Global Expansion Updates

August 2016 | Issue 6

We are pleased to present the August issue of SKP Global Updates – our newsletter that covers employment, payroll, Goods and Services Tax (GST)/Value Added Tax (VAT) and corporate tax related developments globally.

The key highlights of this issue include the Draft guides on the Special Voluntary Disclosure program issued by the South African Revenue Service (SARS), the Mauritian Budget , increase in retirement and pension in Argentina, New Law introduced for Unpaid Child Bereavement Leave in Illinois, Payroll tax in New South Wales (NSW) - Revenue Ruling No. PTA 003 Version 2 in Australia, Change in Eligibility criteria for Singapore Employment Pass.

In this issue

Africa

South Africa

Draft guide on Special Voluntary Disclosure Program

Recently, the South African Revenue Service (SARS) has issued a draft guide on the Special Voluntary Disclosure Program (SVDP).

The draft guide is meant to assist individuals and companies in preparing for the commencement of the SVDP that was proposed by the Minister of Finance in his 2016 Budget. The guide says that the SVDP is intended to encourage taxpayers to come forward on a voluntary basis to regularise their tax affairs with SARS and avoid the imposition of understatement and administrative penalties.

The SVDP will be open for applications from 1 October 2016 until 31 March 2017. The SVDP will run concurrent to the permanent Voluntary Disclosure Programme (VDP) of SARS.

For further information, click here.

Ghana

Clarification on taxation of casual labour

Recently, the Ministry of Finance issued a clarification on taxation of casual or temporary workers. Earlier wages of casual or temporary workers (especially those in oil and gas, mining and other companies) were taxed at the marginal rate of 15% or 7.5%, but now after clarification these are replaced with a lower rate of 5%. Furthermore, it has been clarified that there is a reduction in rate and no new tax on casual and temporary employees.

For more information, click here.

Kenya

Payment of taxes through CBA

The Kenya Revenue Authority (KRA) has introduced a new way for payment of wide range of business taxes through the Commercial Bank of Africa (CBA). Taxes will be paid though any of CBA's branches throughout Kenya or via internet banking services. The list of banks has been published by KRA. The facility of payment through the CBA is also available to those who are not customers of CBA.

Mauritius

Budget 2016/17 highlights

Key highlights of the recent budget are mentioned below:

Income Tax measures:

- For certain entities, a five year tax holiday has been declared
- Manufacturing companies are eligible to offset tax liability by 5% of the investments in new plant and machinery.
- For capital investments made by a company in its subsidiary engaged in certain activities, an enhanced investment tax credit of 15% is available.
- Scope of TDS is extended to include services provided by accountants and tax advisors as well as management fees paid to individuals.

Value Added Tax measures:

- Value Added Tax rules are revised to allow new conditions for VAT refunds.
- Even without the issuance of an invoice or receipt of payment, the VAT liability can be triggered.

For further information, click here.

Americas

Argentina

Increase in retirement and pension by 14.16%

Recently, it was announced that there is an increase of 14.16% in pension and retirement.

The minimum pension will increase from USD 4958 to USD 5661 per month and the average pension will increase from USD 8135 to USD 9287.

The minimum retirement pension will increase from USD 4958 to USD 5661 and the average will increase from USD 8135 to USD 9287. Accordingly, the maximum limit will increase from USD 36330 to USD 41474.

Effective Date: 1 September 2016

For more information, click here.

Rise in family allowance AAFF by 14.16%

As per a recent update, universal child allowance (AUH) and pregnancy (AXE) for protection, social and family allowance (AAFF) will rise by 14.16%. Therefore, the amount of AAFF for active workers and retirees will increase from USD 966 to USD 1103 (for range I), from USD 649 to USD 741 (for range II), from USD 390 to USD 446 (for range III) and from USD 199 to USD 228 (for range IV).

Effective Date: 1 September 2016

For further information, click here.

Canada

Draft Legislation Released for consultation

The Department of Finance has released the draft legislative proposals that would implement certain measures announced in the 2016 federal budget.

