

# OECD Investment Tax Incentives Database

2022 update

Tax incentives for sustainable  
development

This document is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments herein do not necessarily reflect the official views of the OECD member countries.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

The OECD freely authorises the use of this material for non-commercial purposes, provided that suitable acknowledgment of the source and copyright owner is given. All requests for commercial uses of this material or for translation rights should be submitted to [rights@oecd.org](mailto:rights@oecd.org).

This brochure provides insights from the following working paper based on an updated dataset of 52 economies:

Celani, A., L. Dressler and M. Wermelinger (2022), "Building an Investment Tax Incentives database: Methodology and initial findings for 36 developing countries", *OECD Working Papers on International Investment*, No. 2022/01, OECD Publishing, Paris, <https://doi.org/10.1787/62e075a9-en>.

Cite as:

OECD (2022), "OECD Investment Tax Incentives Database – 2022 Update: Tax incentives for sustainable development" (brochure), OECD, Paris, [www.oecd.org/investment/investment-policy/oecd-investment-tax-incentives-database-2022-update-brochure.pdf](http://www.oecd.org/investment/investment-policy/oecd-investment-tax-incentives-database-2022-update-brochure.pdf).

© OECD (2022)

Photo credits: Cover © GettyImages/Igor Kutyaev

## Key insights

The 2022 update of the OECD Investment Tax Incentives Database (ITID) provides insights into tax incentives in 52 emerging and developing economies, including how incentives are designed and granted to investors, building on the methodology from Celani, Dressler and Wermelinger (2022<sup>[1]</sup>).

The 2022 version of the ITID shows that:

- **Tax exemptions are the most widely used instrument to grant corporate income tax (CIT) incentives in developing and emerging economies.** Almost 90% of economies covered in the database use at least one CIT incentive in the form of a tax exemption. Reduced rates and tax allowances are used to a similar extent (69% and 65% of the 52 economies respectively). The use of tax credits is limited to 23% of the economies. Instrument choice may have important implications for the efficacy of incentives, given that their effectiveness and costs are strongly design- and context-specific.
- **The size, timing, and flexibility of tax relief through tax incentives depends on a range of additional features.** For example, tax exemptions are more often provided on a temporary basis (80% of all exemptions) and most often for five or ten years (33% and 20% of all temporary exemptions, respectively). Reduced CIT rates are as often permanent as they are temporary. Tax allowances apply more often to capital expenditure than to current expenditure (62% and 38% of all allowances, respectively) and when they apply to capital expenditure, they more often accelerate capital cost-recovery (79%) rather than enhance its deduction value above 100% of the cost incurred (21%).
- **Economies' income levels influence the choice of tax incentive types.** Reduced CIT rates are more widely used in low-income countries, whereas tax credits are more frequently observed in upper middle-income countries. Tax allowances for capital expenditure are used to a similar extent across low- and middle-income levels, but allowances for current expenditures are more widely used by upper middle-income countries.
- **Eligibility often is dependent on the sector or the location of activity.** Most economies use sector or location conditions (96% and 83% respectively), such as Special Economic Zones (SEZs) or specific geographic conditions, to target tax incentives. This is followed by eligibility conditions that link eligibility to a specific performance of the investment, such as creating a minimum number of new jobs or exporting a minimum share of sales (75% of economies). Almost half of the economies in the ITID have CIT incentives that require a minimum investment value.
- **SEZs use tax exemptions more often than they use any other instrument.** Outside of SEZs the different tax incentive instruments are more evenly distributed.
- **Half of all investment tax incentives in the database combine multiple eligibility conditions.** This can support more precise project targeting but can result in complex design that can make incentives less transparent for investors, policymakers and the general public.
- **The governance of investment tax incentives is complex.** In more than half of the economies (58%), CIT incentives are scattered across several laws and regulations, which can reduce their transparency for investors and complicate monitoring and evaluation. Only 42% of economies consolidate their CIT incentive provisions into one single piece of legislation, generally the income tax law (31%) or dedicated investment laws (10%). In two-thirds of all economies, multiple authorities are involved in granting and administering investment tax incentives.

- **More than a third of incentives can be associated with sustainable development goals (SDGs).** Incentives aiming to improve the environmental impact of investments are offered in almost half of the economies (48%). Tax incentives are also commonly used to support employment and job creation (40% of economies). Other SDG areas promoted by incentives are related to social inclusion and economic development.

The recent two-pillar international tax agreement places multilaterally agreed limits on tax competition, including through wasteful incentives. The Global Anti-Base Erosion Rules (GloBE) of Pillar Two of the agreement establishes a global minimum effective corporate tax rate of 15% for large multinational enterprises (MNEs) (OECD, 2021<sup>[2]</sup>). While these rules will still allow jurisdictions to offer tax incentives, they will ease the pressures on jurisdictions to offer damaging tax incentives. These rules will not affect all jurisdictions, all taxpayers and all tax incentives in the same way and to the same extent. The impact of the rules on tax incentives will depend strongly on their design. The OECD ITID can feed into a better understanding how tax incentives interact with the rules as this requires careful consideration of their detailed design features (OECD, 2022<sup>[3]</sup>).

# Using tax incentives to promote investment and sustainable development

Governments around the world use investment tax incentives widely with the objective of attracting investors, promoting investment in specific sectors and locations, and encouraging certain investor behaviour. Yet the net benefits of these policies are not well understood. Certain well-designed tax incentives have the potential to increase investment with positive effects on output and productivity, and can achieve objectives related to the Sustainable Development Goals (SDGs). However, their costs, including their impact on tax revenues, and the risk of distorting resource allocation, may outweigh their benefits. If poorly designed, they may be of limited effectiveness and could result in windfall gains for projects that would have taken place even in the absence of the incentive.

Striking the right balance between an efficient and attractive tax regime for domestic and foreign investment and securing necessary tax revenue for public spending and development is a particular concern in developing economies. Transparency around investment tax incentives is often lacking, potentially limiting investment and complicating assessments of whether incentives in place achieve their policy goals, and at what costs.

The OECD Investment Tax Incentives Database (ITID) improves transparency on tax incentives and facilitates the understanding of countries' tax incentive policies. It focuses on developing and emerging economies. The OECD ITID systematically compiles quantitative and qualitative information on the design and targeting of corporate income tax (CIT) incentives using a transparent data collection methodology (Box 1). For each tax incentive regime, the database includes information on three key dimensions: instrument-specific design features, eligibility conditions and governance features (Celani, Dressler and Wermelinger, 2022<sup>[1]</sup>).

The newest update of the database covers 467 tax incentive regimes in 52 developing and emerging economies across Eurasia, Latin America and the Caribbean (LAC), the Middle East and North Africa (MENA), Southeast Asia (SEA) and Sub-Saharan Africa (SSA) (Table 1, list of covered economies).

**Table 1. OECD Investment Tax Incentives Database: Economy coverage as of October 2022**

Eurasia	Latin America and the Caribbean	Middle East and North Africa	South and East Asia	Sub-Saharan Africa	
Armenia	Argentina	Egypt	Cambodia	Angola	Madagascar
Azerbaijan	Brazil	Jordan	China (People's Republic of)	Botswana	Malawi
Georgia	Dominican Republic	Morocco	India	Cameroon	Mauritius
Moldova	Jamaica	Palestinian Authority	Indonesia	Comoros	Mozambique
Ukraine	Paraguay	Tunisia	Lao People's Democratic Republic	Côte d'Ivoire	Namibia
			Malaysia	Democratic Republic of Congo	Nigeria
			Myanmar	Eswatini	Rwanda
			Philippines	Ethiopia	Senegal
			Thailand	Gabon	Sierra Leone
			Viet Nam	Gambia	South Africa
				Ghana	Tanzania
				Kenya	Zambia
				Lesotho	Zimbabwe
				Liberia	

### Box 1. Introducing the OECD Investment Tax Incentives Database

The OECD ITID compiles quantitative and qualitative information on the design and targeting of investment tax incentives available across economies, using a consistent data collection methodology. It focuses on incentives provided through the CIT system and defines investment tax incentives as:

*Targeted tax provisions that provide favourable deviations from the standard tax treatment in an economy resulting in reduced or postponed tax liability with the objective of promoting investment.*

A key qualification for incentives to feature in the database is that they are targeted provisions that are only available to a specific group of corporate taxpayers, based on the taxpayers' sector, activity, location or other investor- or project-related characteristics.

