



International Tax Europe and Africa November 2016

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

Austria	France	Mauritius	Spain
Belgium	Germany	Netherlands	Sweden
Bulgaria	Hungary	Nigeria	Switzerland
Czech Republic	Ireland	OECD	UK
EU	Italy	Poland	Zambia
Finland	Luxembourg	Russia	

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	Tax area concerned	Relevant date	Description of measures and publication link
Austria			
KPMG publications	Various tax areas	30 Nov 2016	KPMG in Austria prepared a report that includes discussions of the following tax developments: <ul style="list-style-type: none">— draft tax legislation includes changes affecting credit institutions and the calculation method regarding the allowances for receivables, concerning the definition of 'property' for value added tax (VAT) purposes, and limiting loss offsets against income— guidance concerning the lump-sum calculation with respect to accumulated profits or losses

			<ul style="list-style-type: none"> — the introduction of a 'group clause' for purposes of transfers of shares within a tax group that triggers the real estate transfer tax — guidance on the harmonization of depreciation rates regarding company buildings — an Administrative Supreme Court decision concerning the acquisition of shares by a joint-stock company. <p>Read more</p>
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Belgium			
Tax legislation adopted and regulatory update	Reporting requirements	9 Nov 2016	Companies subject to Belgian corporate income tax and non-resident corporate income tax must report payments totaling at least EUR€100,000 per financial year to beneficiaries established in countries considered to be 'tax havens'. For these purposes, the list of tax havens includes jurisdictions that have 'low taxation' or have no taxation. Read more
Proposed legislation	The Budget 2017	18 Nov 2016	The federal government has approved a draft program law implementing the Budget 2017. Updates and changes relate to withholding tax rates, internal capital gains calculations, excess profit rulings and tax on stock exchanges transactions. Read more
Administrative and case law	The Belgian fairness tax	17 Nov 2016	<i>The Advocate General of the Court of Justice of the European Union (CJEU)</i> issued an opinion in a pending case concerning whether the Belgian 'fairness tax' is, in part, contrary to European law. According to today's opinion of the <i>CJEU Advocate General</i> , the Belgian fairness tax violates article 4 of the Parent-Subsidiary Directive. Read more
Administrative and case law	The new tax on credit institutions	16 Nov 2016	A Royal Decree providing guidelines for implementing the new annual tax imposed on credit institutions was published today in the Belgian official gazette. Read more

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Bulgaria			
KPMG publication	VAT and tax classification	7 Nov 2016	This article discusses the tax treatment of services provided by international card operators to Bulgarian

			financial institutions. Read more
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Czech Republic

KPMG publication	Various tax areas	30 Nov 2016	KPMG in the Czech Republic has prepared a report that includes discussion of: a possible plan for a new income tax law that, among other things, imposes an exit tax, and resolves current inconsistencies in the tax rules; guidance on reverse-charge application on telecommunication services; and, new rounds for support under an innovation program. Read more
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EU

Other	ECOFIN meeting	11 Nov 2016	On 8 November 2016 the Economic and Financial Affairs Council of the EU (ECOFIN) discussed several initiatives regarding tax transparency, aggressive tax planning and the corporate tax environment in the EU. Read more
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Finland

Treaties	Income tax treaty	25 Nov 2016	A decision concerning the elimination of double taxation on income received from China and the application of the income tax treaty between Finland and China was issued by Finland's Supreme Administrative Court. The issue in this case was whether payments to a Finnish company, from a Chinese company, constituted royalties (under treaty Article 12) or business profits (Article 7) for taxation purposes. Read more
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France

Proposed legislation	Dividend distributions and diverted profit tax	14 Nov 2016	The French Ministry of Finance announced that a provision would be introduced to extend the benefit of an exemption from the 3 percent tax that is imposed on dividend distributions to foreign parent
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			companies—and not just French parent companies—when the foreign parent companies satisfy, apart from their nationality, the conditions to be the head of a French tax group. Read more
Proposed legislation	Finance law for 2016	18 Nov 2016	The French government submitted a draft rectified finance law for 2016. This draft law includes tax technical provisions including changes to the 3 percent tax on dividend distributions. Tax professionals with Fidal* have noted that with this draft provision, taxpayers may want to consider (despite on-going litigation concerning the 3 percent tax currently pending at the EU level) delaying until after 31 December 2016, any contemplated distributions to be made by French companies to their foreign parent companies holding at least a 95 percent share ownership interest. Read more

