

# Brunei

---

RISK & COMPLIANCE REPORT

DATE: March 2018

**Executive Summary - Brunei**

|   |  |
|---|--|
| <b>Sanctions:</b>                           | None   |
| <b>FAFT list of AML Deficient Countries</b> | No   |
| <b>Higher Risk Areas:</b>                   | Not on EU White list equivalent jurisdictions<br>Offshore Finance Centre<br>Compliance of OECD Global Forum's information exchange standard                          |
| <b>Medium Risk Areas:</b>                   | Non - Compliance with FATF 40 + 9 Recommendations<br>Corruption Index (Transparency International & W.G.I.)<br>Failed States Index (Political Issues)(Average Score) |

**Major Investment Areas:**

**Agriculture - products:**

rice, vegetables, fruits; chickens, water buffalo, cattle, goats, eggs

**Industries:**

petroleum, petroleum refining, liquefied natural gas, construction, agriculture, transportation

**Exports - commodities:**

crude oil, natural gas, garments

**Exports - partners:**

Japan 46.5%, South Korea 15.5%, Australia 9.3%, India 7%, NZ 6.7% (2012)

**Imports - commodities:**

iron and steel, motor vehicles, machinery and transport equipment, manufactured goods, food, chemicals

**Imports - partners:**

Singapore 26.3%, China 21.3%, UK 21.3%, Malaysia 11.8% (2012)

**Investment Restrictions:**

The Brunei Economic Development Board focuses on four key growth areas: attracting direct foreign investments; strengthening local businesses; increasing research and development (R&D) and innovation; and delivering infrastructure projects.

## Contents

|   |    |
|---|----|
| Section 1 - Background.....   | 4  |
| Section 2 - Anti – Money Laundering / Terrorist Financing .....                         | 5  |
| FATF status.....  | 5  |
| Compliance with FATF Recommendations.....   | 5  |
| Extract from 2014 Asia Pacific Group on Money Laundering Yearly Typologies Report:..... | 5  |
| US Department of State Money Laundering assessment (INCSR) .....                        | 6  |
| Reports.....  | 9  |
| International Sanctions.....  | 10 |
| Bribery & Corruption.....   | 11 |
| Corruption and Government Transparency - Report by US State Department .....            | 11 |
| Section 3 - Economy.....  | 12 |
| Banking.....  | 12 |
| Section 4 - Investment Climate .....  | 14 |
| Section 5 - Government.....   | 28 |
| Section 6 - Tax .....   | 29 |
| Methodology and Sources.....  | 31 |

## Section 1 - Background

The Sultanate of Brunei's influence peaked between the 15th and 17th centuries when its control extended over coastal areas of northwest Borneo and the southern Philippines. Brunei subsequently entered a period of decline brought on by internal strife over royal succession, colonial expansion of European powers, and piracy. In 1888, Brunei became a British protectorate; independence was achieved in 1984. The same family has ruled Brunei for over six centuries. Brunei benefits from extensive petroleum and natural gas fields, the source of one of the highest per capita GDPs in Asia.



## Section 2 - Anti – Money Laundering / Terrorist Financing

### FATF status

Brunei is no longer on the FATF List of Countries that have been identified as having strategic AML deficiencies

### Latest FATF Statement - 21 June 2013

The FATF welcomes Brunei Darussalam’s significant progress in improving its AML/CFT regime and notes that Brunei Darussalam has established the legal and regulatory framework to meet its commitments in its Action Plan regarding the strategic deficiencies that the FATF had identified in June 2011. Brunei Darussalam is therefore no longer subject to FATF’s monitoring process under its on-going global AML/CFT compliance process. Brunei Darussalam will work with the APG as it continues to address the full range of AML/CFT issues identified in its Mutual Evaluation Report.

### Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Brunei was undertaken by the Financial Action Task Force (FATF) in 2005. According to that Evaluation, Brunei was deemed Compliant for 3 and Largely Compliant for 16 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for 1 of the 6 Core Recommendations.

### Extract from 2014 Asia Pacific Group on Money Laundering Yearly Typologies Report:

#### Trends:

##### Emerging Trends:

- Trade Based Money Laundering

##### Declining Trends:

- Laundering of proceeds from tax offences

##### Continuing Trends:

- Mingling (business investment)

Brunei was deemed a 'Monitored' Jurisdiction by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

**Perceived Risks:**

Brunei is not a regional financial center. Brunei does have a small offshore financial center and its proximity to high crime regions, along with its large foreign worker population and limited AML/CFT institutional capacity, make it vulnerable to cross-border criminal activity. Domestically, Brunei is a low threat country for money laundering and terrorism financing. Proceeds of crime generally originate from fraud, gambling, the drug trade, and fuel smuggling. There are also concerns about an increase in cybercrime, and in particular, financial fraud, such as pyramid schemes and e-mail scams. Gambling is illegal, and Brunei has a mandatory death penalty for many narcotics offenses, although it has not been used for many years.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:

"All serious crimes" approach or "list" approach to predicate crimes: All serious crimes approach

Are legal persons covered: criminally: YES civilly: YES

KNOW-YOUR-CUSTOMER (KYC) RULES:

Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: YES

KYC covered entities: Banks; TAIB (Islamic financial institution); insurance companies; finance companies; mutual fund and securities dealers; money exchange companies; money remittance companies; registered agents and trustees; real estate agents; casinos (although there are none in Brunei); dealers in precious metals, precious stones, and jewelry; advocates, solicitors, notaries, other independent legal professionals and accountants; trust and company service providers

REPORTING REQUIREMENTS:

Number of STRs received and time frame: 65 in 2015

Number of CTRs received and time frame: 288,034: January 1 - November 5, 2015

STR covered entities: Banks; TAIB; insurance companies; finance companies; mutual fund and securities dealers; money exchange companies; money remittance companies; registered agents and trustees; real estate agents; casinos (although there are none in Brunei); dealers

in precious metals, precious stones, and jewelry; advocates, solicitors, notaries, other independent legal professionals and accountants; trust and company service providers

**MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:**

Prosecutions: 1: January 1 – November 5, 2015

Convictions: 0: January 1 – November 5, 2015

**RECORDS EXCHANGE MECHANISM:**

With U.S.: MLAT: NO Other mechanism: YES

With other governments/jurisdictions: YES

Brunei is a member of the Asia/Pacific Group on Money Laundering (APG), a FATF-style regional body.

**ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:**

In 2014, the National Anti-Money Laundering and Combating the Financing of Terrorism Committee (NAMLC) endorsed an updated National Strategy on Anti-Money Laundering and Combating Financing of Terrorism for the period fiscal year 2014 - 2016. The Financial Intelligence Unit (FIU) of Autoriti Monetari Brunei (AMBD), as the Secretariat to the NAMLC, will work closely with international donors in developing a national risk assessment and risk-based action plans to combat the money laundering and terrorism financing risks of the country. The national risk assessment is expected to be concluded no later than January 2017.