These include proposals related to:

- Taxation of Switch Fund Shares;
- Multiplication of the Small Business Deduction;
- Avoidance of the Business Limit and Taxable Capital Limit;
- Country-by-Country Reporting;
- The Common Reporting Standard Penalty and Consequential Amendments;
- Extension of the Back-to-Back Rules

The proposal is released for consultation and the department is accepting comments on the draft legislative proposals until 27 September 2016.

For further information, click here.

United States

Final regulations for country-by-country reporting issued by IRS

IRS has released final country-by-country reporting regulations. The reporting will be applicable to US multinationals that are the ultimate parent entity of a multinational enterprise group and have an annual revenue for the preceding annual accounting period of USD 850 million or more. Penalty of USD 10,000 will be levied for each accounting period if country-by-country report is not filed.

The Final Regulations apply to reporting periods of ultimate parent entities of US multinational enterprises (MNE) groups that begin on or after the first day of the tax year of the ultimate parent entity that begins on or after 30 June 2016.

For further information, click here.

Recent Developments in Business Immigration Law

Current version of Form I-9 Remains Effective Though Expiration Date passed -by:
United States Citizenship and Immigration Services (USCIS) announced that until the new version of Form I-9 is made available employers should continue to use current version though Office of Management and Budget control number expiration date has passed (i.e. 31 March 2016).

Increase in Fines for I-9 Violations
Department of Labour, Department of Homeland Security and Department of Justice have announced new penalties for the violation of Form I-9 or E-Verify. The penalty has increase from range of USD 110 – USD 1,100 to USD 216 –USD 2,156 per violation. The increase penalties will be applicable for violations that took place after 2 November 2015.

Effective date: 1 August 2016

For further information, click here.

Massachusetts Approve Pay Equity Bill

Massachusetts Governor signs 'An Act to Establish Pay Equity' to eliminate the pay discrimination on basis of gender and ensure men and women are paid equally.

Effective date: 1 July 2018

For further information, click here.

Individual Taxpayer Identification Number (ITIN) renewal program

The IRS has announced changes to the Individual Taxpayer Identification Number (ITIN) program. As per new law, ITIN which are not used at least once in the last three years and ITIN issued before 2013 will be required to be renewed as per the schedule.

For further information, click here.

Colorado: Removal of State Employment Verification Requirement

Colorado has amended the employment verification law. According to the new law, employers are under no obligation to complete an affirmation of legal work status. Employers are required to comply with Form I-9 only as per federal law. Employers were required to maintain copies of the Affirmation Forms and the identity and employment eligibility documents.

Effective date: 10 August 2016

For further information, click here.

Illinois: New Law introduced for Unpaid Child Bereavement Leave

The Child Bereavement Leave Act is introduced in Illinois. According to this act, an employer with 50 or more employee must provide maximum of two weeks (10 days) unpaid leave to an employee in case of death of his/her child. Employees may get up to six weeks of unpaid leave in case of loss of more than one child during twelve months period.

Effective date: 29 July 2016

For further information, click here.

NYC: Bill Introduced To Restrict Employers from Asking About Salary History

A Bill has been introduced on 16 August 2016 in the New York City council which will prohibit employers from inquiring into the prospective employee's remuneration history, unless the employee voluntarily discloses this information.

Asia-Pacific

Australia

SuperStream deadline extended

The deadline for businesses with 19 or fewer employees to implement the SuperStream process was until the end of June 2016 and has been now extended until 28 October 2016.

SuperStream is an easier way for all employers to make faster and accurate super contributions online directly into the employee's account.

For further information, click here

Tool to classify – employee or contractor

The Revenue Office of the Australian Capital Territory (ACT) has published new advice about the classification of employees and contractors for payroll tax purposes. Contracts, a deduction or exemption is available under the Payroll Tax Act 2011.

