



International Tax Europe and Africa December 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 December and 31 December 2016**.

Belgium	Germany	Poland
Bulgaria	Greece	Romania
Czech Republic	Ireland	Spain
Denmark	Italy	UK
EU	Moldova	Zimbabwe
France	Netherlands	

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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>)
Belgium			
Tax legislation adopted and regulatory update	Anti-hybrid rule	9 Dec 2016	Legislation implementing changes to the 'Parent-Subsidiary directive' and introducing a 'spread' or installment payment regime relating to the exit tax liability were published and made effective as of 8 December 2016. Read more
Proposed legislation	IP deductions	5 Dec 2016	The Belgian government has approved a draft law introducing a deduction for innovation income. The new regime will replace the patent income deduction which has been abolished earlier as it was not in line with the OECD 'modified nexus approach'. It will enter

			into force retroactively from 1 July 2016. Read more
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Bulgaria

Tax legislation adopted and regulatory update	Corporate tax and VAT	20 Dec 2016	Changes in the corporate income tax law, generally effective in 2017, include new submission requirements, tax treatments of corporate assets, VAT for mixed use and non-current assets, and possible alternate methods for calculating a partial input VAT deduction. Read more
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Czech Republic

KPMG Publication	Various	20 Dec 2016	The KPMG member firm in the Czech Republic has prepared a report that discusses a number of topics, including amendments to the Corporations Act, VAT deductions, treatment of R&D expenses and interest on retained excess deductions. Read more
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Denmark

Administrative and case law	Thin capitalization rules	22 Dec 2016	The CJEU issued a judgment in a case concerning the Danish corporate tax rules that provide an exemption from tax for interest income on loans provided by a Danish resident company to its Danish affiliated companies, if the corresponding interest expenditure deduction is denied the debtor because of application of the thin capitalization rules. Such an exemption from tax is denied when the affiliated debtor company is a resident in another EU Member State. Read more
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EU

Administrative and case law	Various	9 Dec 2016	The Economic and Financial Affairs Council of the EU (ECOFIN) adopted the proposal to grant access for tax authorities to anti-money laundering information.
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			<p>The Council further welcomed the corporate tax reform proposals presented by the Commission on 25 October 2016 and discussed the progress on the 2013 proposal aimed at introducing a financial transaction tax. The Council did not reach an agreement on the proposal aimed at extending the recently agreed rules on hybrid mismatches to third countries.</p> <p>Read more</p>
Proposed legislation	VAT	1 Dec 2016	<p>The European Commission released a proposal with respect to value-added tax (VAT) on e-publications. It is expected that the VAT e-commerce proposal would be effective in 2018, and for other measures to be effective in 2021.</p> <p>Read more</p>

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France			
Administrative and case law	CbC reporting	13 Dec 2016	<p>The French Constitutional Court (Conseil Constitutionnel) issued a decision concluding that a provision that imposes a country-by-country (CbC) public financial reporting requirement is unconstitutional. This type of CbC public financial reporting is distinguishable from CbC reporting for tax purposes.</p> <p>Read more</p>
Administrative and case law	Judicial review	8 Dec 2016	<p>The French Supreme Tax Court (Conseil d'Etat) issued a decision clarifying that a November 2016 decree that limits judicial review in situations when a claim is tacitly rejected by the administrative authority, does not apply to tax claims.</p> <p>Read more</p>
Administrative and case law	Filing deadlines	2 Dec 2016	<p>The deadline for filing tax claims, including refund claims, with the French administrative courts may be at risk in instances when taxpayers have filed claims with the French tax authorities, but have not yet received an explicit negative reply.</p> <p>Read more</p>

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Germany			
KPMG publications	VAT	20 Dec 2016	<p>The KPMG member firm in Germany has prepared a report that discusses recent value added tax (VAT) and indirect developments, including reverse charge</p>

			mechanism and customs valuation for transfer pricing. Read more
KPMG publications	Various tax areas	1 Dec 2016	The KPMG member firm in Germany has prepared a report that summarizes the recent tax developments. The report discusses an update on a common consolidated corporate tax base (CCCTB), CbC reporting, and court cases discussing permanent establishment and beneficial ownership. Read more

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Greece			
Proposed legislation	Various	7 Dec 2016	This article summarizes the most important amendments introduced by Law 4441/2016. The summary includes simplification of the procedures for the establishment of companies, waiver of regulatory obstacles to competition and certain partnership changes. Read more

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Ireland			
Tax legislation adopted and regulatory update	Corporate tax	7 Dec 2016	As announced at Autumn Statement 2016, several minor changes are to be made to the existing Corporation Tax (Northern Ireland) Act 2015 to allow more small and medium sized companies (SMEs) the potential to qualify for the lower corporation tax rate than previously. Read more
Administrative and case law	State aid	22 Dec 2016	The CJEU issued a judgment in joined cases concerning Ireland's air travel tax — an excise tax on air passenger transport, that is applied at different rates depending on the distance between the departure and arrival airports — and whether this tax was compatible with state aid rules. Read more
KPMG publication	Corporate tax	9 Dec 2016	This KPMG in Ireland publication discusses R&D tax relief and eligibility considerations. It covers the day-to-day activity of developing a new product; devising or making improvements to a production process; and trying out a new material to reduce costs. Read more

