Global Expansion Updates

December 2017 | Issue 18

We are pleased to present the November 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 Mauritius extending the deadline for filling asset statement, change in the RRSP contribution limit in Canada, Malaysian 2018 National Budget of individual income tax and important tax provisions in 2018 budget in Ireland.

In this issue

Africa

Ghana

Paperless system for tax exemptions proposed

In November 2017, the Ministry of Finance announced the launch of an electronic tax exemption system, which will be dealing with the application, approval and granting of exemption from taxes and import duty waivers.

Effective Date: 01 January 2018

Nigeria

FIRS approves outstanding payment of foreign tax debts in Naira

Certain tax liabilities such as Value Added Tax (VAT) and Withholding Taxes (WHT) must be paid in the currency of transaction as the law of the country states. For instance, if a fee was paid in USD, then the applicable VAT and WHT must be remitted to the tax authority in USD.

The Federal Inland Revenue Service (FIRS) via notification dated 16 November 2017 approved the payment of outstanding foreign currency tax liabilities in Naira at the exchange rate of NGN 325 to USD 1. No rates were given for other major foreign currencies such as GBP and EUR.

The concession covers tax due up to 31 December 2016; taxes payable in respect of the current year 2017 are excluded. The payment must be made on or before 14 December 2017.

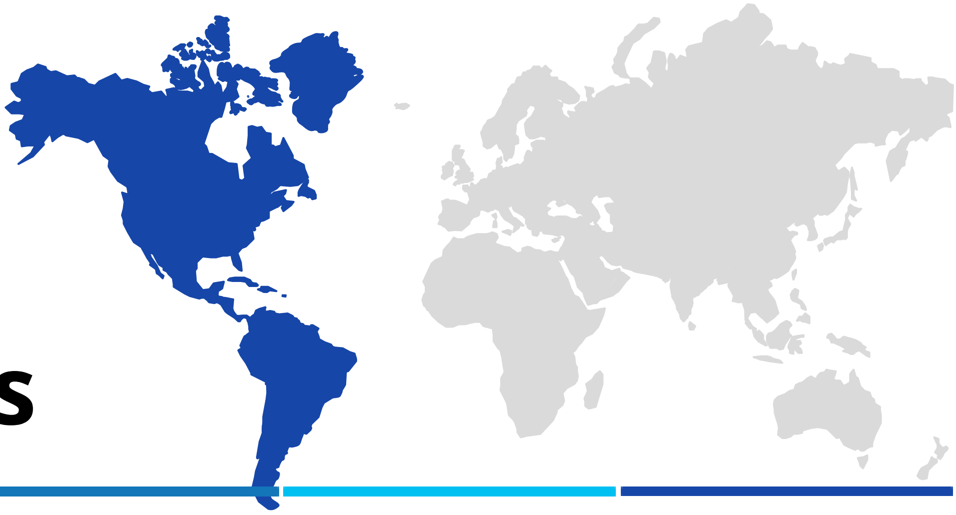
Tanzania

Submit biannual returns for Non-citizens

Employers must submit their returns, which are biannual reports of foreign workers, by December 31 in compliance with the Tanzanian Non-Citizens Act, 2015.

Any person who employs or engages a non-citizen in any occupation in Tanzania has to submit biannual returns on employment of non-citizens on 30 June and 31 December for the year.

Details of the return - The return must include the total number of foreign nationals and local employees currently employed, as well as those who have left the company in the past six months.



Americas

Argentina

Proposal for reduction of corporate income tax rate

Recently, a proposal has been presented by Argentina's Treasury (Ministerio de Hacienda) with respect to tax and labour reform plan. Following are the significant changes which have been proposed:

- Introduction of consumption tax for certain cross-border digital services.
- New capital gains tax which is applicable to Argentine residents.
- Reduction of corporate income tax rate from 35% to 25%.
- Incentives for companies to 'formalise' their labour force.
- Reduction of employer social security taxes

Canada

Canada Revenue Agency proposes changes to tax employee benefits

In October, the Canada Revenue Agency (CRA) has made changes to its interpretation of the existing tax law concerning taxable employee benefits.

Following situations have considered discounts to be taxable:

1. Employee or a group of employees to buy merchandise at a discount.
2. An employee buying merchandise (other than old or soiled merchandise) for less than cost.
3. An arrangement of employers so that employees of one employer can buy merchandise at a discount from another employer.

