

## Republic of the Marshall Islands Economic Substance Regulations\_Annex

**"distribution and service center business"** means the business of either or both of the following:

- i. purchasing from an entity in the same Group component parts or materials for goods, or goods ready for sale, and reselling such component parts, materials, or goods outside the Republic; or
- ii. providing services to an entity in the same Group in connection with the business outside the Republic; but does not include any activity included in any other relevant activity except "holding company business";

**"finance and leasing business"** means the business of providing credit facilities for any kind of consideration to another person but does not include any activity falling within the definition of "banking business," "fund management business," or "insurance business";

**"fund management business"** means the business of exercising any managerial function in relation to an investment or in relation to the assets underlying an investment when carried out for an investment fund pursuant to a license issued under the laws of the Republic;

**"headquarters business"** means the business of providing any of the following services to an entity in the same Group:

- i. the provision of senior management;
- ii. the assumption or control of material risk for activities carried out by any of those entities in the same Group; or
- iii. the provision of substantive advice in connection with the assumption or control of risk referred to in paragraph (ii); but does not include any activity falling within the definition of "banking business," "distribution and service center business," "financing and leasing business," "fund management business," "IP business," "insurance business," or "shipping business";

**"Intellectual property (IP) business"** means an IP business carried on by:

- i. an entity that:
  1. did not create the IP in an IP asset that it holds for the purposes of its business;
  2. acquired the IP asset:
    - a. from an entity in the same Group; or
    - b. in consideration for funding research and development by another person situated in a country or territory other than the Republic; and
  3. licenses the IP asset to one or more entities in the same Group or otherwise generates income from the asset in consequence of activities (such as facilitating sale agreements) performed by entities in the same Group; or
- ii. an entity that does not carry out the core income-generating activities specified in Section 5(f)(i) or (ii) of these Regulations in the Republic;

**"holding company business"** means the business of a pure equity holding company;

**"pure equity holding company"** means a company that only holds equity participations in other entities, only earns dividends and capital gains, and performs no commercial activity;

**"insurance business"** means the business of granting policies of insurance or assuming insurance risks;

**"investment fund"** means an entity whose principal business is the issuing of investment interests to raise funds or pool investor funds with the aim of enabling a holder of such an investment interest to benefit from the profits or gains from the entity's acquisition, holding, management or disposal of investments and includes any entity through which an investment fund directly or indirectly invests or operates;

**"IP assets"** means any intellectual property right in intangible assets, including copyright, patents, trademarks, brand, and technical know-how;

**"IP business"** means the business of holding, exploiting or receiving income from IP assets;

**"shipping business"** means the operation of ships in international traffic for income from the transport of passengers or cargo and includes any of the following activities where the relevant activity is directly connected with, or ancillary to, such operation:

- i. the rental on a charter basis of a ship;
- ii. the sale of tickets or similar documents and the provision of services connected with the sale of tickets or similar documents, either for the enterprise itself or any other enterprise;
- iii. the use, maintenance, or rental of containers (including trailers and related equipment for the transport of containers) used for the transport of goods or merchandise; or
- iv. the management of the crew of a ship;
- v. the registration of a ship;
- vi. the recording of a financial instrument or lien in relation to a ship;
- vii. the ownership of a ship;
- viii. the financing of a ship;
- ix. the obtaining of statutory certificates for a ship;
- x. the surveying of a ship; or
- xi. the provision of services related to the foregoing.

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