The FIU, in its capacity as the Secretariat to the NAMLC, has increased training for reporting entities on suspicious transaction reports (STRs) and AML/CFT requirements. Under section 47(1) of the Anti-Terrorism Order 2011, financial institutions and designated non-financial businesses and professions that suspect, or have reasonable grounds to suspect, a transaction involving property is linked to terrorism or those who finance terrorism must submit a STR to the FIU.

Beginning in 2014, companies in the remittance and money changing sectors are required to submit a monthly report of all transactions to AMBD. Onsite inspections for all licensees are a prerequisite license renewal. Inspections are intended to ensure all licensees are in compliance with laws and regulations as well as AML/CFT requirements.

In 2015, law enforcement agencies received additional training to improve their capacity to investigate, particularly in the areas of money laundering, terrorism financing, proliferation, and other serious crimes. Law enforcement agencies continue to develop procedures on conducting financial investigations, in line with powers and responsibilities given by the Criminal Asset Recovery Order (CARO) of 2012. A similar manual is being drafted for prosecutors.

In 2014, Brunei detained a foreign national (member of Jemaah Islamiyah) under the Internal Security Act (Chapter 133) for involvement in terrorist related activities. In March 2015, Brunei detained a local woman under the same law for suspected involvement in terrorist-related activities. After investigation revealed she was unknowingly in contact with suspected terrorists, she was released and remains under close supervision by law enforcement.



In June 2015, two Malaysian nationals and a Malaysian-based money changer were charged with laundering the equivalent of approximately \$274,000 cash into Brunei, money that is believed to be the proceeds of criminal activity. The case marks Brunei's first prosecution of money laundering under the CARO legislation.

Brunei should continue its efforts to ensure intellectual property crimes are fully criminalized and prosecute offenders. While Brunei Darussalam issued a notice to banks to conduct enhanced due diligence on politically exposed persons (PEPs), it is unclear how effective this instruction has been. Authorities should continue developing operating procedures and training investigators.

### **Current Weaknesses in Government Legislation (INCRS Comparative Tables):**

According to the US State Department, Brunei conforms with regard to government legislation required to combat money laundering and financing terrorism.

### **EU White list of Equivalent Jurisdictions**

Brunei is not currently on the EU White list of Equivalent Jurisdictions

### **World Governance indicators**

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

### **Failed States Index**

[To view Failed States Index Ctrl + Click here](#)

### **Offshore Financial Centre**

Brunei is considered to be an Offshore Financial Centre

### US State Dept Narcotics Report

No Report available

### US State Dept Trafficking in Persons Report 2016 (introduction):

Brunei is classified a Tier 2 country - a country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Brunei is a destination and transit country for men, women, and children subjected to forced labor and sex trafficking. Men and women from Indonesia, Bangladesh, China, the Philippines, Thailand, and Malaysia migrate to Brunei primarily for domestic work, or on social visit passes or tourist visas. Upon arrival, some are subjected to involuntary servitude, debt bondage, non-payment of wages, passport confiscation, physical abuse, or confinement. Some migrants who transit Brunei become victims of sex or labor trafficking upon arrival in Malaysia or Indonesia. Some women and girls are reportedly subjected to sex trafficking in Brunei. Although it is illegal for employers in Brunei to withhold wages of domestic workers for more than 10 days, some employers withhold wages to recoup labor broker or recruitment fees or to compel the continued service of workers. Retention of migrant workers' travel documents by employers or agencies remains a widespread practice, although the law prohibits it. Government officials have been investigated for complicity in trafficking offenses, including domestic servitude, in previous years, although no such investigations took place during the reporting period.

The Government of Brunei does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. During the reporting period, authorities charged three foreign nationals for child sex trafficking and one individual for forced labor under the anti-trafficking law, compared to the previous two years in which it did not initiate any prosecutions. Victim protection efforts remained inadequate. Although the government used standardized mechanisms for proactive victim identification, it continued to detain and punish some individuals in prostitution and for labor and immigration violations who may have been victims of trafficking. The government did not offer foreign victims any long-term alternatives other than removal from the country, and shelters used to house victims restricted freedom of movement. The government informed the public on the illegality of withholding workers' passports but did not prosecute any employers or agencies for passport retention even though the practice remained widespread. The government continued national campaigns to raise trafficking awareness among businesses, migrant workers, and the general public; however, it did not formally approve its national action plan to combat trafficking for the second consecutive year.

## International Sanctions

None applicable

## Bribery & Corruption

| Index  | Rating (100-Good / 0-Bad) |
|--|---------------------------|
| Transparency International Corruption Index        | 62                        |
| World Governance Indicator – Control of Corruption | 73                        |

## Corruption and Government Transparency - Report by US State Department

Brunei, since January 1, 1982 has enforced the Emergency (Prevention of Corruption) Act. In 1984, the Act was renamed the Prevention of Corruption Act (Chapter 131). The Anti-Corruption Bureau (ACB) was established on February 1, 1982 for the purpose of enforcing the Act. The Prevention of Corruption Act provides specific powers to the ACB for the purpose of investigating into complaints against corruption. The Act also provides power for ACB to investigate certain offences under the Penal Code and offences under other written laws, provided such offences were disclosed during the course of ACB investigation into offences under the Prevention of Corruption Act.

The ACB strives to ensure a corruption-free public service. Corrupt practices are punishable under the Prevention of Corruption Act. The Act also applies to Brunei citizens abroad. There are perceptions that corruption in the private sector is more prevalent than in the public sector. This has prompted the ACB to focus on the private sector, as the private sector plays a critical role in Brunei's economic diversification. Brunei is a member of the International Association of Anti-Corruption Authorities.

In Transparency International's Corruption Perception Index (CPI) 2013, Brunei is ranked 60<sup>th</sup> out of 177 countries.

No U.S. company has identified corruption as an obstacle to conduct business in Brunei.

### Section 3 - Economy

Brunei is an energy-rich sultanate on the northern coast of Borneo in Southeast Asia. Brunei boasts a well-educated, largely English-speaking population; excellent infrastructure; and a stable government intent on attracting foreign investment. Crude oil and natural gas production account for approximately 65% of GDP and 95% of exports, with Japan as the primary export market.

Per capita GDP is among the highest in the world, and substantial income from overseas investment supplements income from domestic hydrocarbon production. Bruneian citizens do not pay personal income taxes, and the government provides free medical services and free education through the university level.

The Bruneian Government wants to diversify its economy away from hydrocarbon exports to other industries such as information and communications technology and halal manufacturing. Brunei's trade in 2016 is set to increase following its regional economic integration in the ASEAN Economic Community, and the expected ratification of the Trans-Pacific Partnership trade agreement.