Discounts do not fall into these situations as the CRA does not view these as taxable benefits received by an employees.

If an employer receives a discount on merchandise because of their employment, then the value of the discount is generally included in employee's income. Generally, employers or third parties provide the discount.

Employers must continue to follow the Employers' Guide and Section 6 of the Income Tax Act when computing income from employment till a new policy directive or folio is issued. This includes computing taxable benefits such as automobiles or other motor vehicles, boarding and lodging, gifts and awards, life insurance policies, meals, interest free or low interest loans, security options, tuition fees.

Saskatchewan November 2017 business taxation amendments

In November 2017, Saskatchewan introduced a Bill to amend the Income Tax Act, 2000. The proposed changes are as follows:

- The general corporate income tax rate had been increased from 11.5% to 12%.
- The small business deduction threshold had been increased from CAD 500,000 to CAD 600,000.
- The enhanced dividend tax credit rate had been revised for eligible dividends to 11%.
- The Saskatchewan tax rate tables and the basic tax calculator have been revised to reflect this change.

Effective Date: 1 January 2017

Mexico

Updated Federal Revenue Law for 2018

Recently, Federal Revenue Law has been published in the Official Gazette for 2018.

Following are some of the important changes in the rules:

- Increased surcharges have been increased from 0.75% to 0.98% for late payments, from 1% to

1.26% for payment in instalments up to 12 months, from 1.25% to 1.53% for payment in instalments between 12 and 24 months, and from 1.50% to 1.82% for payment in instalments exceeding 24 months and deferred payments.

- After fulfilling certain conditions, fine for not fulfilling tax obligation has been reduced to 40% from 50%.
- The withholding tax rate on interest payments has been reduced to 0.46% from 0.58%.
- Additional deduction has been provided to taxpayers that employ individuals with a motor disability, individuals with an auditory or language disability, blind individuals, which is equal to 25% of the salaries effectively paid to such individuals and taxpayers who donate basic consumer goods equal to 5% of the cost of sales of such goods, provided that certain conditions are met.
- Taxpayers who are engaged in public/private ground transportation and tourist activities can get a credit against their income tax due and 50% of the tolls paid for the use of national highways in the same tax year.
- Taxpayers subject to tax under the incorporation tax rules can opt to pay the Value Added Tax (VAT) and the Impuesto Especial sobre Producción y Servicios (IEPS) with respect to transactions with the general public by application of different tax rates depending on the sector or industry.
- Taxpayers are required to submit the required information (e.g. capital reimbursement, losses, related party transactions, corporative reorganisations and restructurings, international transactions, dividend payments) within 60 days after the end of each quarter, instead of submitting the information return on relevant transactions (i.e. Declaración Informativa de Operaciones Relevantes (DIOR)).

Effective Date: 1 January 2018.

Minimum salary threshold increased

Recently, the National Commission of Minimum Wages has passed a resolution in the Official Gazette to increase the daily minimum salary from MXN 80.04 to MXN 88.36.

Effective Date: 1 December 2017

Asia-Pacific

Australia

GST on low value imported goods

From 1 July 2018, Australian Goods and Services Tax (GST) will apply to sales of low value goods imported by consumers into Australia. Businesses meeting the AUD 75,000 registration threshold will need to register for GST, charge GST and lodge GST returns.

The businesses who need to register may be merchants who sell goods, electronic distribution platform operators or re-deliverers. For goods imported in a consignment over AUD 1,000, any GST, customs duty and clearance charges will be charged to the importer at the border under existing processes.

For more information, click here.

ATO to automatically adjust PAYG instalments

From 1 July 2017, the Australian Taxation Office (ATO) will automatically adjust a Pay-As-You-Go (PAYG) instalment rate to a more reasonable rate if the instalment rate calculated (based on the information contained in the latest tax return) exceeds highest applicable rate to a entity depending upon the entity type.

For more information, click here.

The UAE

Draft VAT Executive Regulations issued

The United Arab Emirates (UAE) has issued the draft Value Added Tax (VAT) Executive Regulations for the introduction of the 5% indirect tax with effect from 1 January 2018.

