



The Hon. Ronald St. C. Toppin, M.P.

MINISTER

MINISTRY OF INTERNATIONAL BUSINESS AND INDUSTRY

The Ministry of International Business and Industry hereby issues this administrative statement and direction.

By virtue of the Organisation for Economic Cooperation and Development (OECD)/Base Erosion and Profit Shifting (BEPS) minimum standards, particularly Action 5 on harmful tax practices, kindly note that no company or international society will be licensed under the International Business Companies (IBC) Act Cap.77 or the Societies with Restricted Liability (SRL) Act Cap. 318B respectively to be engaged in the business of holding and exploiting Intellectual Property (IP) assets after 30 June 2018.

IP assets are those which give rise to royalties as defined in Section 85 of the Income Tax Act. Royalties are defined as meaning,

“any payment of any kind received as consideration for the use of or the right to use, any copyright of literary, artistic, or scientific work including royalties in respect of motion pictures and works on film, tape or other means or reproduction for use in connection with radio or television, any patent, trademark, design or model, plan, secret formula or process, or scientific experience.”

The provisions of the IBC and SRL Acts will continue to apply until 30 June 2021 to a company or society that has a valid IBC or International Society with Restricted Liability (ISRL) licence issued on or before 30 June 2018 but only in relation to IP assets held by the company or society as at 17 October 2017. However, IP assets that came into existence from 17 October 2017 can benefit from the grandfathering provisions until 30 June 2021 in situations in which the research and development that created the IP was carried out by the company or society.

The Honourable Ronald St.C. Toppin M.P
Minister