#### **Agriculture - products:**

rice, vegetables, fruits; chickens, water buffalo, cattle, goats, eggs

#### **Industries:**

petroleum, petroleum refining, liquefied natural gas, construction, agriculture, transportation

#### **Exports - commodities:**

mineral fuels, organic chemicals

#### **Exports - partners:**

Japan 35.9%, South Korea 14.8%, Thailand 10.8%, India 9.8%, NZ 5.6%, Australia 5% (2015)

#### **Imports - commodities:**

machinery and mechanical appliance parts, mineral fuels, motor vehicles, electric machinery

#### **Imports - partners:**

Singapore 27.9%, China 25.3%, Malaysia 12.4%, UK 10.6%, South Korea 4.9% (2015)

### Banking

Although small, Brunei's banking system is reliable and well monitored. The Ministry of Finance oversees the Department of Financial Services (Treasury) and the Brunei Investment Agency. The Brunei Monetary Authority (Monetari Autoriti Brunei Darussalam - AMBD) acts as the central bank of Brunei Darussalam and handles the formulation and implementation of monetary policies, supervision of financial institutions and currency management.

There are five (5) international banks operating from Brunei, which are regulated under the International Banking Order 2000. One of these licensed banks is dormant.

## Section 4 - Investment Climate

### Executive Summary

Brunei is an energy-rich Sultanate on the northern coast of Borneo in Southeast Asia. Brunei boasts a well-educated, largely English-speaking population, excellent infrastructure, and a government intent on attracting foreign investment and projects. In parallel with Brunei's efforts to attract foreign investment, the country has improved its protections for Intellectual Property Rights (IPR).

Despite repeated calls for diversification, Brunei's economy remains dependent on the income derived from sales of oil and gas. Substantial revenue from overseas investment supplements income from domestic hydrocarbon production. These two revenue streams provide a comfortable quality of life for Brunei's population. Citizens are not required to pay taxes, have access to free education through the university level, free medical care, and frequently, subsidized housing.

Brunei has a stable political climate and is generally sheltered from natural disasters. Brunei's central location in Southeast Asia, with good telecommunications, numerous airline connections, business tax credits in specified sectors, and no income, sales, or export taxes offers a welcoming climate for would-be investors. Brunei is a founding member of the Trans-Pacific Partnership (TPP) trade agreement. Sectors offering U.S. business opportunities in Brunei include aerospace and defense, agribusiness, construction, petrochemicals, energy and mining, environmental technologies, food processing and packaging, franchising, health technologies, information and communication, Islamic finance, and services. In 2014 Brunei released an Energy White Paper outlining its vision of leveraging its oil wealth to diversify its economy, create local employment, increase foreign direct investment (FDI), and sharply increase the use of renewable energy by 2035.

In 2014 Brunei began supplementing the existing common law-based penal system with a penal code based on Islamic law, which will carry Sharia punishments. The Islamic Penal Code is applicable across the board. The first phase became effective in May 2014. It expands restrictions regarding the drinking of alcohol, eating in public during the fasting hours in the month of Ramadan, and indecent behavior. Two subsequent phases, the timing of which is not yet clear, are expected to introduce severe punishments such as stoning to death for certain sex-related offenses and the amputating of limbs. Brunei officials say the most severe punishments will rarely if ever be implemented given the very high standard of proof required under the Sharia Penal Code. While the law does not specifically address business-related matters, potential investors should be aware that there is controversy surrounding the Sharia Penal Code issue.

Table 1

| Measure   | Year | Index or Rank | Website Address  |
|---|------|---------------|--|
| TI Corruption Perceptions index                             | 2015 | N/A           | <a href="http://transparency.org/cpi2015/results">transparency.org/cpi2015/results</a> |
| World Bank's Doing Business Report "Ease of Doing Business" | 2016 | 84 of 189     | <a href="http://doingbusiness.org/rankings">doingbusiness.org/rankings</a>             |

|  |      |     |   |
|--|------|-----|---|
| Global Innovation Index                                | 2015 | N/A | <a href="http://globalinnovationindex.org/content/page/data-analysis">globalinnovationindex.org/content/page/data-analysis</a>  |
| U.S. FDI in partner country (\$M USD, stock positions) | 2015 | N/A | <a href="http://bea.gov/international/direct_investment/multinational_companies_comprehensive_data.htm">http://bea.gov/international/direct_investment/multinational_companies_comprehensive_data.htm</a> |
| World Bank GNI per capita                              | 2015 | N/A | <a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>  |

\*Brunei did not participate in the 2015 TI Corruption Perceptions and Global Innovation indexes. Data is not available for US-Brunei's stock FDI positions. Brunei's latest data for World Bank's GNI per capita was recorded in 2012.

## 1. Openness To, and Restrictions Upon, Foreign Investment

### Attitude Toward Foreign Direct Investment

Brunei has an open economy favorable to foreign trade and foreign direct investment (FDI) as it continues its economic diversification efforts away from its long reliance on oil and gas exports.

FDI is important to Brunei as it plays a key role in economic and technological development. Brunei encourages FDI in the domestic economy through various investment incentives offered by the Energy and Industry Department, Prime Minister's Office and through activities conducted by the Ministry of Foreign and Trade and the Brunei Economic Development Board.

The 2016 World Bank Ease of Doing Business report indicated that Brunei's ease of doing business ranking improved 21 spots to 84 out of 189 economies. The significant gain was an improvement in the "starting a business" indicator, which saw Brunei's ranking improve to 74th spot from last year's 179th due to the elimination of miscellaneous licensing requirements and streamlining of business registration processes. Other indicators that have increased for Brunei includes paying taxes (6th in 2016, from 30th in 2015), obtaining with construction permits (21st in 2016, from 53rd in 2015), and accessing credit (79th in 2016, from 89th in 2015). Improving Brunei's Ease of Doing Business ranking has become a key focus for the government, and the Prime Minister's Office (PMO) has setup a special task force (PENGGERAK) to centralize government efforts to improve its ranking.

Brunei amended its laws to make it easier and quicker for entrepreneurs to establish businesses. The Business License Act (Amendment) 2016 exempts several business activities (eateries, boarding and lodging houses or other places of public resort; street vendors and stalls; motor vehicle dealers; petrol stations including places for storing petrol and inflammable material; timber store and furniture factories; and retail shops and workshops) from needing to obtain a business license. The Miscellaneous License Act (Amendment) 2015 reduces the wait times for new business registrants to start operations, with low-risk businesses like eateries and shops able to start operations immediately.

### Other Investment Policy Reviews



The World Trade Organization Secretariat prepared a Trade Policy Review of Brunei in December 2014. The review can be found at [https://www.wto.org/english/tratop\\_e/tpr\\_e/s309\\_e.pdf](https://www.wto.org/english/tratop_e/tpr_e/s309_e.pdf).

#### Laws/Regulations on Foreign Direct Investment (FDI)

The basic legislation on investment includes the Investment Incentive Order 2001 and Income Tax (As Amended) Order 2001. Brunei does not have a stock exchange, but the creation of a securities market is reportedly under development. Brunei's constitution does not specifically provide for judicial independence, but in practice the court system operates without government interference. Brunei's legal system includes parallel systems; one based on Common Law and the other based on Islamic law.

Brunei's national strategy, Wawasan (National Vision) 2035, emphasizes attracting FDI as an important driver of growth. The Brunei Economic Development Board (BEDB) seeks to diversify Brunei's economy and create employment opportunities for its people. The BEDB administers incentives and loans to encourage investment projects from abroad.