The Regulations addresses details to key areas such as:

- Registration obligations
- Zero and nil rating for certain supplies
- Liability to VAT of financial services
- VAT return obligations
- VAT treatment of supplies between Gulf States.

For more information, click here.

Hong Kong

DTA has been signed between India and Hong Kong

On 10 November 2017, the Indian government had given its approval for signing a Double Tax Treaty (DTA) with Hong Kong.

"The Agreement will stimulate flow of investment, technology and personnel from India to Hong Kong and vice versa, prevent double taxation, and provide for exchange of information between the two contracting parties. It will improve transparency in tax matters and will help curb tax evasion and tax avoidance." the government announced.

For more information, click here.

Singapore

Approval to Income Tax (Amendment) Bill, 2017

The Income Tax (Amendment) Bill, 2017 was approved on 2 October 2017. The amendments to the Income Tax Act comprise of tax changes announced in the 2017 Budget.

Accordingly, corporate income tax rebate for 2017 will be increased by raising the limit from SGD 20,000 to SGD 25,000. However, the rebate percentage will be kept unaffected at 50%. The Corporate Income Tax (CIT) rebate for the limit SGD 10,000 will also be extended to 2018 at 20% of tax payable.

For more information, click here.

CPF interest rates from 1 January 2018 to 31 March 2018 and Basic Healthcare Sum for 2018

Following are the Central Provident Funt (CPF) interest rates from 1 January 2018 to 31 March 2018:

- Up to 3.5% per annum on the ordinary account.
- Up to 5% per annum on the special and medisave accounts.
- Up to 5% per annum on the retirement account.
- CPF members aged 55 and above will earn an additional 1% extra interest on the first SGD30,000 of their combined balances.

Housing and Development Board (HDB) mortgage rate from 1 January 2018 to 31 March 2018 remains unchanged at 2.6% per annum.

Basic Healthcare Sum (BHS) for 2018 for members below 65 years in 2018 will be SGD54,500.

For members who turn 65 years old in 2018, BHS will be SGD54,500 and will not change for the rest of their lives.

For more information, click here.

South Korea

Increase in rate of national health insurances from 1 January 2018

Effective from 1 January 2018, the national health insurance rate will be increased from 3.06% to 3.12% each for employee and employer. The rate for the long-term care for the elderly will also be increased from 6.55% to 7.38%.

Amendment in Minimum Wages Act

Effective from 20 March 2018, employers shall pay full amount of legal minimum wage to its employees who are in labour duties. Under the old Minimum Wages Act, employers were allowed to pay wages less than the legal minimum wage for employees in labour duties, who were on probationary period and had worked for the company for less than three months.

Thailand

Introduction of applications for work permits and visas

Recently, the Board of Investment (BOI) will introduce a new electronic work permit system called the Single Window for Visa and Work Permit.

Foreign nationals can use this system to obtain a digital Work Permit instead of a hard copy version. Companies that are registered with BOI should register online and complete a mandatory training workshop.

Effective Date: 1 January 2018

Shopping Personal Tax allowance

Recently, the Thailand Revenue Authority has published the Ministerial Regulation No. 333 provides all the Thailand residents THB 15,000 year end 2017 shopping allowance for purchases made during the period from 11 November 2017 to 3 December 2017.

These purchases should be made in Thailand, and the claim has to be supported by tax invoices. However, the allowance does not apply to purchases of alcoholic drinks, tobacco, cars, motorcycles, boats, oil or petrol for vehicles, tour services and hotel accommodation.

Europe

Belgium

Postponement of year-end transfer pricing filing deadline to 31 March 2018

Belgium tax authority recently announced that the deadline to file three transfer pricing reports .i.e. Master File, Country-by-Country Report (CbCR) and the CbCR notification has been postponed from 31 December 2017 to 31 March 2018.

Belgian entities, whose financial years begin on 1 January 2017, should file all their local files in an XML-format on the 'MyMinfin Pro' platform of the Belgian tax authorities.

Denmark

The new Danish Holidays Act has been accepted

In October 2017, the proposed new Danish Holidays Act has been adopted by the Danish Parliament. The new rules enter into force on 1 September 2020.

