

Special Economic Zone incentive comparator

| | Tax bracket | Prevailing rate outside special economic zones | Gazetted special economic zone incentives |
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| 1. | Corporate tax | Corporate tax - 24.72% | Zero-rated Corporate Income Tax for the first 5 years of operation with a corporate tax rate of 15% applying thereafter |
| 2. | Special Initial Allowance | a) SMEs - 50% first year, 25% second year, 25% third year b) Others - Buildings 25% for 4 years | Special Initial allowance of 50% of cost from year one and 25% in the subsequent two years |
| 3. | Employees tax for expatriates and locals | Employees tax for expatriates and locals (refer to tax tables attached, the rates are the same for both cases) | Specialized expatriate staff will be taxed at a flat rate of 15%. |
| 4. | Non-residents withholding tax on fees for services | Non-residents withholding tax on fees for services - 15% unless reduced by a double taxation agreement | Exemption from Non-residents withholding tax on fees on services that are not locally available |
| 5. | Non-residents withholding tax on royalties | Non-residents withholding tax on royalties - 15% unless reduced by a double taxation agreement | Exemption from Non-residents withholding tax on Royalties. |
| 6. | Non-residents withholding tax on dividends | Non-residents withholding tax on dividends - 15% unlisted shares and 10% for listed shares | Exemption from Non-residents withholding tax on Dividends |
| 7. | Customs duty on Capital equipment and raw materials | Generally rates of duty on capital equipment ranges from 0% to 15%. However for one to be specific, there is need to know the type of capital equipment being imported, classify the equipment in the Customs and Excise Tariff Handbook which will then give you the respective rate of duty. Import VAT is at 14.5% | |