

Tax incentives for investment in special economic development zones (SEZ)

Royal Decree No.591, came into force on 10 September 2015, granted a reduction of the corporate tax rate to 10% for 10 years on income earned from manufacturing goods or services rendered and used in the SEZ to juristic entities with a place of business in the SEZ, regardless of where their head offices are situated. The criteria for the benefit will be issued in further regulations.

The place of business in SEZ of a juristic entity newly-incorporated after the effective date of this Royal Decree must be in a durable building, while that of an entity existing before the effective date must be in an expansion of an existing durable building.

Procedures and conditions to fulfill this tax incentive are:

- The juristic entity must inform the Revenue Department that it will use the tax incentive under this Royal Decree in the SEZ by 2017
- It must not use the corporate income tax exemption, either wholly or partly, according to the investment promotion law, as mentioned below
- It must not use the corporate tax reduction as an SME juristic entity
- Separate accounts must be maintained for activities receiving the tax privileges and those not qualified for the tax privileges in the SEZ
- Comply with the terms and conditions under the regulations to be issued

If a juristic entity fails to comply with any of the above conditions in any accounting period, the right to tax privileges will cease from that accounting period onwards.