Announcement of tax incentives for employees and investors

In November 2017, the incentives for employees and investors were announced. Following are those incentives which are expected to be applicable from 1 January 2019:

- Employee share-based compensation limit has been increased from 10% to 20% of the salary.
- Employee share-based compensation scheme has been introduced for start-up companies. The share-based compensation limit will be 50% of the salary if at least 80% of the employees are allowed to participate
- Share savings account scheme has been introduced under which dividends and capital gains will be taxed at a rate of 17%.

Certain changes to Special Tax Scheme for expatriates and employee shares

In November 2017, the Danish government adopted a proposed initiative to amend the structure of the 'special tax scheme' along with other initiatives pertaining to income tax regime as follows:

- Employees will be receiving employee shares (7p shares) at value equivalent to 20% of their annual salary instead of 10%.

Special tax regime scheme will be applicable for seven years (currently five years) from January 2018. Employees applying currently are able to extend the taxability, provided that they have not been taxed for five years under current scheme.

Finland

Revised procedures for VAT on imports

Recently, new rules have been introduced for payment of Value Added Tax (VAT) on the import of goods from outside European Union (EU).

As per the rules, VAT-registered businesses in Finland are not required to pay VAT on imports. However, the same will be self-assessed and recovered by VAT registered businesses from their periodic VAT returns. This is called as 'postponed accounting'.

Effective Date: 1 January 2018

France

Proposal for companies to pay exceptional and additional surcharges on corporate tax

In November 2017, the French government proposed 'exceptional surcharges' to corporate income tax. The key feature proposed are:

- The surcharges would apply to French companies and branches of foreign companies to corporate tax, having gross revenue exceeding EUR one billion.
- For French corporate tax groups, the EUR one billion threshold would be applied at the level of the French tax group. The surcharges would be imposed on the amount of corporate income tax due for the financial years closed between 31 December 2017 and 30 December 2018.
- The 'exceptional contribution' amounts to 15% and companies with revenue exceeding EUR three billion would be subject to an 'additional contribution' of 15% of the corporate tax liability, before offsetting any tax credits or tax reductions.
- Payment equal to 95% of both contributions would be payable at the time of last payment of the corporate income tax installment and for taxpayers with a financial year ending on 31 December 2017, the payment would be due on or before 20 December 2017.

Reduction in employer social contribution due on French qualified free share plans

The draft French Social Security Finance Act, 2018 has recently been published. An amendment to this act reduces the employer social contribution on qualified free share plan to 20% from 30%. Only free share awards granted under a share plan, implemented after the new law comes into force, will benefit from the reduced rate. The reduction is expected to enter into force by the beginning of January 2018.

Change in the CSG rate in 2018

The Social Security Financing bill for 2018 increases the rate of the Contribution Sociale Généralisée (CSG). The rate of the CSG of working income changes from 7.5% to 9.2%. The change applies for business income, replacement income, to contributions and contributions due for the periods involved as from 1 January 2018.

Although, the following sums paid in 2018 concerning the period prior to 2018 may remain subject to the old 2017 rate:

- Variable remuneration calculated over the period 2017.
- Attendance bonuses.
- Compensation paid in respect of a breach of contract of employment.
- Recalls of wages paid in respect of periods of employment.
- Sum paid in respect of a court decision.
- Interest and participation paid in 2018 under the period 2017.

Exceptional CIT surtaxes have been adopted

In November 2017, the final version of the Bill has been adopted introducing two exceptional surtaxes on Corporate Income Tax (CIT) for large companies as follows:

- Companies with turnover exceeding EUR 1 billion would be subject to an exceptional surtax of 15% of the CIT liability.
- Companies with turnover exceeding EUR 3 billion would be subject to an additional surtax of 15% CIT liability

The exceptional surtaxes are not deductible from the CIT base.

Germany

EU Blue Card minimum salary to increase

The minimum gross annual salary for non-european economic area nationals applying for work authorisation under the European Blue Card program will increase to EUR 52,000 from EUR 50,800 for non-shortage occupations and EUR 40,560 from EUR 39,624 for shortage occupations with effect from 1 January 2018.

Ireland

Changes in the national minimum wage rate

Recently, the national minimum hourly rate has been revised to EUR 9.55. It may include allowances of EUR 0.85 per hour for board and EUR 3.24 per day or EUR 22.56 per week for lodgings.

