



**TAX INCENTIVES  
FOR COMPANIES LISTED IN THE SOUTH  
PACIFIC STOCK EXCHANGE EFFECTIVE  
FROM 1<sup>ST</sup> JANUARY 2016**

**Presentation to the SPSE Forum  
by CEO FRCA on 26<sup>th</sup> November**

**2016**

# **CONCESSIONARY TAX RATE OF**

**10%**

- **Companies listed on the South Pacific Stock Exchange enjoy the concessionary rate of 10%.**
- **The normal corporate tax rate is 20%.**

# ALLOWABLE DEDUCTION

- **A company is allowed a deduction for 150% of the prescribed costs incurred in a tax year in preparation for listing on the South Pacific Stock Exchange.**
- **Costs include investment advisory fees, legal fees, accounting fees, company admin and management cost, stamp duties, listing fees, underwriting costs, special report costs.**

# EXEMPT CAPITAL GAINS TAX

- **Capital gain made by a person on the disposal of shares listed on the South Pacific Stock Exchange**
- **Capital gain made by a resident person from the sale of shares where a private company goes through re-organisation, restructure or amalgamation for the purposes of listing or as part of a listing process on the South Pacific Stock Exchange, provided that -**
  - i. the private company is listed on the South Pacific Stock Exchange within 24 months from the date of commencement of re-organisation, restructure or amalgamation.**

# DIVIDEND EXEMPT FROM TAX

- A dividend paid by a company listed on the South Pacific Stock Exchange to a resident and non-resident shareholder.
- Nominal value of bonus shares provided to a shareholder to the extent that the shares have been paid up out of profits arising from the reconstruction, reorganisation of the company's structure solely for the purpose of listing on the SPSE if the company—
  - a) is listed on the South Pacific Stock Exchange within 12 months of such reconstruction or reorganisation or such longer period as the CEO may allow; and
  - b) remains listed on the SPSE for not less than 3 years.

# EXEMPT INCOME

- **The net gain derived by a resident during the tax year from the trading of shares in a company listed with the South Pacific Stock Exchange is exempt income.**

# EXEMPT INCOME

- **Income made from the gain of the sale of shares that may arise from the re-organisation, re-construction or amalgamation of a private company for the purposes of listing or as part of a listing process on the South Pacific Stock Exchange, prior to listing, or after listing on the South Pacific Stock Exchange.**
- **The private company shall be listed with the South Pacific Stock Exchange within 24 months from the date of commencement of the re-organisation, re-construction or amalgamation of the private company. If not listed within 24 months, income is taxable.**

# SUMMARY OF INCENTIVES

S/No	Item	Income Tax Act 2015
1	<b>150% allowable deduction of prescribed costs incurred in a year in preparation for listing on SPSE</b>	<b>Section 25(2)</b>
2	<b>Exempt from CGT on: Disposal by person of shares listed on SPSE Sale of shares by resident person where private coy goes through amalgamation or purpose of listing OR as part of listing process.</b>	<b>Section 67(1)(c) and (g)</b>
3	<b>Exempt from dividend paid by company to resident and non resident shareholder</b>	<b>1<sup>st</sup> Schedule, Part 5, Para 5</b>
4	<b>Exempt form value of bonus paid to shareholders for shares paid out of profits arising out of amalgamation provided that coy is listed within 12 months or more if allowed by CEO, and remains listed for not less than 3 years</b>	<b>1<sup>st</sup> Schedule, Part 5, Para 2</b>



<b>S/No</b>	<b>Item</b>	<b>Income Tax Act 2015</b>
1	<b>150% allowable deduction of prescribed costs incurred in a year in preparation for listing on SPSE</b>	<b>Section 25(2)</b>
5	<b>Exempt on sale of shares by resident</b>	<b>1<sup>st</sup> Schedule, Part 9, para 9</b>
6	<b>Exempt income made from gain of sale of shares arising from amalgamation for the purpose of listing on SPSE or as part of listing process, prior to or after listing</b>	<b>1<sup>st</sup> Schedule, Part 10, para 1 &amp; 2</b>
7	<b>Concessionary rate of 10%. Normal corporate rate is 20%</b>	<b>2<sup>nd</sup> Schedule, para 3(b)</b>