For each CIT incentive, the database covers three dimensions with about 45 parameters on average:

A. Design features	B. Eligibility conditions	C. Governance
<p><b>How is the tax benefit determined and for how long does it apply?</b></p> <p><b>Design features</b> describe how an incentive provides tax relief. This is done by first classifying the incentive into one of the four <b>instrument</b> types: reduced rates, tax exemptions, tax allowances and tax credits. In addition, it includes granular instrument-specific details on other design features, such as rates, qualifying income and qualifying expenditure.</p>	<p><b>Which investors and investment projects qualify for receiving the tax incentive?</b></p> <p><b>Eligibility conditions</b> are criteria that investors or investment projects must meet to benefit from a tax incentive. They touch upon a wide variety of areas, such as the sector, location and size of investments. Eligibility conditions can help describe an economy's strategy for targeting incentives and how broadly it may apply (Box 3).</p>	<p><b>Which law(s) describe(s) tax incentives? Which authority(ies) are involved in granting them?</b></p> <p><b>Governance</b> includes information on the legal provision(s) that introduce and govern the tax incentive, as well as the information on the authorities involved in granting the incentive. In some cases, several provisions govern one tax incentive.</p>

Celani, Dressler and Wermelinger (2022<sup>[1]</sup>) present the methodology and key classifications underlying the OECD ITID as well as its scope. Based on first descriptive statistics from 36 developing economies they find that tax incentive designs are multi-dimensional, complex, and often target a specific sector, region or investor within an economy. More precise targeting could help increase the effectiveness of tax incentives or limit revenue forgone. However, more precise targeting often results in complex designs that make incentives less transparent for investors, policymakers and the general public.

\* The OECD Directorate for Financial and Enterprise Affairs in collaboration with the OECD Centre for Tax Policy and Administration is working to better understand how investment incentives are used across economies and to what extent they contribute to or may harm the implementation of national and international policy objectives with respect to the SDGs and the 2030 Agenda for Sustainable Development. The work aims to support better transparency of investment tax incentives, improve their design and governance and advance international dialogue on investment tax incentives across policy communities. The objective is to support developing and least-developed countries to make informed decisions in relation to their incentives policies.

# The design of investment tax incentives varies widely across economies

Investment tax incentives include a broad variety of incentive instruments and design features, which provide tax relief through different channels (Box 2).

**Tax exemptions are the most widely used instrument in developing and emerging economies:** 45 out of 52 economies covered (87%) have at least one tax exemption in place (Figure 1, Panel A). Reduced rates and tax allowances are the next most widely used instrument, in 36 and 34 out of 52 economies respectively (69% and 65%). The use of tax credits is limited to 12 economies (23%).

**Tax exemptions often apply on a temporary basis (Figure 1, Panel B).** Over 80% of CIT exemptions are temporary, while 20% are permanent. Temporary exemptions apply for periods of between one and 20 years. They most often apply for five or ten years (33% and 20% of all temporary exemptions, respectively, Figure 1, Panel F) and for six years on average. This could indicate that economies often make use of similar tax exemption designs. However, a tax exemption of a similar duration can result in a different tax benefit through its interaction with an economy's standard tax system and investment characteristics (Box 3).

**Permanently reduced CIT rates are as widely used as temporarily reduced ones (Figure 1, Panel C).** Permanently reduced rates often apply to specific sectors or locations and provide a CIT rate that is on average 46% lower than the economy's statutory CIT rate.<sup>2</sup> When CIT rates are reduced on a temporary basis, they provide lower rates on average compared to permanent reductions (56% lower than the

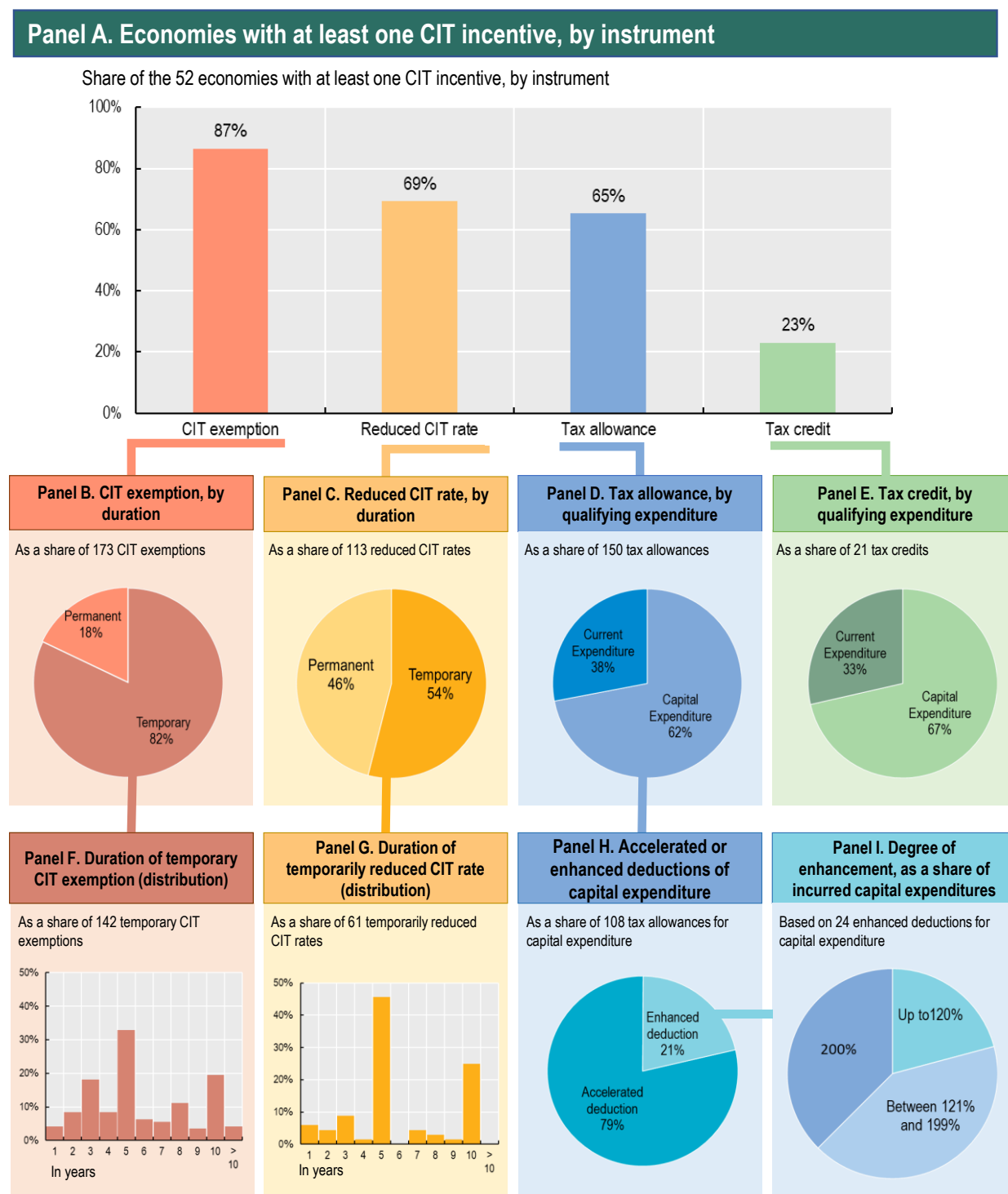
## Box 2. Tax incentive instruments

The OECD ITID focuses on four widely used instruments:

- **Tax exemptions** provide a full or partial exemption of qualifying taxable income and apply on a temporary or permanent basis.
- **Reduced rates** are CIT rates set below the standard rate that apply on a temporary or permanent basis.
- **Tax allowances** may relate to current expenditure (e.g. operation expenses) or capital expenditures. Tax allowances may allow for a faster write-off of the value of capital expenditure from taxable income up to 100% of incurred costs (i.e. acceleration) or can go beyond 100% of acquisition cost (i.e. enhancement). This could include, for example, allowing firms to deduct 150% of the value of a new machine. Tax allowances for current expenditure are always enhancing.<sup>1</sup>
- **Tax credits** are deductions from the amount of taxes due that may relate to capital expenditures or current expenditures.

standard CIT rate). Reduced rates apply for eight years on average, which is longer than for tax exemptions. Almost half of temporarily reduced rates apply for five years and quarter for ten years (46% and 25% of all temporarily reduced rates, respectively) (Figure 1, Panel G).