After Brunei's cabinet was reshuffled in late 2015, the Industry Division at the Prime Minister's Office is the main coordinating agency for industrial development. The Ministry of Primary Resources and Tourism is the main coordinating agency for primary sector and tourism.

#### Business Registration

All businesses in Brunei must be registered with the Registry of Companies and Business Names at the Ministry of Finance. Except for sole proprietorships and partnerships, foreign investors can fully own incorporated companies, foreign company branches or representative offices. Foreign direct investments by multi-national corporations may not require local partnership in setting up a subsidiary of their parent company in Brunei. However, at least one company director must be a Brunei citizen or permanent resident of Brunei.

More information on incorporation of companies can be found here:

<http://www.mof.gov.bn/index.php/incorporation-of-companies>

#### Industrial Promotion

Through its Investment Incentives Order 2001, Brunei seeks to stimulate economic development by encouraging the establishment and expansion of specified industrial and economic enterprises. Under the Investment Incentives Order 2001, the following investment incentives in the form of tax relief can be offered:

**Pioneer Industries:** Any limited company that has been granted a pioneer certificate will be given pioneer incentives, including exemption from the 18.5 percent corporate tax for a period ranging from five years for a fixed capital expenditure of BND 500,000 to BND 2.5 million (USD 370,000 to USD 1,852,000); eight years for an expenditure over BND 2.5 million; and 11 years for a project located in a designated high-tech industrial park, with permitted extensions; exemption from taxes on imported duties on machinery, equipment, components parts, accessories or building structures; exemption from taxes on imported raw materials not available or produced in Brunei intended as feedstock for the production of Pioneer products; and carry forward losses and allowances.

Industries that have been declared as pioneer industries and pioneer products include agribusiness (fertilizers and pesticides); agricultural, construction, building and heavy equipment (cement finishing mill, manufacture of electrical industrial machinery and apparatus, rolling mill plant, sheet metal-forming); chemicals, petrochemicals, plastics and composites (plastics and synthetic, manufacture of non-metallic mineral products, gas); consumer goods and

home furnishings (furniture, ceramic and potteries, tissue paper, toys); environmental technologies (related waste industry); food processing and packaging (slaughtering, preparing and preserving halal meat, canning, bottling and packaging); health technologies (pharmaceuticals); information and communication (manufacture of radio, television and communication equipment and apparatus); industrial equipment and supplies (glass, wood base); marine technology (ship repair and maintenance, supporting services to water transport); metal manufacturing and products (aluminum wall tile); services (aircraft catering services); textiles, apparel and sporting goods (textiles).

Pioneer Service Companies: Pioneer service companies may be eligible for tax relief, depending on the fixed capital expenditure, for a period of eight years with given extension not exceeding 11 years in total from the commencement day in relation to any qualifying activity other than financial services and for a period of five years which may be extended for further five years from commencement day in relation to financial service, exemption from income tax; certain dividends exempted from income tax and carry forward loss and allowance.

Activities that have been declared as pioneer services include: agribusiness (agriculture technology related services and activities); architecture and engineering (any engineering or technical services including laboratory, consultancy and research and development activities, development or production of any industrial design); automotive and ground transportation (operation or management of any mass rapid transit system); education (provision of education related services); finance (business, management and professional consultancy services, financial services, venture capital fund activity); health technologies (medical services); information and communication (computer-based information and other computer related services, publishing services); media and entertainment (maintaining and operating a private museum, provision of leisure and recreation related services and activities); services (services and activities related to warehousing facilities); travel (services and activities relating to the organization or management of exhibitions and conferences).

Production for Export: companies manufacturing export products or engaged in agriculture, forestry and fisheries wholly or partly for export may qualify for an export enterprise certificate which entitles them to tax relief on export profits; certain dividends may be exempted from income tax; exemption from import duties on machinery, equipment, component parts, accessories or building structures; and from import duties on raw materials.

Service for Export: Specified services may be eligible for exemption from income tax, deduction of allowance and losses and certain dividends exempted from income tax. The tax relief period of an export service company shall begin on its day of commencement and shall not exceed 11 years. Any given extension shall not exceed three years at one time and not exceed 20 years in total. Qualified services have included: architecture and engineering (technical services including construction, distribution, design and engineering services); education (educational and training service); industrial equipment and supplies (fabrication of machinery and equipment, and procurement of materials, components and equipment);

information and communication (data processing, programming, computer software development, telecommunications and other related ICT services); services (consultancy, management supervisory or advisory services relating to any technical matter or to any trade or business; professional services including accounting, legal, medical and architectural services).

Foreign Loan for Product Equipment: There is a 20 percent withholding tax for interest paid to non-resident lenders. However the government may grant a tax exemption for any approved foreign loan if the loan is utilized for the purchase of production equipment.

Additional information is available at

[http://www.bedb.com.bn/doing\\_incentives\\_foreign.html](http://www.bedb.com.bn/doing_incentives_foreign.html). Information on additional forms of business and investment incentives is available at [http://www.bedb.com.bn/doing\\_incentives.html](http://www.bedb.com.bn/doing_incentives.html).

#### Limits on Foreign Control and Right to Private Ownership and Establishment

There is no restriction on total foreign ownership of companies incorporated in Brunei. The Companies Act requires locally incorporated companies to have at least one of the two directors—or if more than two directors, at least two of them—to be ordinarily resident in Brunei, but exemptions may be obtained in some circumstances. The rate of corporate income tax is the same whether the company is locally or foreign owned and managed,

All businesses in Brunei must be registered with the Registry of Companies and Business Names at the Ministry of Finance. Foreign investors can fully own incorporated companies, foreign company branches, or representative offices, but not sole proprietorships and partnerships. FDI from multinational corporations may not require a local partner in setting up a subsidiary in Brunei if at least one company director is a Brunei citizen or permanent resident in Brunei.

More information on incorporation of companies can be found here:

<http://www.mof.gov.bn/index.php/incorporation-of-companies>

#### Privatization Program

Brunei's Ministry of Communication has made corporatization and privatization part of its Strategic Plans 2008-2017, which calls for the Ministry to shift its role from a service provider to a regulatory body with policy-setting responsibilities. In that role, the Ministry will develop specific policies through corporatization and privatization; establish a regulatory framework and business facilitation. Currently, the Ministry is studying initiatives to privatize four state-owned agencies: the Ports Department, the Maritime and Port Authority of Brunei Darussalam, the Postal Services Department, and Brunei International Airport management. These services are not yet completely privatized and there is no timeline for privatization, as the Ministry is still in the process of considering the initiative. Guidelines regarding the role of foreign investors and the bidding process are not yet available. The strategy can be found at: [www.mincom.gov.bn](http://www.mincom.gov.bn)

#### Screening of FDI

The Brunei Economic Development Board (BEDB), the frontline agency that promotes and facilitates foreign investment into the country, works with the Invest in Brunei Darussalam FAST (FDI Action and Support Center) under the Prime Minister's Office to evaluate investment

proposals, liaise with government agencies and obtain project approval from the government's Foreign Direct Investment and Downstream Industry Committee.