For further information, click here

Voluntary Tax Transparency Code

Recently, the Australian Taxation Office (ATO) announced the voluntary tax transparency code (TTC). The TTC outlines principles and minimum standards for public disclosure of tax information by medium and large businesses. The adoption of the TTC is voluntary. Businesses must notify the ATO once they have made their TTC report publicly available on the ATO website.

For further information, click here

Reduced tax rate for small business companies

The Small business company's 2016 income tax return should use the new reduced tax rate of 28.5% on their calculation statements at label T1 - Tax on taxable or net income.

However, the franking credit cap remains unchanged at 30%, although small businesses are eligible for the reduced company tax rate.

For further information, click here

Payroll tax in New South Wales (NSW) - Revenue Ruling No. PTA 003 Version 2

A new RR No.PTA003v2 replaces the earlier version PTA 003 available for fringe benefit valuation for the purpose of payroll taxes in NSW.

This revenue ruling addresses the following points:

- calculating the value of fringe benefits for payroll tax purposes
- clarifying the treatment of fringe benefits with a nil taxable value and exempt benefits where such benefits also fall within another part of the definition of wages
- explaining the requirements of the alternative method of declaring fringe benefits
- explaining the method of calculating the NSW component of fringe benefits when they are not readily identifiable and
- the adoption of Australian Taxation Office (ATO) fringe benefits tax rulings.

For further information, click here

China

Several VAT issues clarified

According to a recent update, the Government of China has made an announcement that clarifies certain VAT issues which apply from 1 September 2016:

- No vat is levied on services provided and intangibles used outside China. These include postal parcels, exhibitions and construction services supplied abroad.

- The supply of prepaid cards is exempt from VAT. However, the administrative costs charged are subject to VAT.
- In case of construction services, documents required to adjust VAT advance payment have been changed. As per the new requirement, the original contract is not required. A stamped copy of the contract will suffice.

Effective date: 1 September 2016

Shanghai: New Regulations on Wage Payment Methods

According to a recent update, a new regulation on wage payment methods for Shanghai-based organisations has been released which expands the scope of application.

The new regulation extends the applicability to several organisations including individual business entities, private non-enterprise units and legally established accounting firms, law firms, foundations and any others.

Hong Kong

Additional declaration required for employment visa application

According to a recent update, employers and visa sponsors in Hong Kong are required to submit a declaration about recruitment information along with the employment visa application. The declaration must indicate that genuine efforts have been taken to recruit a local candidate for the job vacancy. The declaration is currently included as an attachment to the current form ID990B. However, a revised form will be released at a later stage.

Effective Date: 1 July 2016

Malaysia

Mandatory e-filing of 2016 annual employer's return (Form E)

According to the amended Section 152A of the Finance Bill 2015, it is mandatory to file the annual employers return electronically. Option to manually file the paper form will no longer be available to employers for year of assessment 2016 onwards.

For further information, please click here.

Amendments to the Employee's Social Security Act, 1969

According to a recent update, certain amendments are made to the Employee's Social Security Act, 1969.

Current Provision:
The Workers who are Malaysian citizens or permanent residents, earning up to RM 3,000 per month are covered under social security (SOCSO) in Malaysia. Employees who have a SOCSO account and are earning more than the threshold limit are also required to contribute for SOCSO.

Proposed Provision:
All employees who are Malaysian citizens and permanent resident in the private sector and all contract and/or temporary staff within the federal/state government, as well as federal/state statutory bodies are covered under SOCSO.

Regardless of amount of wages, all employees are covered under SOCSO and contribution will be capped at the monthly remuneration of RM 4000.

Unregistered employers are required to register for SOCSO.