Figure 1. Usage and characteristics of CIT incentives



Note: See Box 2 and Celani, Dressler and Wermelinger (2022<sup>[1]</sup>) for definitions.

Source: OECD ITID, October 2022 Update, based on information on 52 economies and 467 CIT incentive entries.



**Tax allowances apply more often to capital expenditure than to current expenditure (62% and 38% of all tax allowances, respectively, Figure 1, Panel D).** When they apply to capital expenditure, tax allowances more often accelerate capital cost-recovery (79%) rather than to enhance its deduction value above 100% of the cost incurred (21%) (Figure 1, Panel H).

**When tax allowances enhance deductions of capital expenditure (24 incentives), the maximum enhancement can reach up to 200% of the incurred expenditure** (i.e. double the amount of the qualifying expenditures). Almost 40% of all enhanced capital deductions yield 200% (Figure 1, Panel I). These instruments most often apply to broad asset groups, e.g. machinery and equipment expenditures in certain sectors (Box 5). Tax allowances that enhance the deduction of current expenditure (40 incentives) reach maximum deduction values of 300% of the qualifying expenditure. They often apply on a narrow basis to support specific activities of the firm, such as employee training (see page 11).

**Tax credits are applied with less frequency, but more often to capital expenditure than current expenditure (67% and 33% of tax credits, respectively (Figure 1, Panel E).** Certain tax credits may be refundable when firms are unable to fully utilise the benefits in a given tax year but none of the 28 tax credits used across the 52 economies include a refundability provision. Limited use of refundability provisions among developing economies may be linked to these economies' more restricted fiscal space (OECD, 2022<sup>[3]</sup>).

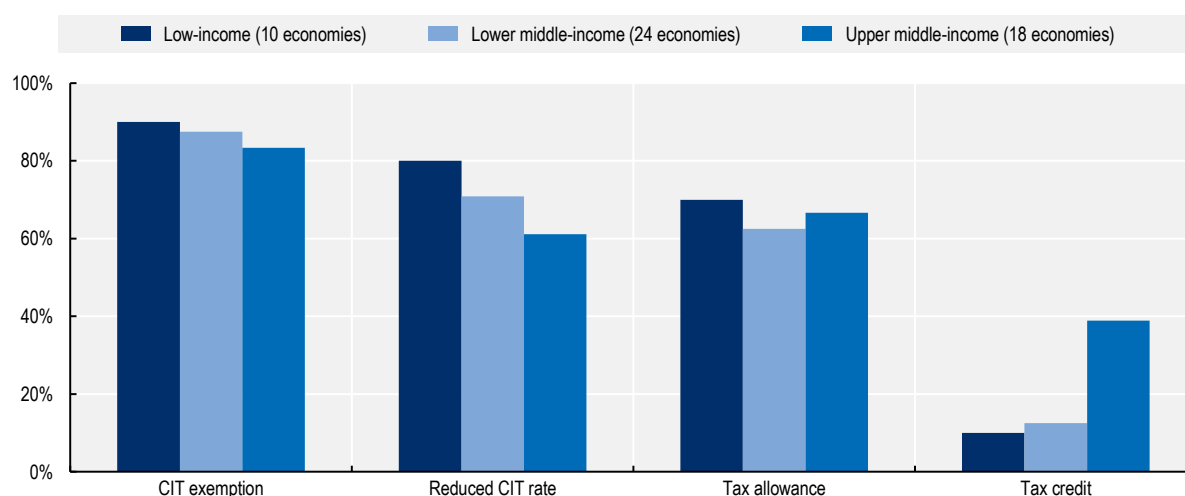
**The costs and benefits of investment tax incentives are highly design- and context-specific, but are not always well-understood.**

Empirical evidence on the benefits of tax incentives is limited but generally supports the view that expenditure-based tax incentives (tax allowances and credits) support investment with greater efficacy compared to income-based tax incentives (tax exemptions and reduced rates) (Chai and Goyal, 2008<sup>[4]</sup>; Klemm and Van Parys, 2012<sup>[5]</sup>). In developed economies, there is more conclusive evidence of the effectiveness of expenditure-based R&D tax incentives than for income-based tax incentives, which can induce tax motivated behaviours (Hall, 2019<sup>[6]</sup>; Guceri and Liu, 2019<sup>[7]</sup>; OECD, 2020<sup>[8]</sup>; Appelt et al., 2016<sup>[9]</sup>; Gaessler, Hall and Harhoff, 2018<sup>[10]</sup>). An in-depth understanding of the design of tax incentives is key to understanding their effectiveness, efficiency and whether they contribute to sustainable development outcomes (Box 4).

**Tax incentive design varies with economies' income level (Figure 2).** Reduced rates are more widely used in low-income economies and tax credits in upper middle-income economies, while tax allowances overall are used to a similar extent across low- and middle-income-levels. However, tax allowances for current expenditures are more widely used by upper-middle than low-income economies (50% and 30%, respectively). Tax administration capacity may in part explain these differences, as the requirements for administering and monitoring incentives may be higher for tax credits and allowances than for reduced rates and exemptions.

## Figure 2. Tax incentives design varies across income levels

Share of economies in each income group with at least one CIT incentive, by instrument



Note: Income-groups based on World Bank Country and Lending Groups for the 2021 fiscal year, based on the *Historical classification by income*, accessed <http://databank.worldbank.org/data/download/site-content/OGHIST.xlsx>.

Source: OECD ITID, October 2022 Update, based on information on 52 economies and 467 CIT incentive entries.

### Box 3. Corporate effective tax rates (ETRs) as an indicator of tax incentive generosity

Detailed descriptions of how tax incentives apply across economies is a first step towards increasing transparency and understanding of economies' tax incentive policies. However, the descriptive statistics in this brochure do not provide information on the extent to which tax relief is provided, nor do they give a comprehensive view on the scope of tax relief available in an economy.

Tax incentives have very heterogeneous designs and their impact often depends on economies' standard tax systems, making it difficult for tax policy makers and researchers to compare their generosity and assess their impacts across economies. Forward-looking ETRs can help summarise tax relief from investment tax incentives in a cross-country comparable measure.

ETRs are useful indicators to compare tax relief across incentive designs and different economies. They capture the average taxes paid over the lifetime of a stylised investment project and summarise design feature details, such as rates, duration, and qualifying income and expenditure, into a single measure. They can help answer questions such as: how does the tax relief of a 30% tax allowance compare to a five-year tax exemption? Or how does the tax relief of a five-year tax exemption in an economy with a 30% standard CIT compare to the same incentives in an economy with a 20% rate?

Recent OECD work presents a methodology to calculate ETRs to evaluate widely-used tax incentive designs identified through the OECD ITID (Celani, Dressler and Hanappi, 2022<sup>[11]</sup>). and presents ETR results for seven Sub-Saharan African economies in two sectors - the food and automotive industries - and in Special Economic Zones (SEZs). Results show that tax incentives substantially lower corporate taxation in these economies. On average, tax incentives reduce ETRs by 30% in the food and automotive industries compared to the standard tax treatment. ETRs often differ among taxpayers in a same sector and economy – by up to 55%. The most generous tax treatment is typically offered within Special Economic Zones, where tax incentives can reduce ETRs to near zero.

#### Box 4. Tax incentives and the global minimum tax for MNEs

##### *A global minimum effective taxation level for large MNEs*

**Pillar Two of the two-pillar international tax agreement establishes a global minimum effective corporate tax rate of 15% for large multinational enterprise's (MNEs)** (OECD, 2021<sup>[2]</sup>). Where an MNE's ETR in a jurisdiction falls below 15%, the MNE would potentially be subject to top-up taxes under the Global Anti-Base Erosion (GloBE) Rules, a core component of Pillar Two. The GloBE Rules establish the minimum corporate tax and are complemented by the subject to tax rule which will allow developing economies to tax certain base-eroding payments (such as interest and royalties) when they are not taxed up to the minimum rate of 9%. The GloBE Rules apply top-up taxes to profits in excess of a substance-based income exclusion (SBIE), which allows some profits based on economic substance (tangible assets and payroll) to be deducted from the GloBE base.