#### Competition Law

Brunei does not have any competition legislation pertaining to the regulation of competition issues. Brunei in May 2012 formally started drafting the Brunei Competition Order, which seeks to enact prohibitions against anti-competitive agreements, abuse of dominance, and anti-competitive mergers. As of May 2016, there is no information on when the law might be approved and implemented.

## **2. Conversion and Transfer Policies**

#### Foreign Exchange

In June 2013, the Financial Action Task Force (FATF) announced that Brunei is no longer subject to FATF's monitoring process under its global Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) compliance process. Brunei will work with the Asia-Pacific Group (APG) as it continues to address the full range of AML/CFT issues identified in its Mutual Evaluation Report. The report cited Brunei's significant progress in improving its AML/CFT regime and noted that Brunei had established the legal and regulatory framework to meet its commitments in its Action Plan regarding the strategic deficiencies that the FATF identified in June 2011.

#### *Remittance Policies*

Remittance services are provided by local financial institutions including banks such as Bank Islam Brunei Darussalam (BIBD) and Standard Chartered Bank. AMBD, Brunei's central bank, regulates and supervises these financial institutions that provide remittance services.

## **3. Expropriation and Compensation**

There is no history of expropriation of foreign owned property in Brunei. There have been cases of domestically owned private property being expropriated for infrastructure development. Compensation was provided in such cases, and claimants were provided with due process regarding their disputes.

## **4. Dispute Settlement**

#### Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Onshore companies are governed by the Companies Act while offshore companies are governed by the International Business Companies Order of 2000. In 2016, Brunei's Supreme Court announced the establishment of a commercial court to address business-related cases. Brunei's constitution does not provide for judicial independence but in practice the court system operates without government interference. Post has received no complaints from companies regarding the judicial system.

The use of Alternative Dispute Resolutions (ADR) is not new to Brunei. Both mediation and conciliation as a means of settling disputes have deep roots in Brunei's traditions and were originally carried out by community leaders and important social figures.

#### Bankruptcy

Information about Brunei's bankruptcy laws is available at:  
<http://judiciary.gov.bn/SJD%20Images/Bankruptcy%20leaflet.pdf>

In 2012, amendments to Brunei's Bankruptcy Act increased the minimum threshold for declaring bankruptcy from BND 500 to BND 10,000 (USD 357 to USD 7,133) and enabled the trustee to direct the Controller of Immigration to impound and retain the debtor's passport, certificate of identity or travel document to prevent him from leaving Brunei. The amendment also requires the debtor to deliver all property under his possession to the trustee.

#### Investment Disputes

In 2016, Brunei's Supreme Court announced the establishment of a commercial court to deal with business-related cases.

More information about Brunei's judiciary system is available at:

<http://www.judiciary.gov.bn/Theme/Home.aspx>

#### International Arbitration

Brunei's Attorney General's Chambers has announced plans to establish an Arbitration Center to meet the requirements of foreign and local investors. The International Arbitration Order (IAO) which regulates international and domestic arbitrations came into effect in February 2010.

More information about Brunei's Attorney General's Chambers is available at:

<http://www.agc.gov.bn/Theme/Home.aspx>

#### *ICSID Convention and New York Convention*

Brunei is a member state to the convention on the International Center for Settlement of Investment Disputes (ICSID Convention) and a signatory to the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention).

#### Duration of Dispute Resolution – Local Courts

The legislation governing arbitration in Brunei is the Arbitration Order, 2009 (AO), which regulates domestic arbitrations, and the International Arbitration Order, 2009 (IAO), which regulates international arbitrations.

In general, the bulk of domestic arbitration cases are to be found in the construction industry. International arbitration is gaining in popularity in Brunei. Domestic and international contractors and international investors who enter into contracts with the Government of Brunei Darussalam generally insist on arbitration as the form of dispute resolution. The reason is mainly of a historical nature, but under the revised constitution and laws of Brunei Darussalam, Judicial Review has been abrogated and the Government of Brunei Darussalam remains immune from suit before the Brunei courts. An arbitration process is therefore the only means for such contracting parties or investors to resolve their disputes. As for non-Government cases, the common types of disputes that are generally referred to arbitration include: building and construction disputes, distribution agreements; engineering and infrastructure projects, investment disputes; joint ventures, maritime issues; oil & gas issues; and sale of goods.

Under the AO and IAO, the Arbitration Association Brunei Darussalam (AABD) is the only arbitral appointing authority in Brunei. The AABD seeks to assist parties who wish to resolve their disputes by way of arbitration and also tries to arrange places for arbitration hearings, and to ensure that the panel of international arbitrators is kept to a very high standard and there is a wide choice of diversity of leading international arbitrators who are currently mainly non-Brunei nationals. The AABD encourages all of its arbitrators to adopt the latest international arbitration practices and cost controlling techniques.

## **5. Performance Requirements and Investment Incentives**

### WTO/TRIMS

Brunei became a World Trade Organization (WTO) member in 1995 and a signatory to the General Agreement on Tariffs and Trade (GATT) in 1993.

### Investment Incentives

Companies involved in the exportation of agriculture, forestry and fishery products can apply for tax relief on export profits. For non-pioneer enterprises, the tax relief period is eight years and up to 11 years for pioneer enterprises.

The corporate income tax rate in Brunei has been reduced from 30 percent (2007 and earlier) to the current rate of 18.5 percent (2015 onwards).

Sole proprietorships and partnerships are not subject to tax. Individuals do not pay any capital gains tax and profits arising from the sale of capital assets are not taxable. Brunei has double-taxation agreements with the United Kingdom, Indonesia, China, Singapore, Vietnam, Bahrain, Oman, Japan, Pakistan, Malaysia, Hong Kong, Laos, Kuwait, Tajikistan, Qatar, and United Arab Emirates. Under the Income Tax (Petroleum) Act, a company is subject to taxes of up to 55 percent for any petroleum operation pursuant to production sharing agreements.

### Research and Development

Information not available.

### Performance Requirements (Labor)

The Brunei government seeks to increase the number of Bruneians working in the private sector. Brunei's 2014 Energy White Paper calls for the number of people employed in the energy sector to increase from 20,000 in 2010 to 50,000 in 2035, and for the number of locals employed in the sector to increase from 10,000 to 40,000 during the same period. To advance this goal, all companies competing for a tender in the oil and gas industry are required to have at least half of their employees be Bruneian.

Expatriate employment is controlled by a labor quota system administered by the Labor Department and the issuance of employment passes, by the Immigration Department. Brunei allows new companies to apply for special approval to expedite the recruitment of expatriate workers in select positions. According to the Ministry of Home Affairs, the special approval is only available to new companies for up to six months, and covers businesses such as restaurants and shops. The special approval cuts the waiting time for a quota to seven days instead of 21.

## Data Storage

In early 2016, the Prime Minister's Office (PMO) announced plans to develop a National Cyber Defense Framework which is expected to be completed by the end of 2017. Currently, Brunei has not announced any specific legislation pertaining to data storage and data localization requirements.

