

Annex A – Corporation Tax and Self-Employment Tax Incentives

To promote exports and encourage activities in sectors where supply is not already saturated it is recommended that there should be a **Corporation Tax Reduction** from 25% to 15% applied to the activities within the business which produce goods and services which are directly exported by the business, i.e. bought and used abroad. The incentive will run for a period of 5 years from 1 April 2019.

Additionally, activities which produce physical goods deemed as key import substitution or export goods will also be subject to **Corporation Tax Reduction** from 25% to 15%. These are activities are namely fishing and fish processing; cultivation of honey; growing and roasting of local coffee; farming and butchering of meat; farming of vegetables, legumes, nuts and fruit; distilling/brewing of liquor, wine or beer; production of traditional craftwork, jewellery, upholstery and clothes. The lower corporation tax amount would not be available for businesses which solely distribute market and/or retail the goods for example, as this would not be classed as primary production. The lower corporation tax amount would not be available in sectors which are deemed to be saturated, and therefore the activities eligible will need to be regularly reviewed. The incentive will run for a period of 5 years from 1 April 2019.

Because Corporation Tax rates do not apply to self-employed persons, **we shall reduce Self-Employment Tax rates** by 5%, when applied to activities within the business which produces goods and services which are directly exported by the business, i.e. bought and used abroad and activities which produce physical goods deemed as key import substitution or export goods (as outlined above). The incentive will run for a period of 5 years from 1 April 2019.

The Corporation Tax incentive is higher in magnitude than the Self-Employment Tax incentive to encourage incorporation of businesses.

To benefit from these reductions and deductions, the business/self-employed person will be able to declare income and costs relating to export and import substitution activities as part of their tax return, and the lower tax rate will apply accordingly. Businesses should structure their accounts to track costs and revenues pertaining to tax reduced activities during the year in preparation for their tax return submissions.