Effective Date: 1 June 2016

Immigration updates

The following changes apply to expatriates in West Malaysia:

- Work permit approval letter is essential for all foreign nationals applying for an Employment Pass (EP) (Categories I, II and III) or Professional Visit Pass (PVP) before entering Malaysia for work purposes.
- Earlier, employers may have had to declare fixed allowances together with the monthly base salary for EP applications. Now, allowances are excluded at the time of declaring monthly base salary for EP (category I and II). Allowances are excluded from minimum monthly base salary amount for EP (Category I and II).
- All EP (Category III) applicants must apply for the Single Entry Visa (SEV) with the support of the Visa With Reference (VWR) letter for entry into Malaysia. Visa with reference (VWR) are required for all EP applicants (Category III) entering into Malaysia.

For further information, click here.

Effective Date: 1 August 2016

New Zealand

Bill introduced for simplification of business taxes

The Taxation (Business Tax, Exchange of Information, and Remedial Matters) Bill was introduced in the Parliament. This Bill is intended to reduce compliance costs for smaller business. The simplification measures introduced by Bill include:

- New pay- as-you go option for small businesses

- Proposal for removal of 1% monthly penalty on new GST and income tax
- New disclosure requirement for foreign trusts

For further information, click here.

New method is proposed for provisional tax payments

New The Taxation (Business Tax, Exchange of Information, and Remedial Matters) Bill was introduced in Parliament which provides an additional method to calculate provisional tax. The new method is termed 'Accounting Income Method'; under this method, tax will be calculated based on the current year tax-adjusted income.

For further information, click here.

Philippines

Draft order on new procedure to claim tax treaty benefits

Recently, the Philippine Bureau of Internal Revenue (BIR) issued a draft Revenue Memorandum Order. The draft Revenue Memorandum Order is about the procedure for claiming tax treaty benefits for dividend, interest, and royalty income earned by non-residents. Pursuant the amendment, non-residents will automatically use the preferential rates or exemptions prescribed under tax treaties with the support of a withholding agent by submitting a new certificate of residency for claiming tax treaties benefits to the International Tax Affairs Division.

For further information, please click here.

Singapore

Change in eligibility criteria for Singapore Employment Pass

According to a recent update, The Ministry of Manpower (MOM) has increased the qualifying salary criteria for a new Employment Pass (EP) application from SGD 3,300 to SGD 3,600.

The MOM has also provided the following guidelines on EP renewals:

- Before 1 January 2017, Employers may apply for the renewal of EP's for a period of up to three years, based on the existing EP salary criteria, i.e. SGD 3,300;
- Between 1 January and 30 June 2017, the renewal of EP's may be made for a period of up to one year, based on the existing EP salary criteria, i.e. SGD 3,300;
- From 1 July 2017 onwards, the renewal of EPs may be made for a period of up to three years, based on the new EP salary criteria, i.e. SGD 3,600.

Effective Date: 1 January 2017

For further information, click here.

South Korea

2016 Tax Law Amendments Proposal

On 28 July 2016, the Ministry of Strategy and Finance (MOSF) announced proposed tax law amendments. The amendments are intended to rationalise the tax system and promote fair taxation. After the approval of the National Assembly, 2016 Tax Amendments will be in effect from 1 January 2017.

Key proposed amendments are:

- The ministry has extended the reduced income tax benefit period for foreign workers to avail the benefit of flat rate of tax. The benefit of flat rate of tax is set to expire on 31 December 2016, the ministry has proposed to extend it to 31 December 2019
- A deduction limit has been introduced towards loss carry forward for foreign companies. Foreign companies can deduct 80% of the income earned in the relevant business year against the losses carried forward
- New exit tax is introduced in Personal Income Tax Law. The tax will be imposed on the generation of capital gain at the time of departure. Departures after 1 January 2018 will be subject to this tax
- Income generation from technical services, etc. will be subject to 3% withholding if prescribed by an applicable treaty, where consideration is paid in Korea though services are rendered outside Korea.
- Non-resident taxpayers who were subject to withholding tax on income and were eligible for the reduced rate of withholding under treaty can apply for a refund within five years from last date of month in which the tax was withheld. Earlier, this limit was three years.

