

Ecuador's Tax Authority amends tax havens list

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Ecuador's Internal Revenue Service (IRS) has amended the tax haven list contained in Regulation N° NAC-DGERCGC15-00000052, published in the Supplement of the *Official Gazette* on 3 February 2015.

The IRS added Hong Kong to the list, so it is now considered a tax haven.

The following countries have special tax regimes that are considered preferential tax regimes and will be subject to tax haven treatment:

- ▶ **Netherlands:** Tax regimes applicable to tax-exempt investment entities or investment entities qualified at a zero rate of corporate income tax, as well as tax regimes subject to tax rulings (i.e., agreements signed between the taxpayer and tax administration that establish a set income tax rate) and the innovation box (i.e., a regime under which patent revenue is taxed differently from other commercial revenue)
- ▶ **United Kingdom:** Innovation box regimes and tax regimes that allow entities with unknown beneficial owners to maintain representative capital rights with nominal holders who do not bear the economic risk of ownership
- ▶ **New Zealand:** Tax regimes applicable to trusts
- ▶ **Costa Rica:** Private entity regimes created under Costa Rica's laws but not registered with the Costa Rican Tax Administration

Countries may be removed from the list if they comply with one of the conditions established in the law in force.¹

Endnote

1. A country may be removed if it has signed an agreement with Ecuador to avoid double taxation, which contains an information exchange clause or a specific agreement on information exchange. It also may be removed if, by application of internal rules, the country cannot claim banking, stock exchange or other secrecy to the IRS's information requirement. However, if one or both of these conditions are met, and there is no effective exchange of information, the country will not lose the status of tax haven or preferential tax regime. For that reason, it will be subject to all of the provisions established in this respect in the applicable tax regulations. Additionally, a country may be removed if it has changed its income tax rules in their domestic legislation to adapt the rules to the international parameters so that they lose the characteristics of tax havens or preferential tax regimes.

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