## 6. Protection of Property Rights

### Real Property

Mortgages are recognized and enforced in Brunei; however, only Bruneians can own land property in Brunei. Foreigners and permanent residents can only hold properties under long-term leases. Most banks have stopped granting housing loans to foreigners and permanent residents. According to the International Monetary Fund (IMF) Brunei country report, Brunei did not attract any Foreign Direct Investment for real estate, rentals, and business activity in 2011 (latest data available). Brunei's Department of Economic Planning and Development do not publish FDI data for real estate.

Amendments to the Land Code are being considered to ban past practices of proxy land sales to foreigners and permanent residents using power of attorney (PA) and trust deeds (TD). PAs and TDs are no longer recognized as mechanisms in land transactions involving non-citizens. The proposed laws will also be retroactive, converting all existing property owned through PAs and TDs into 60 year leases.

### Intellectual Property Rights

Brunei's IP protection and enforcement regime is still in development but is increasingly strong and effective. The country was removed from the Special 301 report in 2013, and stayed off the list in 2014 and 2015, in recognition of its improving IPR protections, increasing enforcement, and efforts to educate the public about the importance of IPR.

Brunei's Copyright (Amendment) Order 2013 was finalized and adopted in December 2013, a development long requested by the U.S. government. The amendment enhanced enforcement provisions for copyright infringement by increasing the penalties for IP offences; adding new offenses; strengthening the enforcement powers of the Royal Brunei Police Force and the Ministry of Finance Customs and Excise Department; and allowing for sanctioned private prosecution. The amendments are designed to deter copyright infringements with fines of BND 10,000 (USD 7,400) to BND 20,000 (USD 14,800) per infringing copy, imprisonment for a term up to five years or both. The new penalty is up to four times more severe than the previously existing penalty. Enforcement agencies are authorized to enter premises and arrest without warrant, to stop, search, and board vehicles and also to access computerized and digitized data. The amendments further allow for admissibility of evidence obtained covertly and protect the identity of informants. Statistics on seizures of counterfeit goods are unavailable.

Brunei transferred its Registry of Trademarks from the Attorney General's Chambers (AGC) to the BEDB in 2013. The transfer expanded BEDB Patents Registry Office's (PRO) ability to accept applications for trademarks registration, in addition to patents and industrial designs. With the move, the office's name officially changed to Brunei Intellectual Property Office (BruiPO). The change created a national IP office, making policy coordination easier.

In September 2013, Brunei acceded to the Geneva (1999) Act of the Hague Agreement Concerning the International Registration of Industrial Designs to protect IP from industrial designs, making it the second ASEAN Member country, following Singapore, to accede. The accession emphasized Brunei's commitment under the ASEAN Intellectual Property Rights Action Plan 2011 – 2015. Brunei also plans and has publicly committed to acceding to other World Intellectual Property Organization's (WIPO) treaties including the Madrid Protocol for the International Registration of Marks, the WIPO Performances and Phonograms Treaty (WPPT), and the UPOV Convention 1991 for the protection of New Varieties of Plants (PV). In February 2016, Brunei signed the Trans-Pacific Partnership which includes new commitments to IPR.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at: <http://www.wipo.int/directory/en/>

#### *Resources for Rights Holders*

Contact at Mission:  
Fausto DeGuzman  
Political/Economic/Consular Officer  
+673 238-4616 ext. 2172  
[DeguzmanF@state.gov](mailto:DeguzmanF@state.gov)

Country/Economy resources:

The United States Embassy in Bandar Seri Begawan maintains a list of local attorneys at: <http://brunei.usembassy.gov/list-of-attorneys.html>

### **7. Transparency of the Regulatory System**

Brunei's FDI policies are not fully transparent, particularly with respect to limits on foreign equity participation, partnership requirements, and the identification of sectors in which FDI is restricted.

### **8. Efficient Capital Markets and Portfolio Investment**

In 2013, Brunei signed a Memorandum of Understanding (MOU) with the Securities

Commission Malaysia (SCM) to boost cooperation in the capital markets. The MOU was designed to strengthen collaboration in the development of fair and efficient capital markets in the two countries. It also provided a framework to facilitate greater cross-border capital market activities and cooperation in the areas of regulation as well as capacity building and human capital development, particularly in the area of Islamic capital markets. In 2015, Autoriti Monetari Brunei Darussalam (AMBD)–Brunei's central bank–announced plans to launch a capital market in Brunei by 2017.

Money and Banking System, Hostile Takeovers

In late 2015, international media published reports that Australian oil and gas producer Santos Ltd rejected a takeover proposal by a fund backed by the Brunei Royal Family. However, this takeover bid was not reported in local media.

### **9. Competition from State-Owned Enterprises (SOE)**



Brunei's state-owned enterprises (SOEs) lead key sectors of the economy including oil and gas, telecommunications, transport, and energy generation and distribution, and seem to receive preferential treatment when tendering for lucrative government contracts. There is no published list of SOEs, but specific examples include:

- Semaun Holdings, incorporated as a private limited company, is wholly owned by the Brunei government. Its emphasis is on joint ventures with foreign investors, mainly in aquaculture, food processing, glass crystal, and hi-tech manufacturing industries which are currently not open for 100 percent foreign ownership.
- Under the Telecommunications Order 2001, the Authority for Info-communications Technology Industry (AiTi) regulates the licensing of the telecommunications industry. The establishment, installation, maintenance, provision or operation of unlicensed telecommunication systems or services within Brunei is a punishable offense, resulting in imprisonment, and large fines. AiTi has not opened up the telecommunications industry to foreign participation. The telecommunications industry is dominated by government-linked companies Telekom Brunei (TelBru), Data Stream Technologies (DST) Communications, and Progresif Cellular. Telbru is the sole provider of fixed line telephone and internet services. DST, founded in 1995, and Progresif, which took over from failed telecom company B-Mobile in 2014 and is owned by a government investment fund, provides mobile phone and internet services.
- Royal Brunei Technical Services (RBTS), established in 1988 as a government owned corporation, is responsible for managing the acquisition of a wide range of systems and equipment and maintaining those acquired systems and equipment.
- Brunei National Petroleum Sendirian Berhad (PB) is the national oil company owned by the Brunei government. The company was granted all the mineral rights in eight prime onshore and offshore petroleum blocks (offshore Blocks CA1 & CA2, inboard offshore Blocks N, P, Q, & B and onshore Blocks L & M totaling 20,552 sq. km). Currently, the company manages contractors (Shell, Total, and Petronas) exploring the onshore and deep water offshore blocks.

OECD Guidelines on Corporate Governance of SOEs

Brunei does not adhere to the OECD guidelines on corporate governance of SOE's.

OECD's guidelines on corporate governance of SOEs can be found here:

<http://www.oecd.org/daf/ca/guidelines-corporate-governance-soes.htm>

Sovereign Wealth Funds

The Brunei Investment Agency (BIA) manages Brunei's General Reserve Fund and their external assets. Established in 1983, BIA's assets are estimated to be USD170 billion. BIA's activities are not publicly disclosed and are ranked the lowest in transparency ratings by the Sovereign Wealth Fund Institute.