**A recent OECD report prepared under the request of the G20 Indonesian Presidency explores the impact of GloBE Rules on tax incentive use** (OECD, 2022<sup>[3]</sup>). This report draws on the ITID to provide evidence on tax incentives used in developing countries; outlines key provisions of the GloBE Rules; analyses the potential impact of GloBE on different common tax instruments and outlines some options for policymakers to explore.

##### *Impact on the use of tax incentives*

**The GloBE Rules will not affect all jurisdictions, MNEs and tax incentives in the same manner.** The impact of the GloBE Rules on tax incentives will depend on their design, on the jurisdiction's tax system (its baseline tax system and its use of base narrowing provisions), and on the characteristics of MNEs and the activities they perform in the jurisdiction. For example, existing tax incentives may continue to be used by MNEs below the EUR 750 M revenue threshold, without them being affected by the GloBE Rules.

**The impact of the GloBE Rules will strongly depend on the design of tax incentives.** Certain types of tax incentives will be strongly affected, particularly certain income-based tax incentives such as full exemptions, which as shown elsewhere in this brochure are widely used in developing countries. Others may not be affected at all, e.g. accelerated depreciation for tangible assets. Understanding the degree to which tax incentives may be affected by the rules requires careful consideration of the detailed design of tax incentives.

**Targeted tax incentives, incentives with economic substance requirements and expenditure-based tax incentives targeted at tangible assets may be less affected.** The targeting of tax incentives to certain categories of income or expenditure or limitations to tax benefits will impact which tax incentives might be affected. Expenditure-based tax incentives targeted to payroll tangible assets or tax incentives with substantive economic substance requirements may be less likely to be affected by the GloBE Rules due to the SBIE. However, the value of providing tax holidays to in-scope firms might merit a reassessment of the use of these tax incentives.

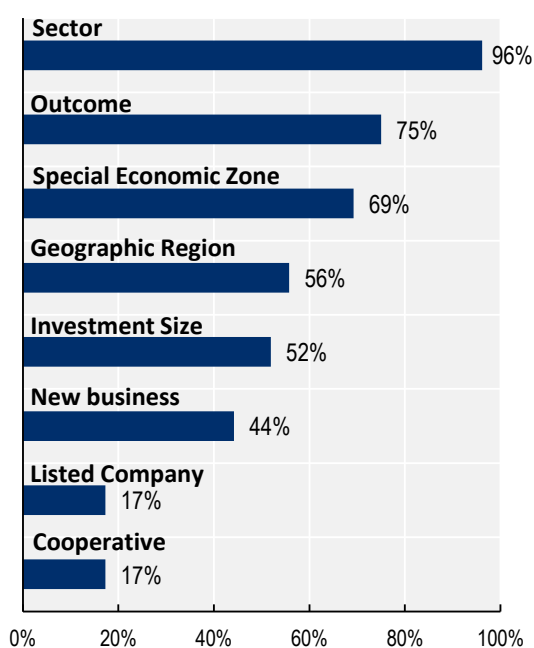
# Complex eligibility conditions define which projects and investors benefit from incentives

Investment tax incentives typically include specific criteria to define the eligibility of a project or investor. Eligibility criteria can cover a variety of areas including business and project characteristics (Box 5).

**Most economies use sector and location conditions to target tax incentives (Figure 3).** Almost all economies covered by the ITID have at least one incentive related to a specific sector (50 of 52 economies). Targeting investments in specific locations is also a widely used strategy: almost 70% of economies have a CIT incentive granted to investors that locate in a SEZ, while over half provide one for specific geographic regions in the economy.

**Figure 3. Investment tax incentives often apply to investors in specific sectors or locations**

Share of the 52 economies with at least one CIT incentive, by eligibility condition



Source: OECD ITID, October 2022 Update, based on information on 52 economies and 467 CIT incentive entries.

## Box 5. Eligibility conditions

The ITID distinguishes several conditions of eligibility:

- **Economic sector** in which the business operates;
- Location in which an investment project occurs. For example, incentives may require that an investment take place within a **Special Economic Zone**<sup>3</sup> or in a specific **geographic region** of the economy;
- **Outcome** that is required to be achieved by the project benefiting from a tax incentive, such as creating a certain number of new jobs or exporting a minimum share of sales;<sup>4</sup>
- **Investment size**, implying that a minimum amount of money should be invested or the business should operate with a minimum number of employees at the early stages of the project;
- Ownership structure of the business, such as being a publicly **listed business** or a **cooperative**;<sup>5</sup>
- **New business**, or limiting the tax benefit to businesses within the first year(s) of establishment. Such limitations may restrict investment expansion projects from benefiting from an incentive.

Certain sector and outcome conditions may target tax incentives to support investment in areas that may contribute to sustainable development, as well as economic growth more broadly (see Box 6 and page 21).

**Almost half of the economies have CIT incentives that require a minimum investment size (Figure 4).** Investment size conditions ask businesses to either invest a minimum amount of money (an investment threshold, 27 economies) or employ a minimum number of workers (an employment threshold, 8 economies) to benefit from a tax incentive. Employment thresholds are less frequently used than investment thresholds (14% and 86% of incentives with a size condition, respectively). Investment thresholds differ widely with a quarter of all size conditions requiring investment of less than EUR 200 000, while 18% require projects above EUR 10 million.<sup>6</sup> High investment size requirements can risk excluding SMEs and may contribute to an uneven playing field but may limit the fiscal cost of the incentive.

**Outcome conditions, used in 75% of economies, are diverse and focus most often on project, rather than investor characteristics.** Outcome conditions require companies to achieve certain performance results to be eligible to benefit or continue benefiting from a tax incentive. They are linked to the resulting characteristics of the investment project, rather than the characteristics of the qualifying investor. For example, a third of all economies have at least one incentive that

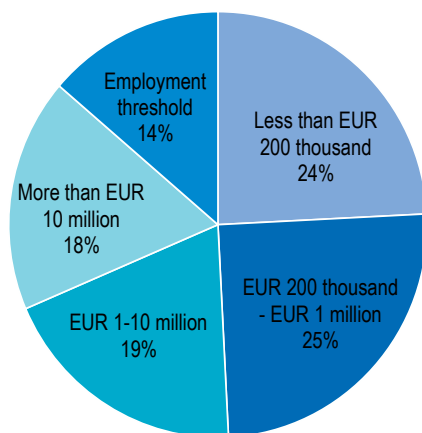
requires a minimum share of exports in total sales (14 economies). Another 17% of the economies require the creation of a minimum number of new jobs (9 economies). Certain outcome conditions may support achieving the SDGs (see page 15). Outcome conditions require careful monitoring to ensure that the outcome has been met, which requires resources and administrative capacity. Their use should be weighed against their monitoring and compliance costs.

**Half of investment tax incentives require that multiple eligibility conditions be fulfilled in parallel (Figure 5).** For example, a tax allowance may apply only to investment projects of at least EUR 10 million in manufacturing activities (i.e., investment size and sector condition). Multiple eligibility conditions may support more precise project targeting but can result in complex designs that make incentives less transparent for investors, policymakers and the general public.

**SEZs use tax exemptions much more often than they use other instruments (Figure 5).** In particular, tax allowances and tax credits apply much less often within SEZs (in 19% and 39% of economies respectively). Outside of SEZs the different tax incentive instruments are more evenly distributed.