Europe

Belgium

New reforms announced in corporate tax

According to a recent update, the Belgian Government has proposed new reforms to the Belgian corporate income tax:

- Belgian corporate tax rate is reduced from 33.99% to 20% by 2020
- Full exemption on capital gains on sale of shares
- Capital gains tax rate decreased from 25% to 20% by 2018 on short-term capital gains.
- Dividend Received Deduction (DRD) has increased from 95% to 100%
- Fairness tax is abolished

Regularisation tax on undeclared income and capital

According to a recent update, the Belgium Government has introduced new fiscal regularisation legislation for undeclared income and capital. This legislation does not cover the evasion of inheritance tax.

To apply for this regularisation one must fill the declaration form with the 'Contactpunt regularisaties' in Brussels along with necessary documents as evidence of evaded income.

The tax authority will notify the applicant to pay the tax within 15 calendar days by way of a written request. On payment of taxes, the applicant will receive a regularisation certificate and immunity from criminal prosecution.

Value of exported goods with a zero rate VAT reduced

Under Belgium VAT, there is zero rate VAT on the supply of goods made to non-EU private individuals who export goods for non-commercial use.

The value of goods eligible for Zero rate VAT charge is reduced from EUR 125 to EUR 50.

Standardisation of pension amount for employees and self-employed

According to a recent update, from 1 August 2016, the minimum pension amount to employees and self-employed are standardised at the rate of EUR 1,460.45.

For further information, click here.

New changes in VAT legislation

According to a recent update, the Belgian government announced the following VAT changes:

- From 14 July 2016, if the VAT authorities receive information from abroad that certain taxable transactions are not declared, exemptions are wrongfully applied or VAT was incorrectly deducted then the three-year statute of limitations period will be extended to seven years. The VAT code also states that it is not necessary that the information has to be received within the normal three-year period for the extended statute of limitations of seven years to apply.
- No VAT is charged on goods and services provided to achieve financial support if it relates to care, social and cultural activities which are exempt from VAT. The VAT authority has now extended the scope to some exempt cultural activities.

Czech Republic

Amendments to VAT Act

According to a recent update, certain amendments were made to the VAT Act. These amendments were made effective on 29 June 2016, with a few exceptions. Some of the important amendments are:

- Reverse charge mechanism: All sales made by a non-resident entity established outside Czech republic to an entity registered for VAT in the Czech Republic will be covered under the reverse charge mechanism, irrespective of whether the buyer is established in the Czech Republic or not. However, if the supplier is VAT registered in the Czech Republic then reverse charge mechanism would not be applicable.
- Administration of taxable persons: From 1 September 2016, tax authorities situated in Ostrava will administer all such businesses that are set up outside the Czech Republic, however, registered for VAT in Czech Republic. Currently, they are controlled by the expense compelling voices in Prague.
- Tax declaration: From January 2016, a new declarative obligation VAT Control Statement is applicable. Now penalties have been prescribed for late submission of this declaration.

Finland

Proposed changes in VAT registration threshold

According to a recent update, it is proposed that the VAT registration threshold for resident business in Finland be increased. The proposed threshold for businesses will be as follows:

- For business with annual return obligation: Threshold will increase from EUR 25,000 to EUR 30,000 per year;
- For business with quarterly return obligation: Threshold will increase from EUR 50,000 to EUR 1, 00,000 per year.

France

Labour law 2016 passed in France

Recently, the Parliament passed the Labour Law on 8 August 2016. It relates to Work, Modernisation of Social Dialogue and Securing of Professional Processes. The new law clarifies the definition of redundancy and dismissal for economic reasons. In case of company transfer, it eases and clarifies the conditions for employers to make employees redundant. These changes are made in order to strengthen the employment market and aims to reduce any legal uncertainties for employers in case of redundancy.

For more information, click here.

Announcements relating withholding tax on individual income in France

According to a recent update, the Minister of Finance announced further details on the implementation of withholding tax at source on individual income (impôt sur le revenu à la source). The reform will change the tax collection ways, however, tax calculations will remain the same.

