



International Tax Europe and Africa August 2017

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 August and 31 August 2017**.

Belgium	European Union	Luxembourg	Romania
Bulgaria	Italy	Montenegro	Russia
Czech Republic	Lithuania	Nigeria	United Kingdom

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	Tax area concerned	Relevant date	Description of measures and publication link
Belgium			
Tax legislation approved and regulatory update	Corporate income tax	2018 / 2020	The Belgian government has reached an agreement on a corporate income tax reform. The reform is to be effective in two phases—once in 2018 and then in 2020—and includes a reduction of the corporate income tax rate to 29.58 percent (including the crisis contribution) as from assessment year 2019, and 25 percent as from assessment year 2021. Read more.
Proposed legislation	VAT	1 January 2018	A measure under the Belgium federal government's framework for a budget agreement provides that beginning 1 January 2018, it would be possible to subject new immovable property lease agreements to value added tax (VAT). Read more.

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Bulgaria			
Proposed legislation	Third parties' liability	4 August 2017	There are new rules in Bulgaria regarding the liability of third parties—including shareholders, managing directors, members of governing bodies, procurators, commercial representatives, and commercial agents—for tax and social security obligations of legal entities. The measures broaden the application of rules for determining who could be liable for unpaid taxes and other obligations. Read more.

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Czech Republic			
Administrative and case law	Corporate income tax	August 2017	A new case law development may afford more opportunities with respect to claiming tax deductible expenses in the Czech Republic. A provision of the income tax law may allow taxpayers to treat expenses with “directly related revenue” as tax deductible even when such expenses would otherwise be regarded as non-tax deductible under the income tax law. Read more.

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European Union			
Administrative and case law	Customs / Trade sanctions	August 2017	Recent developments concerning EU and U.S. export controls include sanctions regarding trade with Russia, Iran, and Venezuela. Read more
Administrative and case law	Various taxes	July 2017	A summary of recent Court of Justice of the European Union (CJEU) judgments, infringement procedures and referrals to CJEU. Read more.

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Italy			
Administrative and case law	Abuse of law / Reorganizations	25 July 2017	The Italian tax authority issued a tax ruling that addresses the application of the “abuse of law” rule to a demerger that is followed by a sale of shares in the demerging company by its shareholders. Read more.

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Lithuania			
Administrative and case law	VAT	August 2017	The CJEU issued a judgment finding that in a chain of transactions when two supplies are made but there is only one transport of the goods, the supply that transports the goods to the ultimate buyer in an EU Member State is considered to be an intra-Community supply. The case is: C-386/16 – Toridas. Read more

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Luxembourg			
Proposed legislation	IP tax regime	1 January 2018	The Luxembourg government introduced a bill that would provide a new intellectual property (IP) tax regime. The bill would provide a 80 percent tax exemption of income derived from patents—including IP assets that are functionally equivalent to patents—and copyrighted software, as well as a full net wealth tax exemption for these assets. Read more.

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Montenegro			
Tax legislation approved and regulatory update	VAT	1 January 2018	A new VAT law was passed by the parliament and then published in the official gazette in late July 2017. Among other, changes include an increase in the standard rate of VAT to 21 percent (from 19 percent) beginning 1 January 2018. Read more.

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Nigeria			
Tax legislation approved and regulatory update	Petroleum policy	July 2018	The federal government has approved a national petroleum policy that articulates the vision for the Nigerian petroleum industry and is intended to serve as a catalyst for economic growth. Read more.

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Romania			
Tax legislation approved and regulatory update	VAT	August 2017	Legislation on the VAT split-payment mechanism has been passed and published in the official gazette. Read more

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Russia			
Tax legislation approved and regulatory update	Anti-tax avoidance	1 January 2018	Russian federal tax service revised the country “blacklist,” and effective 1 January 2018, the British Virgin Islands and the Republic of Korea will be removed from the list of those countries not sharing tax information. The blacklist comprises 108 countries and 18 territories. Read more.

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United Kingdom			
Proposed legislation	BEPS	August 2017	A summary of insights, updates and opinion on all matters concerning the UK’s implementation of BEPS Action 4, which includes corporate interest restrictions. Read more.
Proposed legislation	Corporate income tax / Corporate interest restrictions	1 April 2017	Proposed corporate interest restriction rules were removed from Finance Bill 2017. The government has now confirmed that the corporate interest restriction measures will be included in a Finance Bill, to be introduced as soon as possible after the summer recess, with the start date continuing to be 1 April 2017. Read more.
Other	Anti-tax avoidance / Tax compliance	31 December 2017	Multinational entities subject to the disclosure rules must publish their UK tax strategy publicly online, and set out their strategy document before the end of 2017. If a qualifying multinational does not publicly disclose information relating to its UK tax strategy, it may face penalties and reputational implications. Read more.
Administrative and case law	Brexit / Customs	August 2017	As the UK readies itself for exiting the EU—“Brexit”—a transition period incorporating customs issues may be needed so that authorities and businesses can make adequate preparations. Customs authorities may need to prepare for an unprecedented burden on

			resources, but the costs ultimately could be expected to fall on business. Read more.
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