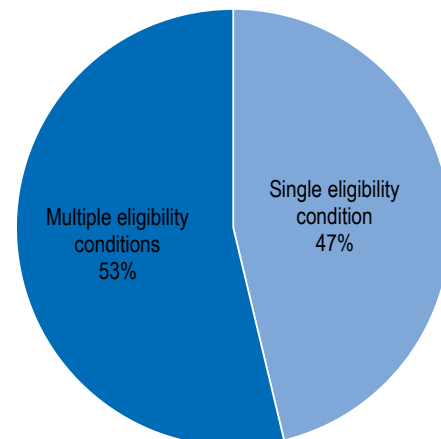
**Figure 4. Investment size conditions apply with different investment and employment thresholds**

As a share of 99 CIT incentives with an investment size condition



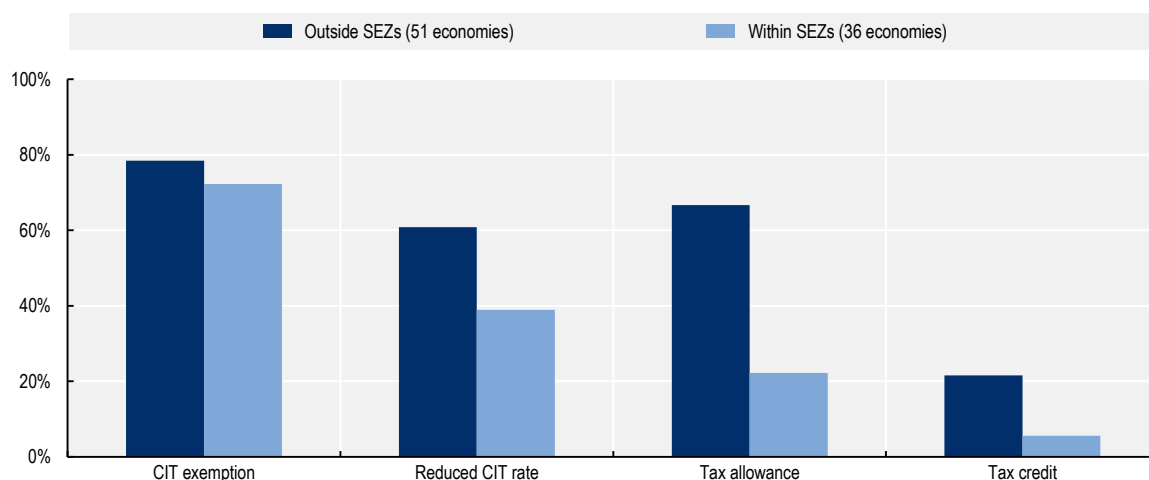
**Figure 5. Eligibility conditions are often combined**

As a share of 467 CIT incentives



**Figure 6. SEZs use tax exemptions more often than other types of instruments**

Share of economies with at least one CIT incentive outside or within SEZs, by instrument

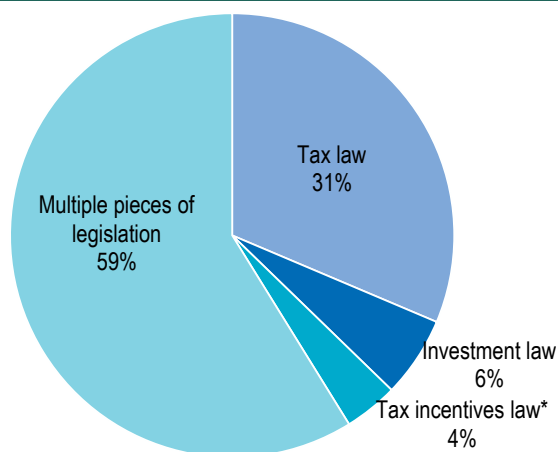


Source: OECD ITID, October 2022 Update, based on information on 52 economies and 467 CIT incentive entries (75 incentives within SEZ).

**Figure 7. Tax incentives are often governed by laws other than tax law and administered by multiple authorities**

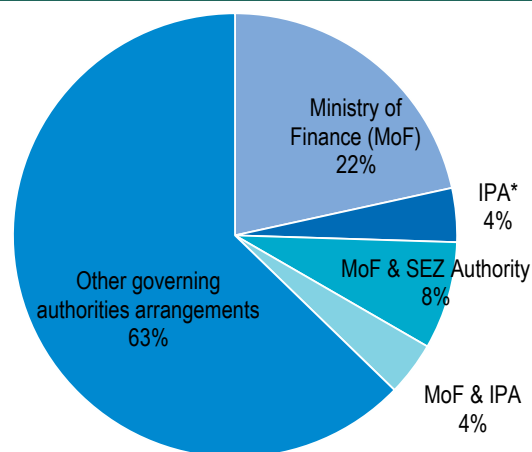
**Panel A. Legal basis of CIT incentives across economies**

As a share of 467 CIT incentives



**Panel B. Authorities that grant and administer incentives across economies**

As a share of 387 CIT incentives



Note: Tax law refers to income tax law, income tax act or the tax code; IPA stands for Investment Promotion Agency; Tax incentives law refers to a dedicated law consolidating CIT incentive provisions, other than the income tax act or the tax code.

Source: OECD ITID, October 2022 Update, based on information on 52 economies and 467 CIT incentive entries (Panel B based on 387 CIT incentive entries, for which granting and administering authority details are available.)

## The governance of investment tax incentives is complex

The procedures that economies put in place to implement and govern tax incentives may affect transparency and accountability of the granting bodies (Dayan, Dressler and Wermelinger, 2023, forthcoming). It also influences prospects for tax reform.

**Only 20 of the 52 economies in the ITID (40%) have consolidated their CIT incentive provisions into one single piece of legislation**, most often in the tax law (31% of economies) or the investment law (6%) (Figure 7, Panel A). Two economies have a dedicated law consolidating CIT incentive provisions (4%). Consolidating tax incentives into a single law can increase transparency and reduce redundancies across incentives (Jedlicka and Sabha, 2017<sup>[12]</sup>; IMF-OECD-UN-World Bank, 2015<sup>[13]</sup>)

**CIT incentives in the other 32 economies are scattered across several laws and regulations.** For example, certain economies introduce CIT incentives both through tax law and investment law (3 economies), while other economies do so through tax law and SEZ law (6 economies). Economies may have tax laws authorising that CIT incentives be granted through regulations or decrees. Including investment tax incentives in primary legislation

(i.e. laws) ensures that the legal basis governing the tax incentive is approved by the legislature which in turn, ensures a higher level of parliamentary and public scrutiny of the approved legislation (IMF-OECD-UN-World Bank, 2015<sup>[13]</sup>).

**Multiple authorities are involved in granting and administering investment tax incentives in two-thirds of all economies (31 out of 49) (Figure 7, Panel B).** For example, the granting process for an incentive may be shared between the investment promotion agency (IPA) and Ministry of Finance (MoF) when the former grants the investor a special status, while the latter details the CIT benefit available to taxpayers with this special status. In other economies, the SEZ authority may be involved in granting incentives within SEZs, while administering other CIT incentives.

**Granting arrangements that involve multiple authorities make governance more complex** but benefits can arise from bringing together different expertise and policy priorities. It is crucial that ministries and agencies coordinate their activities, define the role of each agency and align on overarching policy objectives.<sup>7</sup>

## More than a third of all incentives relate to key sustainable development areas

Many economies use investment tax incentives to attract investment that may contribute to sustainable development. The ITID reveals that about 34% of all tax incentive schemes included in the database target at least one of six sustainable development areas (157 incentives out of 467 in 46 out of 52 economies). The ITID considers an SDG area being *targeted* by evaluating whether a specific design or eligibility condition of the tax incentive relates to one of six SDG areas (Box 6). It does not consider stated policy objectives. Such targeting can arise via different channels (Figure 8, Panel B) either through design features (i.e. preferential treatment of certain qualifying income or expenditures) or through eligibility conditions (i.e. sector targeting or outcome conditions). The OECD FDI Qualities Indicators (OECD, 2019<sup>[14]</sup>) and the FDI Qualities policy toolkit (OECD, 2022<sup>[15]</sup>) consider similar SDG areas.

**Half of the economies target at least one CIT incentive related to export promotion** (26 out of 52), which makes it the most widely targeted SDG area (Figure 8, Panel A). Incentives for export promotion are often observed in SEZs: more than one third of tax incentives within SEZs target export promotion (28 of 76 tax incentives in 19 out of 36 economies). Export promotion targeting outside of SEZs was observed in 13 economies.

