



International Tax Europe and Africa September 2016

This e-newsletter gives you an overview of international tax developments being reported globally by KPMG firms in the Tax Europe and Africa regions between **1 September and 30 September 2016**.

Africa	Germany	Poland
Austria	Ghana	Russia
Belgium	Hungary	Slovakia
Bulgaria	Ireland	Sweden
Czech Republic	Luxembourg	Switzerland
Finland	Mauritius	UK
France	Netherlands	
EU	Norway	

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To contact the International Tax Team email internationaltax@kpmg.com.

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	Tax area concerned	Relevant date/Case reference	Description of measures and publication link (<i>Considerations in italic where necessary</i>)
Africa			
KPMG publication	Banking industry	14 Sept 2016	KPMG has released its Africa Banking Industry Customer Satisfaction Survey, which reflects the results of the firm's interaction with more than 33,000 retail banking customers spread across 18 different African markets. Read more

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Austria			
KPMG publication	Various tax areas	29 Sept 2016	The KPMG member firm in Austria prepared a report that discusses deductibility of interest expenses paid to a group parent company and new obligations for companies sending staff to Poland. Read more

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Belgium			
Proposed legislation	Notional interest deduction rate	2018	The average return and the notional interest deduction rate will be 0.237 percent for assessment year 2018. For small and medium sized enterprises (SMEs), the rate will be 0.737 percent. These rates are still subject to official confirmation. Read more

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Bulgaria			
Treaties	Tax treaty	21 Sept 2016	A new income tax treaty between Bulgaria and Romania has been ratified and entered into force, and the treaty provisions generally will be effective beginning 1 January 2017. Measures that differ from the existing 1994 treaty include tax residency rules, withholding rates and taxation of capital gains. Read more

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Czech Republic			
KPMG publication	Various tax areas	16 Sept 2016	KPMG in the Czech Republic has prepared a report about justifiable reasons for not filing a VAT ledger statement and application for interest on VAT-related excess deductions. Read more

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Finland

Administrative and case law	WHT	22 Sept 2016	The Finnish tax administration concluded that an Australian public entity was comparable to the Finnish government and public entities as listed in section 20 of Finland's income tax law and as such was exempt from withholding tax on dividends paid from sources in Finland. Read more
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France			
Proposed legislation	Various tax areas	30 Sept 2016	The French Ministry of Finance presented, during a press conference on 28 September 2016, the main tax provisions of what will be the draft Finance Bill for 2017, prior to the bill being submitted to the French Parliament. KPMG has provided a summary of provisions that would affect the taxation of companies. Read more

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EU			
Administrative and case law	Tax morality	15 Sept 2016	The European Commission announced it is working to draw up a first common EU list of non-cooperative tax jurisdictions by presenting a pre-assessment of all third countries according to key indicators. Read more
Other	VAT	6 Sept 2016	The European Commission (EC) today reported that EUR€159.5 billion in value added tax (VAT) revenues were lost across the EU in 2014. Read more

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Germany			
Treaties	Income tax treaty	20 Sept 2016	Japan's Ministry of Finance announced that mutual notifications necessary for the entry into force of the income tax treaty between Japan and Germany, as signed in December 2015, were completed on 28 September 2016. Therefore, the new Japan-Germany income tax treaty will enter into force on 28 October 2016 (30 days after the date of receipt of the latter notification). Read more

KPMG publications	Various tax areas	30 Sept 2016	The KPMG member firm in Germany has prepared a report that summarizes the recent tax developments. The report discusses a Bundesrat opinion on BEPS, a draft bill on loss utilization for tax purposes and treaty-override provisions as they relate to income tax treaties. Read more
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Ghana

Tax legislation adopted and regulatory update	Capital allowances	14 Sept 2016	There has been a change to the tax policy in Ghana that previously allowed taxpayers to defer and apply unused capital allowances (for instance, depreciation) from the tax year when incurred, to other tax years. Read more
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Hungary

Tax legislation adopted and regulatory update	Totalization agreement	1 Sept 2016	Almost 17 months after its domestic publication, the totalization agreement between the United States and Hungary entered into force on 1 September 2016. Read more
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Ireland

Tax legislation adopted and regulatory update	Financial statement reporting	16 Sept 2016	Companies (Accounting) Bill 2016 has been published and, once enacted, would require expanded financial statement reporting by certain groups that have Irish incorporated unlimited companies. Read more
Tax legislation adopted and regulatory update	Tax rules to Section 110 companies	7 Sept 2016	The Department of Finance has announced new tax rules which will apply to certain Section 110 companies which hold debt interests secured on, or deriving most of their value from, Irish real estate. Read more