From January 2018 onwards, monthly withholding of tax on employment income (PAYE) will come into force. Taxpayers will pay tax on income through monthly withholding of tax from 2018 for the income earned in that year.

2017 will be a transitional period. In the second half of 2017, the tax authorities will communicate to the employer the tax rate. This rate will be calculated with the 2016 income reported in the spring of 2017. Withholding will take place on the rate specified by the tax authority after considering the 2016 and 2017 income.

The change will not affect the calculation rules for the personal income tax. The progressive rates, deductions and tax credits will remain in place.

As the rate will be applicable on each month the income is received, the levy will automatically vary with the changes in income. In case of a significant variation in income levels, the taxpayer may request an update of its sampling rate used for calculations.

Effective Date: 1 January 2018

For further information, click here.

Ireland

Brief to explain the taxation of new paternity benefit

Recently, a brief to explain the tax treatment of the new paternity benefit has been issued by the Irish Revenue Authority. According to the update, the paternity benefit which is payable by the Department of Social Protection (DSP) is taxable but no Universal Social Charge (USC) and Pay Related Social Insurance (PRSI) will be applicable. Information related to benefit payments will be provided by the DSP to the Irish Revenue and records will be updated accordingly.

Effective date: 1 September 2016

Research & Development tax credit

According to a recent update, companies in Ireland, which are involved in research and development activities in Ireland or within the EEA, are eligible for research and development (R&D) tax credit. 25% of the qualifying R&D expenditures are allowable as R&D tax credit. Companies are required to insert relevant details of R&D tax credit claim in CIT return. No claim is possible after the due date of filing returns.

Loss-making companies can also be benefited from this credit through a cash refund of the credit, provided certain conditions be fulfilled.

New European regulations for posted workers

Recently, new regulations have been introduced in Ireland for posted workers i.e. the people who normally work in one EU member state and are assigned to work in Ireland for a limited period. The key measures of this regulations are:

- Information of the worker has to be provided by the Foreign Service Provider to the Workplace Relations Commission (WRC) in advance.
- Information must be made available to the WRC whenever requested.
- Non-compliance with administrative requirements leads to a fine of up to EUR 50,000.

Italy

New guidance on CFC legislation

According to a recent update, a new circular no. 35/E had been issued by the Italian Tax Authorities (ITA) to provide clarification on the Italian Controlled Foreign Companies (CFC) regime. The following aspects are covered in the circular:

- CFC black list countries and black list income
- Definition of special tax regime
- CFC income computation
- Foreign Tax Credit (FTC)
- Procedural aspects

Competent office for activities of VAT MOSS scheme

The Operational Centre of Pescara (Centro Operativo di Pescara) will be the competent office for activities related to the Mini One Stop Shop (MOSS) scheme. Processing of VAT identification requests, issuance of acts for suspension, exclusion and deregistration, electronic checks on VAT returns and VAT due, monitoring of refund claims for overpaid VAT, assessments and litigation are the activities that are covered under the VAT MOSS scheme.

Effective Date: 1 October 2016

Reduction in VAT rate for electronic editorial products

As per the update, the Italian Revenue Authority has clarified the applicability of the reduced VAT rate of 4%. These reduced VAT rate is applicable not only on paper editorial products but also on digital editorial products, provided the digital product meets all the requirement of editorial products.

Poland

New Act for posting of workers in Poland

Recently, the new Act on Posting Employees within the Framework of the Provision of Services was entered into force. The Act regulates terms and conditions of the seconded employees to work in Poland. It also aims to mandate a number of obligations such as to provide minimum working conditions, to appoint a representative for the period of posing, disclosure obligations, etc. on foreign employees in Poland.

Employers will also have to record maintenance obligation such as maintaining a copy of the employment contract, documents concerning payroll, working time records, etc. in a hard copy or in an electronic format.