**Incentives aiming to improve the environmental impact of investments are offered in almost half of the economies** (25 out of 52 economies, i.e. 55 incentives), where most incentives (76%) use sector conditions as targeting mechanism (Figure 8). Of these, the water and waste management sector is most often targeted, followed by the renewable electricity sector, with some overlap between the two (Box 7). In other economies, targeting occurs through qualifying expenditure (24% of the incentives), e.g., for purchased equipment and

### Box 6. Sustainable development areas covered in the ITID

In some economies, CIT incentives include dedicated eligibility conditions and design features to promote objectives related to various SDG areas. The ITID identifies targeting of sustainable development along six areas:

**Employment and job creation:** tax incentives to support existing employment and the creation of additional jobs.

**Environmental impact:** tax incentives that promote renewable energy and energy efficiency, protecting environmental quality and improving environmental outcomes.

**Job quality and skills:** tax incentives related to employment conditions and promoting skills development through apprenticeships, education and training opportunities.

**Local linkages:** tax incentives to foster linkages with local suppliers, including SMEs, to enhance their potential for Global Value Chain (GVC) upgrading and knowledge spillovers.

**Promoting exports:** tax incentives that promote exports to enable productivity growth through participation and access to foreign markets.

**Social Inclusion:** tax incentives promoting social inclusion through improving gender equality or increasing the participation of disabled people in the workforce.

For more information on SDG areas included in the ITID, see page 21 or refer to Celani, Dressler and Wermelinger (2022<sup>[11]</sup>).

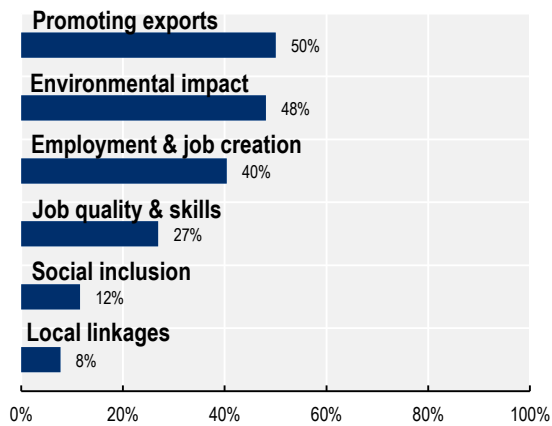
machinery to reduce industrial waste or solar photovoltaic systems. Box 7 provides additional details on incentives related to the net-zero emissions transition.



**Figure 8. Export promotion is the most widely targeted sustainable development area**

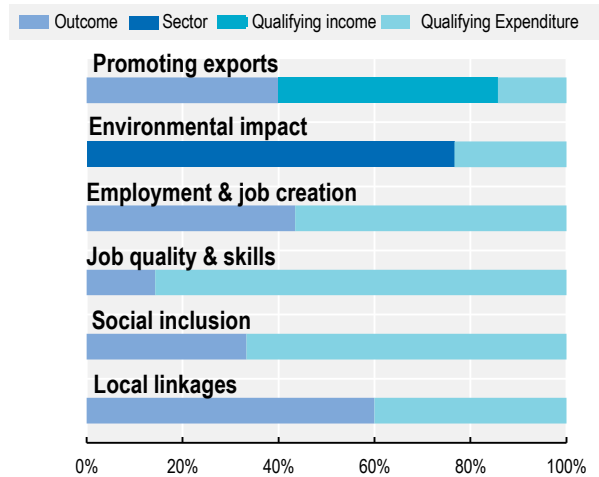
**Panel A. Economies with at least one CIT incentive condition, by SDG area**

As a share of 52 economies



**Panel B. Channels of SDG targeting**

As a share of 52 economies



Source: OECD ITID, October 2022 Update, based on information on 157 CIT incentive entries that relate to an SDG area.

**Tax incentives target employment and job creation in 21 economies (Figure 8, Panel A).** The majority of these incentives (57%) target specific qualifying expenditure linked to wages, salaries or emoluments (Figure 8, Panel B). Investors can consequently deduct more than the actual labour costs incurred from their taxable income. The remaining incentives (44%) use outcome conditions as a targeting mechanism, such as employing a minimum number of (sometimes local) employees.

**Job quality and skills development is targeted in 14 economies and almost all of them (86%) do so via qualifying expenditure.** Most economies encourage upskilling of employees by offering enhanced deductions of expenditures for training, education, or apprenticeship contracts. Other economies address job quality by tying incentives to the requirement to pay certain minimum wages. One country, for example, requires investors to pay employees at least 15% above the average salary to benefit from a certain CIT incentive.

**Social inclusion is targeted by six economies.** While all six economies address the participation of disabled people in the labour force, two countries also target improving gender equality. Incentives are either offered as enhanced deductions of labour costs for female or disabled employees (63% of these incentives) or require a certain share of women or disabled staff. Another criteria used is the requirement that the founding members of an enterprise are persons with disabilities.

**Fostering local linkages is the least often targeted goal of the six SDG areas considered in the ITID.** Linkages of investors and local suppliers can support economies in their Global Value Chain (GVC) upgrading process, which can enhance knowledge spillovers and more resilient economies. A small number of economies (4 out of 52) target strengthening supply linkages between foreign investors and domestic firms through setting a minimum share of domestically sourced inputs.

### Box 7. Tax incentives and the transition to net-zero emissions

Accelerating the transition to net zero greenhouse gas (GHG) emissions is urgently required to contain the risks of climate change. As economies seek to reduce GHG emissions, they can employ or reform a wide range of policy instruments, including CIT incentives.

Developing and emerging economies use CIT incentives to promote climate objectives (Figure 8). For example, the OECD ITID shows that 25% of developing and emerging economies use CIT incentives to support investment in electricity generation from renewable energy sources, such as wind, solar, hydropower and geothermal energy. Increasing the use of energy from renewable sources is expected to be a key driver of emissions reduction in developing and emerging economies.

Developing and emerging economies in the ITID target investments in renewable electricity using different instruments. For example, investors in the renewable energy sector have access to CIT incentives that specifically target renewables in Madagascar (tax allowance), Rwanda (reduced rate), Senegal (partial tax exemption) and South Africa (accelerated depreciation). Investment in green technologies more broadly is promoted in Viet Nam (tax exemption and reduced rate), where incentives target not only solar and wind investment projects, but also investments that are not necessarily “green”, such as infrastructure (e.g. roads, railway, airports), high-tech sectors and the manufacture of software products.<sup>8</sup> Mauritius and the Seychelles support self-generation of electricity from renewable energy sources through accelerated depreciation of required equipment.

OECD economies also use CIT incentives to promote climate objectives. Almost a third of OECD economies provided fiscal depreciation schedules that are more generous for carbon-neutral power generation technologies than for their carbon-intensive alternatives (Dressler, Hanappi and Van Dender, 2018<sup>[16]</sup>). The United States has a long-standing tradition of supporting clean investment through the corporate tax system, mainly through investment and production tax credits. The recently adopted Inflation Reduction Act (IRA) further expands the use of CIT incentives as a climate policy tool in the United States. More than 70% of IRA’s clean energy investments are planned to be delivered through the tax code. The Netherlands provides tax support to clean investment through a combination of targeted CIT incentives and strong carbon pricing, including two investment allowances and a specific accelerated depreciation schedule.

Source: Adapted from OECD (2022), *Pricing Greenhouse Gas Emissions: Turning Climate Targets into Climate Action*, OECD Series on Carbon Pricing and Energy Taxation, OECD Publishing, Paris, <https://doi.org/10.1787/e9778969-en>, based on data from the OECD Investment Tax Incentives Database.

## Economies of different income levels prioritise different SDG areas

Economies of different income levels target sustainable development in different ways. For some SDG-areas, trends related to income levels can be observed, for others no trends emerge (Figure 9).

**Export incentives are frequently used in lower income economies.** More than half of low-income (or 60%) and lower middle-income economies (or 54%) have at least one CIT incentive in place that promotes exports, which makes it the top-tier targeting area in both income groups (Figure 9). By contrast, in the upper middle-income category, export incentives are only observed in 38% of economies. One possible explanation might be the special and differential treatment provisions under WTO rules for members with developing country status and specific clauses for least developed countries.