Effective Date: 1 January 2018

Reminder to workers with a four year limit to claim tax

A reminder has been issued by the Revenue to Pay-As-You-Earn (PAYE) workers that the limit to claim tax back is only four years. Tax payers who have applied tax claim in 2013 can only receive their claim till 31 December 2017.

For more information, click here.

Italy

Italy VAT reporting update (Spesometro)

Recently, Value Added Tax (VAT) reporting frequency for invoice listing has been changed in Italy from quarterly to bi-annually. Various simplifications for data requirement have been introduced, i.e. sales and purchase VAT invoices.

Netherlands

Pensionable age increased from 67 years old to 68 years old

Recently, the standard pension age rate has been revised from 67 years old to 68 years old for tax purposes. The change in year has resulted in a reduction of premium burden to the employer.

Effective Date: 1 January 2018

Sweden

Increase in the national health insurances rate

The national health insurance rate has been increased from 3.06% to 3.12% each for employee and employer respectively. The rate for long-term care for the elderly which is also called 'silver care' has also been increased from 6.55% to 7.38%.

Effective Date: 1 January 2018

Addition of pension funds income to CbCR

Recently, clarification has been published by the Swedish Tax Agency on pension funds derived by life insurance companies.

As per the clarification, any foreign occupational retirement institution pension funds pay and pension funds derived by life insurance companies are to be considered as income tax at Country-by-Country Reporting (CbCR). Such taxation should be included in the report of paid income tax and the accumulated income tax for the year.

United Kingdom

Abolishment of Class 2 NIC

Previously, Her Majesty's Revenue and Customs (HMRC) had made an announcement to abolish Class 2 National Insurance Rates (NICs) from April 2018 and Class 4 NIC will also be reformed to include a new Small Profits Limit (SPL) threshold. The amount of the new threshold is yet to be confirmed for the 2018/19 tax year but is expected to be GBP 6,025.

Recently, HMRC announced that abolition of Class 2 NICs is delayed by a year until 6 April 2019.

For more information, click here.

New status to EU national employees after Brexit

Her Majesty's Revenue and Customs (HMRC) has announced that employees in the EU can continue to remain in the UK after Brexit without needing to become citizens and will be given a 'settled status'.

The new status allows UK residency for most EU citizens who have been living in the country continuously for five years. Individuals who are are in UK and do not meet the five-year threshold can apply for continued residence on a temporary basis.

Change in van benefit charge and fuel benefit charges for cars and vans

Effective from 6 April 2018, HMRC has increased the van benefit charge and the car and van fuel benefit charges. The flat-rate van benefit charge will increase to GBP 3,350, the multiplier for the car fuel benefit charge will increase to GBP 23,400 and the flat-rate van fuel benefit charge will increase to GBP 633.

For more information, click here.

Autumn Budget 2017

HMRC has announced the Autumn Budget 2017. Some of the key announcements are:

- Valed Added Tax (VAT) registration threshold will be maintained at GBP 85,000 for two years from April 2018.
- The tax-free personal allowance is to increase to GBP 11,850.
- The threshold for paying higher rate tax will increase to GBP 46,350.
- The national living wage will rise to GBP 7.83 per hour.
- Increases in the age related national minimum wage rates by between 20p and 33p per hour, depending on the employee's age.
- From 6 April 2019, HMRC plans to use new technology to collect self assessment debts in real-

time by adjusting individuals Pay-As-You-Earn (PAYE) tax codes.

For more information, click here.

Employees under maternity and parental leave can pause contributions under SAYE scheme

Recently, HMRC announced that the employees who are on maternity and parental leave can pause their contributions under the Save-As-You-Earn (SAYE) plan for six months without cancelling their membership from the scheme. This pause period will be extended to 12 months effective from 6 April 2018.

Increase in National Minimum Wage Increase effective from 1 April 2018

Recently, HMRC announced the national minimum wage rates from 1 April 2018. Workers aged over 25 will receive increase of 33 pence an hour in their national minimum wage. Hourly rate increases will also apply for those aged below 25:

- 33 pence increase for those aged 21 to 24-year-olds (new hourly rate GBP 7.38).
- 30 pence increase for those aged 18 to 20-year-olds (new hourly rate of GBP 5.90).
- 15 pence increase for those aged 16 and 17-year-old (new hourly rate GBP 4.20).
- 20 pence increase for apprentices aged under 19 (new hourly rate GBP 3.70).

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