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Luxembourg

Administrative and case law	VAT	15 Sept 2016	A judgment of the Court of Justice of the European Union (CJEU) clarifies the relationships between a branch and its head office and the right to deduct input value added tax (VAT) incurred by a permanent establishment or head office for the purposes of internal transactions. Read more
Administrative and case law	VAT	30 Sept 2016	The Luxembourg VAT authorities published a circular clarifying the treatment of directors' fees for VAT purposes. Read more
KPMG publications	General overview of the different fund vehicles	20 Sept 2016	KPMG in Luxembourg prepared a report that provides a general overview of the different fund vehicles that can be established in Luxembourg, across all asset classes and investment strategies. The report provides information on the set-up and operating requirements of the available structures, and focuses on the following aspects: <ul style="list-style-type: none"> — legal and regulatory requirements — shareholding — reporting requirements — approval and supervision — taxation. Read more
Other	State aid	19 Sept 2016	The European Commission announced the opening of an in-depth investigation into Luxembourg's tax treatment of a French electric utility. Read more

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Mauritius

Tax legislation adopted and regulatory update	Various tax areas	7 Sept 2016	The Finance Bill 2016 was enacted 7 September 2016, and contains tax measures announced in the budget. The measures generally were approved by parliament without major changes from the budget. Among the provisions is one that imposes a penalty when companies file amended tax returns. Read more
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Netherlands

Proposed legislation	WHT	20 Sept 2016	The Deputy Minister of Finance of the Netherlands sent a letter to Parliament with proposed changes to
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			<p>the Dutch dividend tax law. These changes include a withholding obligation for holding cooperatives, and the extension of an exemption for both shareholders and members of cooperatives in active business structures.</p> <p>Read more</p>
Proposed legislation	Various tax areas	20 Sept 2016	<p>The 2017 tax plan changes are dominated by simplification and measures to address certain tax arrangements and tax evasion. Many of the proposed measures will take effect on 1 January 2017.</p> <p>Read more</p>
Administrative and case law	VAT	2 Sept 2016	<p>The Advocate General of the Court of Justice of the European Union (CJEU) issued an opinion concluding that in assessing whether a fund is subject to “specific State supervision” – and thus qualifies as a special investment fund – attention must be paid to Dutch regulatory law. General administrative services and operational management services can be regarded as exempt from value added tax (VAT) of a special investment fund.</p> <p>Read more</p>

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Norway

Tax legislation adopted and regulatory update	VAT	20 Sept 2016	<p>The value added tax (VAT) return in Norway will be replaced with a new and more detailed version of the form, effective from the first VAT reporting period of 2017. The new version of the VAT return applies to transactions conducted as of 1 January 2017. The VAT return for the period November to December 2016 (i.e., the VAT return having a due date of 10 February 2017) as well as any additional or corrective VAT returns for periods prior to 2017, will be reported on the “old” format.</p> <p>Read more</p>
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Poland

Tax legislation adopted and regulatory update	Reporting	18 Sept 2016	<p>Employers — both foreign employers and certain Polish employers — must satisfy new reporting requirements with respect to seconded workers by 18 September 2016.</p> <p>Read more</p>
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Other	State aid	19 Sept 2016	The European Commission announced the opening of an in-depth investigation into a Polish tax on the retail sector. Read more
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Russia			
Tax legislation adopted and regulatory update	VAT	19 Sept 2016	The new rules are aimed at collecting Russian VAT from the sale of e-services at the place of consumption (i.e., in Russia) by requiring foreign suppliers of such services to register for VAT purposes. These new measures have the effect of treating Russian and foreign suppliers of e-services alike. Read more

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Slovakia			
Proposed legislation	Income tax	28 Sept 2016	The Slovakian government approved amendments to legislative proposals that would revise provisions of the income tax law of Slovakia. The amendments are expected to be approved by the Parliament by year-end, and include changes to the taxation of dividends and a new regime of taxation of liquidation proceeds. Read more

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Sweden			
Proposed legislation	Various tax areas	28 Sept 2016	The budget bill for 2017, as presented to the Swedish parliament (<i>Riksdagen</i>) contains very few reforms in the corporate tax area, except for some changes affecting taxation in the energy sector. There is also a focus on efforts to counter tax evasion and tax avoidance. Read more

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Switzerland			
Proposed legislation	WHT	20 Sept 2016	The "smaller chamber" of the Swiss parliament voted to amend the withholding tax rules. The vote has implications for taxpayers facing possible

			assessments of substantial payments of interest due to late notifications of dividends. The pending legislation would provide that a failure of late notification of dividends would not trigger interest, but would only trigger the imposition of a penalty. Read more
Administrative and case law	Exchange of information	11 Sept 2016	The Swiss Federal Supreme Court on 11 September 2016 decided that a “group request” filed by the Netherlands for unnamed customers of a Swiss bank was acceptable, and reverse a decision of the Swiss Federal Administrative Court. Read more

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UK			
Proposed legislation	Non-dom individuals	16 Sept 2016	HM Treasury has provided more detail on the likely direction of the rules including reaffirming a commitment to introduce proposals on the taxation of non-domiciled individuals and inheritance tax. Read more Further consultation on proposals impacting all UK resident non-doms, non-UK residents holding UK residential property and their structures. Read more
Proposed legislation	DR provisions	2 Sept 2016	A consultation has been released outlining the proposed expansion of the disguised remuneration (DR) legislation. Read more
Other	Tax disputes	23 Sept 2016	On 20 September, Edward Troup and Jim Harra presented the findings from the HMRC’s 2015-16 report: How we resolve tax disputes. Read more

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