**Employment and job creation is a priority area in middle-income economies.** Nearly

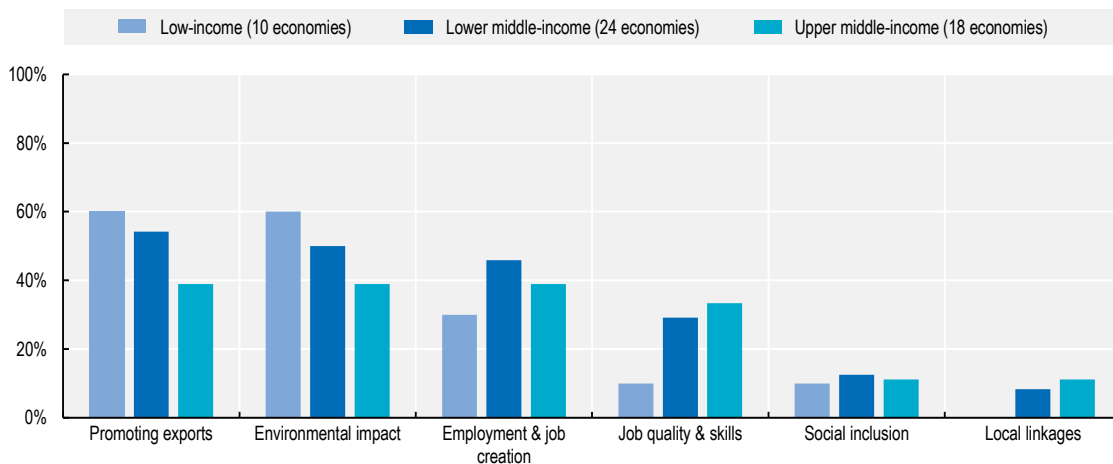
half (46%) of lower middle-income and 39% of upper-middle income economies have at least one CIT incentive that supports this goal. (Figure 9).

**Targeting of job quality & skills development increases with rising income levels.** Only 10% of low-income economies use CIT incentives to encourage training opportunities and good working conditions (Figure 9). For lower middle-income economies this number increases to 28%, while on the upper middle-income level 33% of economies offer at least one such CIT incentive.

**Low-income economies in the ITID do not support social inclusion and local linkages explicitly through tax incentives** (Figure 9). Both areas are targeted only to a very limited extent across all economies, but in low-income economies local linkages are not targeted at all.

Figure 9. SDG targeting varies across income levels

Share of economies by income group with at least one CIT incentive, by SDG area



Source: OECD ITID, October 2022 Update, based on information on 157 CIT incentive entries that relate to an SDG area.

## Further reading

Celani, A., L. Dressler and M. Wermelinger (2022<sub>[1]</sub>), "Building an Investment Tax Incentives database: Methodology and initial findings for 36 developing countries", *OECD Working Papers on International Investment*, No. 2022/01, OECD Publishing, Paris, <https://doi.org/10.1787/62e075a9-en>.

Celani, A., L. Dressler and T. Hanappi (2022<sub>[11]</sub>), "Assessing tax relief from targeted investment tax incentives through corporate effective tax rates: Methodology and initial findings for seven Sub-Saharan African countries", *OECD Taxation Working Papers*, No. 58, OECD Publishing, Paris, <https://doi.org/10.1787/3eaddf88-en>.

Dayan, S., L. Dressler, and M. Wermelinger (2023, forthcoming<sub>[17]</sub>), Improving transparency of investment incentives, *Policy note*.

OECD (2022<sub>[3]</sub>), *Tax Incentives and the Global Minimum Corporate Tax: Reconsidering Tax Incentives after the GloBE Rules*, OECD Publishing, Paris, <https://doi.org/10.1787/25d30b96-en>.

## Additional details on coverage and classifications

**Table A1. OECD Investment Tax Incentives Database: Economy coverage**

Economy coverage by region and data entry period

Economy	Income Group	Data collection period	Economy	Income Group	Data collection period
<b>Eurasia</b>					
Armenia	Upper-middle income	February 2020	Moldova	Upper middle income	February 2020
Azerbaijan	Upper-middle income	February 2020	Ukraine	Lower middle income	November 2021
Georgia	Upper-middle income	October 2022			
<b>Latin America and the Caribbean</b>					
Argentina	Upper-middle income	October 2022	Jamaica	Upper middle income	December 2021
Brazil	Upper-middle income	August 2022	Paraguay	Upper middle income	August 2022
Dominican Republic	Upper-middle income	September 2022			
<b>Middle East and North Africa</b>					
Egypt	Lower-middle income	July 2022	Palestinian Authority	Lower middle income	January 2022
Jordan	Upper-middle income	December 2020	Tunisia	Lower middle income	December 2020
Morocco	Lower-middle income	December 2020			
<b>South and East Asia</b>					
Cambodia	Lower-middle income	January 2021	Malaysia	Upper middle income	April 2021
China (People's Republic of)	Upper-middle income	February 2022	Myanmar	Lower middle income	January 2021
India	Lower-middle income	February 2022	Philippines	Lower middle income	July 2021
Indonesia	Lower-middle income	April 2020	Thailand	Upper middle income	January 2021
Lao People's Democratic Republic	Lower-middle income	January 2021	Viet Nam	Lower middle income	March 2021
<b>Sub-Saharan Africa</b>					
Angola	Lower middle income	June 2022	Madagascar	Low income	February 2021
Botswana	Upper middle income	January 2021	Malawi	Low income	November 2020
Cameroon	Lower middle income	August 2021	Mauritius	Upper middle income	January 2021
Comoros	Lower middle income	December 2021	Mozambique	Low income	May 2022
Côte d'Ivoire	Lower middle income	September 2021	Namibia	Upper middle income	March 2022
Democratic Republic of Congo	Low income	October 2021	Nigeria	Lower middle income	August 2020
Eswatini	Lower middle income	January 2021	Rwanda	Low income	November 2020
Ethiopia	Low income	August 2020	Senegal	Lower middle income	January 2021
Gabon	Upper middle income	October 2021	Sierra Leone	Low income	August 2021
Gambia	Low income	August 2021	South Africa	Upper middle income	January 2021
Ghana	Lower middle income	August 2020	Tanzania	Lower middle income	October 2020
Kenya	Lower middle income	January 2021	Zambia	Low income	August 2022
Lesotho	Lower middle income	December 2020	Zimbabwe	Lower middle income	June 2022
Liberia	Low income	December 2021			

Source: OECD ITID, October 2022 edition, and World Bank Country and Lending Groups for the 2021 fiscal year, based on the *Historical classification by income*, accessed <http://databank.worldbank.org/data/download/site-content/OGHIST.xlsx>.

**Table A22. Targeting sustainable development through eligibility conditions and design dimensions of investment tax incentives**

Column 1 lists SDG areas in Box 5. The clusters build on those identified in the OECD FDI Qualities Indicators (OECD, 2022<sup>[18]</sup>) and the FDI Qualities policy toolkit (OECD, 2022<sup>[15]</sup>). The table identifies how economies target these respective clusters, either through eligibility conditions or the design features of tax incentives (columns 2-5).

Sustainable Development Areas	Outcome condition	Sector condition	Preferential treatment for certain qualifying income	Preferential treatment for certain qualifying expenditure
Employment & job creation	(a) Create a minimum number of new jobs;			(a) Wages of newly created jobs; (b) Wages of recent graduates; (c) Wages of employees, including for women or workers with disabilities.
Environmental impact	(a) Ensure some or a certain level of energy efficiency improvement.	(a) Electricity generation from renewable energy sources; <sup>1</sup> (b) Waste management.		(a) Acquisition of machinery for electricity production from renewable energy sources; (b) Improving the energy performance of machinery or buildings (e.g. via building retrofitting).
Job quality and skills	(a) Reach a minimum level of expenditure on training and education; (b) Pay an average wage at a certain level.			(a) Expenditure on training and education of employees; (b) Wages of trainees and apprentices; (c) Training expenditures for women re-entering the workforce or workers with disabilities; (d) Expenditures related to building training facilities.
Local linkages	(a) Source a minimum share of inputs from the local market; (b) Source a minimum share of inputs from local SMEs.			(a) Expenditures on inputs sourced from SMEs.
Promoting Exports	(a) Achieve a minimum export share in sales.		(a) Income from exports; (b) Income from transit trade.	(a) Export promotion expenditure. <sup>2</sup>
Social Inclusion	(a) Employ a minimum share of female workers; (b) Employ a minimum share of workers with disabilities; (c) Founding members of a company must be people with disabilities.			(a) Wages of female workers or workers with disabilities; (b) Training expenditures for women re-entering the workforce or workers with disabilities.