## **10. Responsible Business Conduct**

Responsible business conduct is a relatively new concept in Brunei, and there are no specific government programs encouraging foreign and local enterprises to follow generally accepted corporate social responsibility (CSR) principles. However, there is broad awareness

of corporate social responsibility among producers and consumers, and individual private and public sector organizations have formalized CSR programs and policies. There are no reporting requirements and no independent NGOs in Brunei that promote or monitor CSR.

OECD Guidelines for Multinational Enterprises

Brunei does not adhere to the OECD guidelines for multinational enterprises.

OECD's guidelines for multinational enterprises can be found here:

<http://www.oecd.org/corporate/mne/>

## 11. Political Violence

Brunei has no recent history of political violence. The country experienced an uprising in 1962, when it was a British protectorate, which ended through the intervention of British troops. The country has been ruled peacefully under emergency law ever since.

## 12. Corruption

Since 1982, Brunei has enforced the Emergency (Prevention of Corruption) Act. In 1984, the Act was renamed the Prevention of Corruption Act (Chapter 131). The Anti-Corruption Bureau (ACB) was established in 1982 for the purpose of enforcing the Act. The Prevention of Corruption Act provides specific powers to the ACB for the purpose of investigating accusations of corruption. The Act authorizes ACB to investigate certain offences under other written laws, provided such offences were disclosed during the course of ACB investigation.

The ACB strives to ensure a corruption-free public service. Corrupt practices are punishable under the Prevention of Corruption Act. The Act also applies to Brunei citizens abroad. There are perceptions that corruption in the private sector is more prevalent than in the public sector. This has prompted the ACB to focus on the private sector, as the private sector plays a critical role in Brunei's economic diversification. Brunei is a member of the International Association of Anti-Corruption Authorities.

In Transparency International's Corruption Perception Index (CPI) 2013, Brunei ranked 38 out of 175 countries. Despite its relatively high ranking, Brunei has chosen not to participate in the CPI since 2014 possibly due to the costs and reporting requirements of the CPI assessment process.

No U.S. company has identified corruption as an obstacle to conducting business in Brunei.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Brunei has signed and ratified the UN Anticorruption Convention.

### *Resources to Report Corruption*

Government Point of Contact:

- Name: Dato Paduka Haji Mohammad Juanda bin Haji Abdul Rashid
- Title: Director

- Organization: Anti-Corruption Bureau Brunei Darussalam
- Address: Old Airport Berakas, BB 3510 Brunei Darussalam
- Tel: +673 238-3197 / +673 238-1746
- Fax: +673 238-3193
- Email: [info.bmr@acb.gov.bn](mailto:info.bmr@acb.gov.bn)

The level and extent of corruption in Brunei is relatively low. For example in June 2016, a police officer was found guilty of accepting a USD30 bribe in exchange for not taking action over a driver's alleged traffic offenses of not wearing a seatbelt and using a mobile phone while driving.

Apart from the Anti-Corruption Bureau, there are no international, regional, local or nongovernmental organizations operating in Brunei that monitor corruption.

### **13. Bilateral Investment Agreements**

Brunei is a member of the Association of Southeast Asian Nations (ASEAN), which has Free Trade Agreements (FTA) with Australia, New Zealand, China, India, and South Korea, and a Comprehensive Economic Partnership Agreement with Japan.

Brunei currently has Bilateral Investment Treaties with Bahrain, China, Germany, India, the Republic of Korea, Kuwait, Oman, and Ukraine.

Information on Brunei's Bilateral Investment Treaties can be found here: <http://www.mof.gov.bn/index.php/tax-treaties>

Brunei was the ASEAN Coordinator in negotiations for the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA), which was signed February 2009 in Thailand and entered into force January 2010. Brunei is a negotiating party to the Regional Comprehensive Economic Partnership (RCEP).

Brunei is a founding member of the Trans-Pacific Partnership (TPP) trade agreement that concluded negotiations in October 2015 was signed by all twelve parties in February 2016. Once ratified, the TPP is expected to advance U.S. economic interests with some of the fastest-growing economies in the world; expand U.S. exports, which are critical to the creation and retention of jobs in the United States; set high standards for regional trade and investment that promote U.S. interests and values; and serve as a potential platform for economic integration across the Asia-Pacific region. In addition to the United States and Brunei, the 12 TPP members include Australia, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

#### **Bilateral Taxation Treaties**

Brunei does not have a Bilateral Taxation Treaty with the United States.

Information on Brunei's taxation treaties can be found here:

<http://www.mof.gov.bn/index.php/tax-treaties>

### **14. Foreign Trade Zones/Free Ports/Trade Facilitation**

Muara Port is Brunei's main seaport with an established Free Trade Zone called the Muara Export Zone (MEZ), which was established to promote and develop Brunei as a trade hub of the region. The establishment of the MEZ was an initial step towards developing other Free Trade Zones in the country.

## 15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

|   | Host Country Statistical source* |        | USG or international statistical source |        | USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other  |
|---|----------------------------------|--------|---|--------|---|
| Economic Data   | Year                             | Amount | Year                                    | Amount |   |
| Host Country Gross Domestic Product (GDP) at current USD prices (\$M USD) | 2014                             | 15,730 | 2014                                    | 17,100 | <a href="http://data.worldbank.org/country/brunei-darussalam">http://data.worldbank.org/country/brunei-darussalam</a>   |
| Foreign Direct Investment   | Host Country Statistical source* |        | USG or international statistical source |        | USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other  |
| U.S. FDI in partner country (\$M USD, stock positions)                    | N/A                              | N/A    | N/A                                     | N/A    | BEA data available at <a href="http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm">http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm</a> |
| Host country's FDI in the United States (\$M USD, stock positions)        | N/A                              | N/A    | N/A                                     | N/A    | BEA data available at <a href="http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm">http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm</a> |
| Total inbound stock of FDI as % host GDP (\$M USD)                        | 2014                             | -36    | 2014                                    | -6     | U.S. had net negative FDI position in Brunei in 2014  |

\*Brunei's GDP data obtained from Brunei Darussalam Statistical Yearbook 2014. Data is not available for US-Brunei's stock FDI positions.

### Sources and Destination of FDI

Department of Economic Planning and Development and IMF Coordinated Direct Investment Survey data are not available for Brunei's stock FDI positions.

### Sources of Portfolio Investment

Department of Economic Planning and Development and IMF Coordinated Direct Investment Survey data are not available for Brunei's sources of portfolio investment.

## Section 5 - Government

### Chiefs of State and Cabinet Members:

For the current list of Chiefs of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

### Legal system:

mixed legal system based on English common law and Islamic law

### International organization participation:

ADB, APEC, ARF, ASEAN, C, CP, EAS, G-77, IBRD, ICAO, ICC (NGOs), ICRM, IDA, IDB, IFRCs, ILO, IMF, IMO, IMSO, Interpol, IOC, ISO (correspondent), ITSO, ITU, NAM, OIC, OPCW, UN, UNCTAD, UNESCO, UNIFIL, UNWTO, UPU, WCO, WHO, WIPO, WMO, WTO

## Section 6 - Tax




### Exchange control

There are no foreign exchange controls in Brunei Darussalam, although exchanges and movements of currency are monitored.