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Germany			
KPMG publications	Various tax areas	1 Nov 2016	KPMG in Germany has prepared a report that summarizes the following recent tax developments: <ul style="list-style-type: none"> — anti-treaty/-directive shopping rule — tax-neutral repayment of contributions — non-deductibility of profit reductions — income tax treaties with Japan, Israel, and Costa Rica. Read more
KPMG publications	VAT	23 Nov 2016	In order to keep you informed about current issues concerning VAT Indirect Tax Services, KPMG in Germany publishes a monthly newsletter. Read more

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Hungary			
Proposed legislation	Various tax areas	10 Nov 2016	The Hungarian government has submitted legislative proposals for tax law changes, scheduled to be enacted for 2017. There are proposals that would amend certain tax rules for corporations and for individual taxpayers. Read more

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Ireland			
Other	UK corporation tax	28 Nov 2016	The Irish Times published an article on how US and UK moves on corporation tax pose serious challenges for Ireland. It also discusses how efforts to keep Britain 'open for business' will test Irish policymakers' mettle. Read more
Other	Central Register of Beneficial Owners	17 Nov 2016	Ireland takes first step to create a central register of beneficial owners of Irish incorporated companies. This article discusses what information would be included in a central register, obligations of the company and beneficial owners as well as relevant international developments. Read more
Other	Corporate Governance	16 Nov 2016	New developments on corporate governance in fund management companies active in Ireland. Read more

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Italy			
Tax legislation adopted and regulatory update	VAT	29 Nov 2017	Value added tax measures contained in Law Decree no. 193 (22 October 2016) have been 'converted into law'. The new law sets forth what details are to be including in the quarterly filings, and the revenue authority is directed to issue implementation guidelines. Read more
Tax legislation adopted and regulatory update	The VAT grouping rules	17 Nov 2016	New value added tax (VAT) grouping rules have been introduced in Italy, with a proposed effective date of 1 January 2018. The VAT grouping rules are in draft form, and thus may be subject to change. The anticipated date of passage is sometime in 2016. Read more

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Luxembourg			
Proposed legislation	New residency permits	28 Nov 2016	Measures that would transpose EU directives into Luxembourg's domestic law could possibly position Luxembourg as an entryway for entrepreneurs and

			investors into Europe. Read more
Treaties	Income tax treaty	9 Nov 2016	A Protocol amending in the income tax treaty between Luxembourg and Russia includes changes to withholding tax rates, corporate income tax, capital gains rates and automatic exchange of information. Read more

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Mauritius

Tax legislation adopted and regulatory update	Reporting requirement	4 Nov 2016	A provision of the Finance Act 2016 requires individual taxpayers with income exceeding MUR 15 million or with assets that have a cost exceeding MUR 50 million to submit, with their annual income returns, a statement of assets and liabilities. Read more
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Netherlands

Tax legislation adopted and regulatory update	Entry and residence of non-EU nationals	29 Nov 2016	The Netherlands — effective 29 November 2016 — will implement an EU Directive regulating the entry and residence of non-EU nationals who are transferred within a company. Read more
Treaties	Social security treaty	14 Nov 2016	A social security treaty between the Netherlands and China is expected to enter into force in 2017. Accordingly, with this agreement's entry into force, it would be less costly for many Dutch companies in China to second employees to China. Read more

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Nigeria

Other	Various tax areas	18 Nov 2016	The Executive Chairman of the Federal Inland Revenue Service (FIRS) on 18 November 2016 at a KPMG-sponsored event commented on: <ul style="list-style-type: none"> — the waiver of interest and penalties under a tax amnesty program — the rules for carryforwards of withholding tax and value added tax (VAT) credits
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			<ul style="list-style-type: none"> — currency for making remittances of withholding tax and VAT — an ongoing review of tax refunds by FIRS. Read more
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OECD			
Other	Tax audit capacities	22 Nov 2016	<p>The Organisation for Economic Cooperation and Development (OECD) issued an update on an international program designed to enhance developing countries' ability to bolster domestic revenue collection through strengthening of tax audit capacities — tax inspectors without borders.</p> Read more
Other	Tax audit capacities	30 Nov 2016	<p>The Organisation for Economic Cooperation and Development (OECD) reported that tax revenues collected in advanced economies have continued to increase from last year's all-time high, with taxes on labor and consumption representing an increasing share of total tax revenues.</p> Read more