Notes: Eligibility conditions and design features listed in the table are used by at least one economy included in the database. The list may evolve in the future when economy coverage extends.

<sup>1</sup> Includes only tax incentives benefiting electricity generation from renewable energy sources, but not electricity generation from non-renewable sources. Tax incentive may be part of a broader special regime that benefits other sector of the economy.

<sup>2</sup> Refers to expenses incurred for the purpose of seeking opportunities and promoting the export of goods or services produced in the economy (e.g. publicity and advertisements abroad, export market research, participation in trade fairs amongst others).

# References

- Appelt, S. et al. (2016), “R&D Tax Incentives: Evidence on design, incidence and impacts”, in *OECD Science, Technology and Industry Policy Papers*, OECD Publishing, Paris, <https://doi.org/10.1787/5jlr8fldqk7j-en>. [9]
- Celani, A., L. Dressler and T. Hanappi (2022), *Assessing tax relief from targeted investment tax incentives through corporate effective tax rates: Methodology and initial findings for seven Sub-Saharan African countries*, OECD Publishing, Paris, <http://doi.org/10.1787/3eaddf88-en>. [11]
- Celani, A., L. Dressler and M. Wermelinger (2022), “Building an Investment Tax Incentives database: Methodology and initial findings for 36 developing countries”, *OECD Working Papers on International Investment*, No. 2022/01, OECD Publishing, Paris, <https://doi.org/10.1787/62e075a9-en>. [1]
- Chai, J. and R. Goyal (2008), “Tax Concessions and Foreign Direct Investment in the Eastern Caribbean Currency Union”, *IMF Working Papers*, No. 2008/257, International Monetary Fund, <https://www.imf.org/external/pubs/ft/wp/2008/wp08257.pdf>. [4]
- Dayan, S., L. Dressler and W. Martin (2023, forthcoming), *Improving transparency of investment incentives*,. [17]
- Dressler, L., T. Hanappi and K. Van Dender (2018), “Unintended technology-bias in corporate income taxation: The case of electricity generation in the low-carbon transition”, *OECD Taxation Working Papers No. 37*, p. 42, <https://doi.org/10.1787/9f4a34ff-en>. [16]
- Gaessler, F., B. Hall and D. Harhoff (2018), *Should There Be Lower Taxes on Patent Income?*, National Bureau of Economic Research, Cambridge, MA, <https://doi.org/10.3386/w24843>. [10]
- Guceri, I. and M. Liu (2019), “Effectiveness of fiscal incentives for R&D: Quasi-experimental evidence”, *American Economic Journal: Economic Policy*, Vol. 11/1, pp. 266-91, <https://www.aeaweb.org/articles?id=10.1257/pol.20170403>. [7]
- Hall, B. (2019), *Tax Policy for Innovation*, National Bureau of Economic Research, Cambridge, MA, <https://doi.org/10.3386/w25773>. [6]
- IMF-OECD-UN-World Bank (2015), *Options for Low Income Countries’ Effective and Efficient Use of Tax Incentives for Investment*, A report prepared for the G-20 Development Working Group by the IMF, OECD, UN and World Bank., <https://www.oecd.org/tax/global/options-for-low-income-countries-effective-and-efficient-use-of-tax-incentives-for-investment.pdf>. [13]

- Jedlicka, H. and Y. Sabha (2017), *Lessons from Five Years of Helping Governments Foster Incentives Transparency*, Private Sector Development Blog: World Bank Blogs, <https://blogs.worldbank.org/psd/lessons-five-years-helping-governments-foster-incentives-transparency> (accessed on 27 July 2021). [12]
- Klemm, A. and S. Van Parys (2012), “Empirical evidence on the effects of tax incentives”, *International Tax and Public Finance*, Vol. 12, pp. 393–423, <https://doi.org/10.1007/s10797-011-9194-8>. [5]
- OECD (2022), *FDI Qualities Indicators 2022*, <https://www.oecd.org/investment/investment-policy/OECD-FDI-Qualities-Indicators-2022-update.pdf>. [18]
- OECD (2022), *FDI Qualities Policy Toolkit*, OECD Publishing, Paris, <https://doi.org/10.1787/7ba74100-en>. [15]
- OECD (2022), *Tax incentives and the Global Minimum Corporate Tax: Reconsidering tax incentives after the GloBE rules*, <https://www.oecd.org/tax/tax-incentives-and-the-global-minimum-corporate-tax-25d30b96-en.htm>. [3]
- OECD (2021), *Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS*, <https://www.oecd.org/tax/beps/tax-challenges-arising-from-the-digitalisation-of-the-economy-global-anti-base-erosion-model-rules-pillar-two.htm>. [2]
- OECD (2020), “The effects of R&D tax incentives and their role in the innovation policy mix: Findings from the OECD microBeRD project, 2016-19”, *OECD Science, Technology and Industry Policy Papers*, No. 92, OECD Publishing, Paris, <https://doi.org/10.1787/65234003-en>. [8]
- OECD (2019), *FDI Qualities Indicators: Measuring the sustainable development impacts of investment*, OECD Paris, <https://www.oecd.org/investment/fdi-qualities-indicators.htm>. [14]
- Zwick, E. and J. Mahon (2017), “Tax Policy and Heterogeneous Investment Behavior”, *American Economic Review*, Vol. 107/1, pp. 217–248, <https://doi.org/10.1257/aer.20140855>. [19]



## Notes

<sup>1</sup> Current expenditure relates to operational expenses that are typically immediately deductible for accounting and tax purposes, i.e. in the same year in which the expense occurs. Capital expenditure, in terms of accounting, concerns expenses made in the acquisition of capital assets that have a life of one year or more. Unlike current expenditures, capital expenditures are often not immediately tax deductible, rather they are deducted over the lifetime of the asset following specific depreciation schedules.

<sup>2</sup> Calculations are based on statutory CIT rates applicable on 1 January 2021, based on OECD Corporate Tax Statistics (<https://www.oecd.org/tax/beps/corporate-tax-statistics-database.htm>) and other publicly available sources.

<sup>3</sup> Special economic zones are clearly demarcated geographical areas within which business activity is subject to a different regulatory regime from that prevailing in the rest of the economy, often including tax and non-tax incentives (e.g. provision of infrastructure, regulatory incentives). In the context of the OECD ITID, the term 'Special Economic Zones' is used generically to refer to all types of economic zones, including Special Economic Zones, Industrial Zones, Free Zones, Development Zones, Export Processing Zones, Technology Parks and others.

<sup>4</sup> Outcome conditions are requirements for the investor to achieve a certain quantitative performance target, such as creating at least five new jobs to benefit from a tax incentive. Outcome conditions may also be referred to as *merit-* or *performance-based* conditions. The OECD ITID tracks over 20 outcome condition types and among the most widely used are requirements to: export a minimum share of sales, create a minimum number of new jobs, operate with a minimum value added to turnover ratio and others.

<sup>5</sup> Ownership conditions may also impose requirements for business' capital origin (i.e. to have a minimum or maximum stake of domestic or foreign ownership in the company capital). However, less than 10% of the 52 economies have such a requirement.

<sup>6</sup> Investment thresholds are often denominated in the economy's local currency, US dollars or in Euros. For comparability, investment thresholds local currency and US dollars were converted into Euro in **Figure 4** using the average official exchange rate for the year of 2021, based on *Official exchange rate (LCU per US\$, period average)* accessed through the World Bank Data Bank, <https://data.worldbank.org/indicator/PA.NUS.FCRF>.

<sup>7</sup> In many countries, the Ministry of Finance and the Tax Administration, Investment Promotion Agencies, investment councils, special economic zone authorities, as well as ministries of energy, innovation, transport, and urban development all administer some incentives to investors.

<sup>8</sup> A renewable power project is entitled to a preferential tax rate of 10% for 15 years from the year the project generates revenue, 4 years exemption and reduction of 50% of the payable tax in the next 9 years.