### Treaty and non-treaty withholding tax rates

Brunei Darussalam has signed **24 agreements (14 DTC and 10 TIEA agreements)** providing for the exchange of information.

| Jurisdiction                     | Type of EOI Arrangement | Date Signed | Date entered into Force | Meets standard | Contains paras 4 and 5 |   |
|----------------------------------|-------------------------|-------------|-------------------------|----------------|------------------------|---|
| Australia                        | TIEA                    | 6 Aug 2013  | not yet in force        | Unreviewed     | Yes                    |    |
| Bahrain                          | DTC                     | 14 Jan 2008 | 18 Jul 2009             | No             | No                     |  |
| Bahrain                          | DTC Protocol            | 18 Dec 2012 | not yet in force        | Unreviewed     | Yes                    |  |
| Canada                           | TIEA                    | 9 May 2013  | not yet in force        | Unreviewed     | Yes                    |  |
| China                            | DTC                     | 21 Sep 2004 | 29 Dec 2006             | No             | No                     |  |
| Denmark                          | TIEA                    | 27 Jun 2012 | 15 Mar 2013             | Unreviewed     | Yes                    |  |
| Faroe Islands                    | TIEA                    | 27 Jun 2012 | not yet in force        | Unreviewed     | Yes                    |  |
| Finland                          | TIEA                    | 27 Jun 2012 | not yet in force        | No             | Yes                    |  |
| France                           | TIEA                    | 30 Dec 2010 | not yet in force        | No             | Yes                    |  |
| Greenland                        | TIEA                    | 27 Jun 2012 | not yet in force        | Unreviewed     | Yes                    |  |
| Hong Kong, China                 | DTC                     | 19 Jul 2010 | 19 Dec 2010             | No             | Yes                    |  |
| Iceland                          | TIEA                    | 27 Jun 2012 | not yet in force        | No             | Yes                    |  |
| Indonesia                        | DTC                     | 27 Feb 2000 | 14 Aug 2002             | No             | No                     |  |
| Japan                            | DTC                     | 20 Jan 2009 | 19 Dec 2009             | No             | Yes                    |  |
| Kuwait                           | DTC                     | 13 Apr 2009 | 2 Jun 2011              | No             | No                     |  |
| Lao People's Democratic Republic | DTC                     | 22 Apr 2006 | not yet in force        | No             | No                     |  |
| Malaysia                         | DTC                     | 5 Aug 2009  | 17 Jun 2010             | No             | Yes                    |  |
| Norway                           | TIEA                    | 27 Jun 2012 | not yet in force        | Unreviewed     | Yes                    |  |
| Oman                             | DTC                     | 28 Jun 2009 | 1 Jan 2010              | No             | No                     |  |
| Pakistan                         | DTC                     | 25 Dec 2009 | 1 Jan 2010              | No             | No                     |  |
| Singapore                        | DTC                     | 19 Aug 2005 | 14 Dec 2006             | No             | Yes                    |  |

| Jurisdiction   | Type of EOI Arrangement | Date Signed | Date entered into Force | Meets standard | Contains paras 4 and 5 |   |
|----------------|-------------------------|-------------|-------------------------|----------------|------------------------|---|
| Sweden         | TIEA                    | 27 Jun 2012 | not yet in force        | No             | Yes                    |  |
| Tajikistan     | DTC                     | 3 Apr 2010  | not yet in force        | No             | Yes                    |  |
| United Kingdom | DTC                     | 8 Dec 1950  | 8 Dec 1950              | No             | No                     |  |
| United Kingdom | DTC Protocol            | 11 Dec 2012 | not yet in force        | Unreviewed     | Yes                    |  |
| Viet nam       | DTC                     | 16 Aug 2007 | 1 Jan 2009              | No             | No                     |  |

## Methodology and Sources

### Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

### Section 2 - Anti – Money Laundering / Terrorist Financing

|   | Lower Risk                        | Medium Risk                           | Higher Risk                       |
|---|-----------------------------------|---------------------------------------|-----------------------------------|
| <a href="#">FATF List of Countries identified with strategic AML deficiencies</a>                               | Not Listed                        | AML Deficient but Committed           | High Risk                         |
| <a href="#">Compliance with FATF 40 + 9 recommendations</a>   | >69% Compliant or Fully Compliant | 35 – 69% Compliant or Fully Compliant | <35% Compliant or Fully Compliant |
| <a href="#">US Dept of State Money Laundering assessment (INCSR)</a>  | Monitored                         | Concern                               | Primary Concern                   |
| <a href="#">INCSR - Weakness in Government Legislation</a>  | <2                                | 2-4                                   | 5-20                              |
| <a href="#">US Sec of State supporter of / Safe Haven for International Terrorism</a>                           | No                                | Safe Haven for Terrorism              | State Supporter of Terrorism      |
| <a href="#">EU White list equivalent jurisdictions</a>  | Yes                               |                                       | No                                |
| <a href="#">International Sanctions UN Sanctions / US Sanctions / EU Sanctions</a>                              | None                              | Arab League / Other                   | UN , EU or US                     |
| <a href="#">Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network</a> | >69%                              | 35 – 69%                              | <35%                              |
| <a href="#">World government Indicators (Average)</a>   | >69%                              | 35 – 69%                              | <35%                              |
| <a href="#">Failed States Index (Average)</a>   | >69%                              | 35 – 69%                              | <35%                              |
| <a href="#">Offshore Finance Centre</a>   | No                                |                                       | Yes                               |



### **Section 3 - Economy**

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

### **Section 4 - Foreign Investment**

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

### **Section 5 - Government**

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

### **Section 6 - Tax**

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

## **DISCLAIMER**

Part of this report contains material sourced from third party websites. This material could include technical inaccuracies or typographical errors. The materials in this report are provided "as is" and without warranties of any kind either expressed or implied, to the fullest extent permissible pursuant to applicable law. Neither are any warranties or representations made regarding the use of or the result of the use of the material in the report in terms of their correctness, accuracy, reliability, or otherwise. Materials in this report do not constitute financial or other professional advice.

We disclaim any responsibility for the content available on any other site reached by links to or from the website.

## **RESTRICTION OF LIABILITY**

Although full endeavours are made to ensure that the material in this report is correct, no liability will be accepted for any damages or injury caused by, including but not limited to, inaccuracies or typographical errors within the material, Neither will liability be accepted for any damages or injury, including but not limited to, special or consequential damages that result from the use of, or the inability to use, the materials in this report. Total liability to you for all losses, damages, and causes of action (in contract, tort (including without limitation, negligence), or otherwise) will not be greater than the amount you paid for the report.

## **RESTRICTIONS ON USE**

All Country Reports accessed and/or downloaded and/or printed from the website may not be distributed, republished, uploaded, posted, or transmitted in any way outside of your organization, without our prior consent. Restrictions in force by the websites of source information will also apply.

We prohibit caching and the framing of any Content available on the website without prior written consent.

Any questions or queries should be addressed to: -

Gary Youinou

Via our [Contact Page](#) at KnowYourCountry.com