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Italy			
Tax legislation adopted and regulatory update	VAT	12 Dec 2016	Tax measures that implement provisions from the 2017 fiscal package have been approved by the parliamentary chamber. Measures addressed include depreciation, tax debts, and R&D tax credits. Read more

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Moldova			
Proposed legislation	Various	9 Dec 2016	A draft law relating to the tax, customs, and budget policy for 2017 include tax measures concerning capital contributions, VAT and definition of royalties for certain assets. Read more

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Netherlands			
Tax legislation adopted and regulatory update	Corporate tax	1 Dec 2016	The Upper House on 29 November 2016 passed a bill that amends the Dutch corporate income tax fiscal unity rules. Read more
Proposed legislation	Various tax areas	19 Dec 2016	The Deputy Minister of Finance addressed questions concerning a proposal for changes to the tax treatment of certain profit distributions. A bill — as yet presented to the Parliament — would amend the dividend withholding rules, and would make holding cooperatives subject to tax in certain instances. Read more
Administrative and case law	Special investment funds	12 Dec 2016	The Supreme Court of the Netherlands (Hoge Raad) determined that pension funds with a defined benefit plan cannot be regarded as a special investment fund within the meaning of the value added tax (VAT) exemption. The management of this pension fund, therefore, is not VAT-exempt. Read more

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Poland

Tax legislation adopted and regulatory update	Corporate tax	6 Dec 2016	Recently enacted tax legislation in Poland revises the corporate income tax rules that apply concerning the taxation of investment funds. The new measures are effective 1 January 2017. In general, the new measures continue the corporate income tax exemption for open-ended investment funds (FIOs) and specialized open-ended investment funds (SFIOs) except from SFIOs that apply the rules and limitations prescribed for closed-ended investment funds (FIZs). Read more
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Romania

Tax legislation adopted and regulatory update	VAT	20 Dec 2016	The standard rate of value added tax (VAT) is scheduled to be reduced to 19 percent (down from 20 percent) effective 1 January 2017. There is some uncertainty about the VAT rate reduction because of a recent change in the government of Romania. Read more
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Spain

Proposed legislation	Various	12 Dec 2016	Spain's new government in December 2016 announced its first package of tax measures aimed in part at reducing the deficit. Measures include limiting net operating losses, limits on double tax credits, and modifications to certain dividend exemptions. Read more
Administrative and case law	VAT	20 Dec 2016	A new 'immediate supply of information' system will be effective for value added tax (VAT) purposes in Spain beginning 1 July 2017. The new system is mandatory for taxpayers that currently file monthly VAT returns — generally, large companies, entities that form part of a VAT group, and taxpayers that have elected the special monthly VAT refund regime — and will be voluntary for other taxpayers. Read more

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UK

Proposed legislation	Various	16 Dec 2016	The Draft Budget saw the first divergence between income tax in Scotland and the rest of the UK. Read more
Proposed legislation	Filing requirements	16 Dec 2016	The Venture Capital Trust (Amendment) Regulations 2016 amend the Venture Capital Trust (VCT) Regulations with effect from 29 December 2016. The amendments have effect for periods that end on or after 31 December 2016 and significantly increase the amount of information that is required to be contained in the annual regulation 22 return that VCTs must file with HMRC. Read more
Proposed legislation	Various	1 Dec 2016	The Government has published the draft clauses for its forthcoming Finance Bill 2017 for consultation. KPMG in the UK provides an overview of the key issues in the draft Finance Bill 2017 clauses for businesses, employers and individuals. Read more
Administrative and case law	Hybrid mismatch rules	16 Dec 2016	The guidance is provided to assist understanding of the application of the hybrid mismatch rules which apply from 1 January 2017. Read more
Administrative and case law	Dividends	2 Dec 2016	The Court of Appeal (CoA) has released the latest judgment in the long-running group litigation saga of Test Claimants in the FII Group Litigation v HMRC. The case arises out of the UK's tax treatment of inbound EU sourced dividends received from group subsidiaries, both on receipt and their onward distribution, and the clear difference in treatment compared with the UK rules which applied at the time to dividends received from UK resident entities. Read more
Administrative and case law	VAT	2 Dec 2016	The FTT has supported the input VAT recovery of VAT on the professional fees of a management buyout. Read more
Treaties	BEPS	16 Dec 2016	HM Treasury and HMRC set out how the UK plans to respond to changes to bilateral tax treaties proposed by the BEPS Multilateral Instrument. Read more

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Zimbabwe

Proposed legislation	Permanent establishment	9 Dec 2016	A proposed definition of 'permanent establishment' would be added to the income tax law, so as to
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	and withholding tax		capture taxation of attributable profits earned by non-residents when they are not already captured by an income tax treaty or agreement. Also, there is a proposed reduction in withholding taxes on fees paid to non-resident directors, which up to now have been subject to double taxation at an effective rate of 35 percent. These would only be subject to the 20 percent withholding tax rate. Read more
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Designed by Evalueserve.
Publication Number: 133964C-G