



# GMS Flash Alert



## Flash Alert

### Monthly Summary (July 2017)

Flash Alerts (July)  
Publications, Videos & Webinars

#### ALL GMS Publications

[GMS Flash Alert](#)

[Global Assignment Policies and Practices Survey](#)

[Payroll Insights](#)

[Tax Rates Online](#)

[Taxation of International Executives \(TIES\) Online](#)

[The Expatriate Administrator](#)

[Thinking Beyond Borders: Management of Extended Business Travelers](#)

[U.S. Taxation of Americans Abroad](#)

[U.S. Taxation of Foreign Citizens](#)

[Your Assignment Abroad: The 50 Most Common Concerns](#)

#### Flash Alerts

Austria

#### **[New Law Alters Tax Treatment of Certain Employee Share Awards](#)**

On June 29, 2017, Austria's parliament adopted the new Worker Participation Foundation Act 2017, which, among other things, provides for the grant of company shares by an employer to its employees for the duration of their employment, and contributions to a newly-created Worker Participation Foundation. Under certain conditions, employees receiving shares under the new rules will not be subject to income wage tax and social security contributions on the grant of those shares. The new law enters into force from 1 January 2018.

Belgium

#### **[Change Ending Discrimination of Married, Legally Cohabiting Taxpayers](#)**

In Belgium, for married and legally cohabiting taxpayers with dependent children, the surcharges on the tax-free allowances referred to in article 132 of the Belgian Income Tax Code (for example, the surcharge for dependent children) were automatically allocated to the spouse with the higher income. In contrast, individuals not legally cohabiting or single taxpayers could freely choose which partner benefits from the surcharge on the tax-free allowance for their dependent children. The government has ended this discrimination as from the 2017 assessment year, with, in all cases, the tax-free allowance to be allocated to the spouse with the higher income unless allocation to the other spouse would be more beneficial for both taxpayers -- the calculation that is most

	beneficial for the taxpayers will be selected.
Luxembourg	<p><a href="#"><u><b>Last Call for Tax Amnesty “Regularizations”</b></u></a></p> <p>Individuals subject to income tax in Luxembourg have been given the opportunity to file corrective tax returns until 31 December this year, under the temporary tax amnesty regime. The remaining six months of the amnesty program can be seen as a “last call” for taxpayers who heretofore have failed to report undeclared income (and related assets) to the Luxembourg tax authorities. Taxpayers who do not regularize their fiscal affairs could face increased risk of being reported and may face criminal charges in court.</p>
OECD	<p><a href="#"><u><b>Updates to “Resident” Commentary. Comments Sought</b></u></a></p> <p>On July 11, 2017, the Organisation for Economic Co-operation and Development released the draft contents of the 2017 update to the OECD Model Tax Convention. The OECD is seeking comments by August 10, 2017, on draft changes to the Commentary on Article 4 of the OECD Model related to (1) the issue of whether a house rented to an unrelated person can be considered to be a “permanent home available to” the landlord for purposes of the tie-breaker rule and (2) changes that are intended to clarify the meaning of “habitual abode” in the tie-breaker rule.</p>
Netherlands	<p><a href="#"><u><b>All Days of Stay Count for 183-Day Rule</b></u></a></p> <p>A recent decision by the Supreme Court of the Netherlands held that word “stay” in the Netherlands’ 183-day rule covers all days that an individual is in the country (regardless of whether for business or personal reasons). This determines the taxing rights of the Dutch authorities. The decision also adheres to the “days of physical presence” method in the OECD Model Convention.</p>
Netherlands	<p><a href="#"><u><b>Social Security Agreement with China in Force from September 1</b></u></a></p> <p>The legislatures in the Netherlands and in the People’s Republic of China (“China”) have now ratified the social security agreement (“SSA” or “Agreement”) between the two countries and it will enter into force on September 1, 2017. The Agreement will help posted workers avoid being subject to double social security contributions while working in the other country. Assignees already in place need to make an application for a Certificate of Coverage.</p>
Sweden	<p><a href="#"><u><b>High Court Says Fees to Directors Taxable as Employment Income</b></u></a></p>

	<p>The high court in Sweden handed down a decision which provides that certain fees paid to company directors are taxable as income from employment, rather than business income. This decision by the high court will affect both issuers and receivers of directors' fees, whether domestic or based overseas, provided they are taxable under Swedish law.</p>
Thailand	<p><b><a href="#"><u>New Decree Tightens Rules on Hiring, Employing Foreign Nationals</u></a></b>  A new Thai decree tightens the rules around hiring and employing foreign nationals in Thailand and reinforces penalties and other sanctions for employers who violate the new rules. The terms of the decree took effect on June 23, 2017, although several of its measures are delayed until January 1, 2018.</p>
United States	<p><b><a href="#"><u>Court in Hawaii Alters Travel Ban, Expands Close Family Members</u></a></b>  On July 13, 2017, the U.S. District Court for the District of Hawaii, modified the preliminary injunction that had previously been narrowed by the U.S. Supreme Court to prevent the government from enforcing the president's Executive Order banning entry to the United States by individuals from Iran, Iraq, Libya, Somalia, Sudan, Syria, and Yemen. According to the Court, individuals from these countries who have a credible claim of a bona fide relationship with a person or entity in the United States are not subject to the Executive Order's ban. The U.S. District Court ruled a bona fide relationship now includes grandparents, grandchildren, brothers-in-law, sisters-in-law, aunts, uncles, nieces, nephews, and cousins of persons in the United States.</p>
United States	<p><b><a href="#"><u>Supreme Court Allows Grandparents, Others, as Close Family Members</u></a></b>  On July 19, 2017, the U.S. Supreme Court rejected the bid by the U.S. government to continue to apply the travel ban Executive Order to grandparents and other relatives originating from the six countries affected by the ban. This means that the grandparents and other stipulated close family members are not covered by the 90-day travel ban and, therefore, they may now enter the U.S. legally.</p>

### **Publications, Videos & Webinars**

United States	<p><b><a href="#"><u>The Expatriate Administrator: "Budgeting for an Assignment? Look out for Those "Goodbye" Taxes"</u></a></b>  Departure taxes, sometimes known as "exit" taxes, are too frequently an "after-thought"</p>
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	<p>for employees taking an international assignment. It is important to properly prepare an employee on international assignment for his tax obligations and potential liabilities when he leaves the host country, otherwise that employee, and very likely his company, could be exposed to a higher-than-expected tax bill and experience some frustration and anxiety. This article highlights the fairly complex subject of “departure tax” and looks at some popular assignment countries that impose them.</p>
United States	<p><b><a href="#">Payroll Insights: July 2017</a></b>  This edition is about Illinois increasing personal and corporate withholding tax rates. As result of the recently passed two year Illinois state budget, Senate Bill 9, employers must immediately and retroactively adjust state withholding rates as of July 1, 2017 to account for a permanent tax increase to help ease a budget shortfall. This increase will affect both individuals and corporations – the Illinois personal income tax withholding rate will increase from 3.75% to 4.95% while the corporate rate will increase from 5.25% to 7.0%.</p>
Switzerland	<p><b><a href="#">Video:</a></b>  As local and international legislation and regulations increasingly press companies to set up correct payroll slips and salary certificates, companies are challenged to keep up. This video from the KPMG International member firm in Switzerland demonstrates how KPMG can support clients in payroll matters to foster proper payroll compliance.</p>

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