earnings Credit be expanded to include exploration, extraction and other mining, oil and gas activities, licensing and sub-licensing of intellectual property and shipping services; and

Although not in the Cabinet paper presented, a subsequent cabinet paper is being prepared to reduce the minimum tax rate under section 10(2) of the IBC act and 43(2) of the SRL act from 1% to .5% in 2012 and .25% in 2013.

Other non tax measures are still be to be discussed, as well as the possibility of further tax reduction to .1%.
