

PRESS RELEASE

MORE INCENTIVES FOR SPSE

The South Pacific Stock Exchange (SPSE) welcomes the Government's 2011 Budget announcement as a continued effort by the Government to promote the development of the overall capital markets in the region.

SPSE Chief Executive Officer, Ms Jinita Prasad said "it is very encouraging to see that listed company shares have been exempted from Capital Gains Tax (CGT). The Income Tax Act already stated that any dividend paid to a resident individual in respect of shares of a company listed on SPSE was not subject to tax and earlier this year in the Revised Budget, it was announced that dividends paid by a listed company were also deemed taxed for resident and non-resident shareholders. This has resulted in the total return from investment in the stock market becoming tax free (dividend and capital gains) and makes the stock market quite competitive against other investment options."

The exemption of CGT for gains made from trading in listed securities should see an increase in trading as many individual and institutional investors were uncertain of the actual tax implications of trading listed securities in the past but this has now been clarified.

She further added that with the retention of a reduced corporate tax rate of 20% for listed companies that have more than 40% local equity shareholding, more local private companies will consider joining the official list of the Exchange." Interest from private companies to consider listing as an option to raise funds through going public has been generated and should result in an increase in the number of listings over time.

Should you require any further information on this issue, please do not hesitate to contact us.

Jinita Prasad
Chief Executive
26/11/2010