Bill passed in Poland amending Polish CIT and PIT Acts

Recently, the Sejm of the Republic of Poland passed a bill amending Polish Corporate Income Tax (CIT) and Personal Income Tax (PIT). The key points introduced in the amended Bill are:

- Lower CIT rate for small taxpayers and taxpayers commencing activities - a new 15% CIT rate (as opposed to the standard 19%) will be introduced for 'small taxpayers';
- Catalogue of non-resident income subject to taxation in Poland - The Bill expands in the PIT Law a catalogue of income for categories of non-resident taxpayers which are deemed to be earned in the territory of Poland, and hence subject to taxation in Poland;
- No deferral of taxation available with respect to share exchange if major goal is tax avoidance;
- Taxation of in-kind contributions – Change in the recognition of taxable revenues related to in-kind contribution of assets other than a going concern; and
- New requirements regarding withholding tax exemption for interest and royalties – Beneficial owner test will be applicable for applying withholding exemption.

The changes to the legislation will generally become binding as on 1 January 2017, while CIT taxpayers whose tax year will begin before that date would still be subject to the current regulations until the end of such tax year.

Effective Date: 1 January 2017

Portugal

Labour code amendment as per Law no. 28/2016

Recently, Law No. 28/2016 of 23 August 2016 has been published. This law amends the Labour Code, the legal framework on health and safety at work and the legal framework of private placement and temporary employment agencies.

The joint liability for receivables owed to temporary employees, as well as for the corresponding social charges and payment of fines, has been extended to the temporary employment agency, to its directors and managers, as well as to the companies in a reciprocal shareholding relationship, or in a controlling or group relationship with the temporary employment agency. Earlier such liability was restricted to the temporary employee's user and to the first 12 months of work.

For further information, please click here.

Romania

Deduction of R&D expenses

Recently, an order approving the norms on the supplementary deduction for research and development (R&D) expenses has been published by the Romanian Government. As per the provisions, for corporate income tax purposes, a supplementary deduction of 50% of the R&D expenses may be claimed. This deduction is available on specific R&D activities.

United Kingdom

HMRC releases revised version v2.0 for AEOI submission

Her Majesty's Revenue & Customs (HMRC) released a revised version v2.0 to be used from 1 January 2017 for all automatic exchange of information (AEOI) reporting, for common reporting standard (CRS), the UK Crown Dependencies & Overseas Territories (CDOT) and the FATCA reporting regimes.

HMRC has also updated the current version 1.6 that is currently in use until 31 December 2016.

Confirmation statement replaces annual returns

As per the recent update, the annual return of a company is replaced with the confirmation statement that contains the company's name, number and the confirmation date. Every company must confirm that the information shared with the HMRC is correct by delivering a confirmation statement. If the information shared is out of date, the company must file the information needed to update the HMRC records.

A confirmation statement can be made via the government's WebFiling or software filing systems or by completing a paper form CS01. This statement must be made at least once a year. Non-compliance of filing this confirmation statement within 14 days of the end of the review period is a criminal offence.

Effective Date: 30 June 2016

For further information, click here.

Exemptions to small businesses from new obligations under Making Tax Digital

The UK government previously announced that by 2020 businesses, self-employed people and landlords would be required to "keep track of their tax affairs digitally and update HM Revenue and Customs (HMRC) at least quarterly via their digital tax account."

As per the recent update, businesses with an annual turnover below GBP 10,000 will not be required to keep their business records digitally or provide regular updates to the HMRC.

For further information, click here.

About SKP

SKP is a long established and rapidly growing professional services group located in seven major cities across India. We specialise in providing sound business and tax guidance and accounting services to international companies that are currently conducting or initiating business in India as well as those expanding overseas. We serve over 1,200 clients including multinational companies, companies listed on exchanges, privately held firms and family-owned businesses from more than 45 countries.

From consulting on entry strategies to implementing business set-up and M&A transactional support, the SKP team assists clients with assurance, domestic and international tax, transfer pricing, corporate services, and finance and accounting outsourcing matters, all under one roof. Our team is dedicated to ensuring clients receive continuity of support, right across the business lifecycle.

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