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Poland			
Tax legislation adopted and regulatory update	VAT	28 Nov 2016	<p>Legislation amending the value added tax (VAT) law in Poland has been adopted by the government. The measures provide for the reinstatement of VAT penalties, detailed verification of newly registered taxpayers, a requirement to file VAT declarations in electronic format, and a tightening of liability for violations of the rules.</p> Read more
Tax legislation adopted and regulatory update	Corporate income tax and individual (personal) income tax	7 Nov 2016	<p>Tax legislation amending the corporate income tax and individual (personal) income tax laws in Poland generally are effective beginning 1 January 2017. Several relevant corporate tax provisions have been updated.</p> Read more
Tax legislation adopted and regulatory update	VAT	9 Nov 2016	<p>The Ministry of Finance published changes to two standard audit file items relating to information required to be reported for purposes of the value added tax (VAT) and the revenue and expense ledger. The new guidelines are effective 1 January</p>

			2017. Read more
Proposed legislation	Taxation of investment funds	3 Nov 2016	Pending legislation in Poland would introduce new rules concerning the taxation treatment of investment funds. Read more

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Russia			
KPMG publication	Various tax areas	9 Nov 2016	Measures in Russian tax law need to be considered in structuring investments to or from Russia. Specifically, measures in the so-called 'de-offshorization law' aim to prevent the use of offshore companies and unincorporated foreign structures — for example, funds, partnerships, trusts, other forms of collective investment vehicle and/or trust management — for tax planning purposes. Read more

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Spain			
Tax legislation adopted and regulatory update	VAT	2 Nov 2016	Applications to be included in (or excluded from) Spain's special value added tax (VAT) monthly refund regime for 2017 are due in November 2016. Read more

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Sweden			
Proposed legislation	Tax policy	1 Nov 2016	Sweden's tax agency (<i>Skatteverket</i>) released a report addressing proposed requirements that companies have a tax policy — one that is established by the management board. Read more
Administrative and case law	Financial activity tax	7 Nov 2016	A report concerning the taxation of financial services proposes that a new tax be imposed on the financial services sector — specifically, a financial activity tax to be proposed at a rate of 15 percent of total salary costs during a tax year. In other words, the tax would be an additional salary tax. The proposed effective date would be 1 January 2018. Read more

Administrative and case law	Permanent establishment	7 Nov 2016	A Swedish Administrative Court of Appeal issued a decision in a case regarding permanent establishments, and concluded that a German company that regularly conducted business from the same place in Sweden (albeit for a limited period of time) was deemed to have a permanent establishment. Read more
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Switzerland

Proposed legislation	Insurance industry	8 Nov 2016	There are a few upcoming regulatory tax projects that will affect the Swiss insurance industry. On a global level these include the latest tax risks facing the industry in light of the OECD's base erosion and profit shifting (BEPS) reports. Read more
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UK

Administrative and case law	Taxation for Banks	11 Nov 2016	Her Majesty's Revenue and Customs (HMRC) have published a consolidated and expanded version of their guidance on the Code of Practice on Taxation for Banks. Read more
Administrative and case law	Brexit	3 Nov 2016	The High Court ruled that the Government cannot trigger Brexit without Parliamentary approval. Read more
KPMG publications	Brexit	18 Nov 2016	KPMG's Indirect Tax Brexit Assessment Tool: how data can be used to better understand and plan for Brexit risks and opportunities. Read more
KPMG publications	Autumn Statement 2016	23 Nov 2016	Following the Chancellor's statement, KPMG in the UK compiled the key announcements for multinationals, SMEs, individuals and employers. Read more
KPMG publications	Autumn Statement 2016	23 Nov 2016	KPMG has published several in-depth reports on the measures announced in the Autumn Statement 2016. Read more
Other	Corporation Tax	4 Nov 2016	The Office of Tax Simplification (OTS) has published a progress report and a call for evidence in relation to its work on the simplification of the corporate tax

			computation. Read more
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Zambia			
Proposed legislation	Various tax areas	29 Nov 2016	The 2017 budget in Zambia includes tax proposals that would affect business and individual taxpayers, and would be effective 1 January 2017. Read more

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