Global Expansion Updates

November 2016 | Issue 9

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 the new reporting requirement for individual taxpayers in Mauritius, the Budget highlights for 2017 in Zambia, revised version of Form I-9 published in United States of America, changes in the definition of 'family member' for Australian Visa, introduction of a new VAT reporting obligation in Italy and the imposition of a new financial activity tax in Sweden.

In this issue

Africa

Mauritius

New reporting requirement for individual taxpayers

As per the provisions of the Finance Act 2016, individual taxpayers who have income exceeding MUR 15 million or assets that cost more than MUR 50 million are now required to submit a statement of assets and liabilities along with their annual income returns. The new reporting requirement is applicable for the year of assessment 2017-18 (i.e. for the period 1 July 2016 to 30 June 2017).

For more information, click here.

Nigeria

Extension of temporary tax amnesty scheme

On 25 November 2016, the Federal Inland Revenue Service (FIRS) issued a public notice announcing the closure of the scheme for the settlement of all outstanding tax liabilities accrued during assessment years 2013 to 2015.

An exclusive extension up to 31 December 2016 has been provided for the members of the National Association of Small and Medium Enterprises (NASME) due to their peculiar circumstances.

South Africa

National minimum wage in South Africa

Currently, the minimum wage rates are set through sectoral determinations by the Minister of Labour. Sectorial determinations are different from the national minimum wage. Sectorial determinations only apply to certain sectors whereas the national minimum wage refers to the baseline amount which employers must pay their employees across all the sectors in the country.

In August 2016, Deputy President Cyril Ramaphosa appointed a panel to advise the National Economic and Development Labour Advisory Council (NEDLAC) on the appropriate level at which the national minimum wage should be set. Recently, the panel presented the draft report on the implementation of a national minimum wage to NEDLAC. The key recommendation of the report is that the national minimum wage should be based on a 40-hour work week and should be set as follows:

- Monthly basis – ZAR 3500
- Weekly basis – ZAR 800
- Hourly basis – ZAR 20

In addition, the report also deals with a number of issues regarding the implementation of the national minimum wage. It includes the future adjustments to the set figures and institutional arrangements for the implementation of the national minimum wage.

For more information, click here.

Tanzania

Extension of the deadline for the verification of TIN information with the tax authority

The Tanzania Revenue Authority (TRA) has implemented a new database. Consequently, all businesses that hold a Taxpayer Identification Number (TIN) were required to verify their records with the TRA between 15 August 2016 and 15 October 2016 by visiting the TRA office which had initially issued its TIN. This was extended to 30 November 2016. The TRA has now further extended the deadline for the validation for taxpayers based in Dar es Salaam to 31 January 2017.

For more information, click here.

Zambia

The Zambian government presents the draft Budget 2017

The Ministry of Finance presented the draft budget for the fiscal year 2017. The summary of the proposed measures is given below:

Direct Taxes

a. Revision of the income band and tax rates for Pay As You Earn (PAYE). Basic exemption has been increased to ZMW 3,300 per month from ZMW 3,000 and maximum marginal rate has been increased to 37.5% from 35%.

Current PAYE (Monthly)		Proposed PAYE (Monthly)	
Up to ZMW 3,000.00	0%	Up to ZMW 3,300.00	0%
ZMW 3,000.01 to ZMW 3,800.00	25%	ZMW 3,300.01 to ZMW 4,100.00	25%
ZMW 3,800.01 to ZMW 5,900.00	30%	ZMW 4,100.01 to ZMW 6,200.00	30%
Above ZMW 5,900.00	35%	Above ZMW 6,200.00	37.5%

b. Skill development levy will be introduced at the rate of 0.5% of the total emoluments paid to the employee.

c. Advance tax rate has been increased to 15% from 6%.

d. Withdrawal of exemption on rental income received by statutory bodies.

e. Capital allowance rate has been increased to 100% from 50% for implements, plant and machinery used in farming and agriculture processing.

f. Flat 3% turnover tax is replaced with progressive tax rates as follows:

Monthly Turnover	Proposed Regime
ZMW 1 – ZMW 4,200	ZMW 100 per month + 3% of the monthly turnover above ZMW 3,000
ZMW 4,200.01 – ZMW 8,300	ZMW 225 per month + 3% of the monthly turnover above ZMW 4,200
ZMW 8,300.01 – ZMW 12,500	ZMW 400 per month + 3% of the monthly turnover above ZMW 8,300
ZMW 12,500.01 – ZMW 16,500	ZMW 575 per month + 3% of the monthly turnover above ZMW 12,500
ZMW 16,500.01 – ZMW 20,800	ZMW 800 per month + 3% of the monthly turnover above ZMW 16,500
Above ZMW 20,800	ZMW 1,025 per month + 3% of the monthly turnover above ZMW 20,800

Indirect Taxes – (VAT)

a. The government has expanded the disallowance list, i.e. items on which input Value Added Tax (VAT) is not deductible:

- No input VAT will be available on petrol, except when it is purchased for resale. Earlier, 20% portion was deductible.
- For diesel, 10% of input VAT will not be deductible, except when it is purchased for resale. It means that input on diesel can be claimed up to 90%.
- Products like domestic refrigeration equipment, air conditioners, mobile phones, motor vehicle parts, television sets, digital satellite TV, decoders, video players, window blinds and curtains are not entitled for input VAT deduction. (However, input VAT can be claimed if products are meant for resale or are a main input in the business).
- Input VAT will not be available on supplies including capital goods acquired before VAT registration.

b. Introduces withholding on VAT to safeguard the government's revenue.

c. Abolishes the VAT group registration scheme.

Administration – Direct and Indirect Taxes

The Ministry of Finance has proposed the following due dates for filing the returns and payment of taxes:

- PAYE: the 10th day of the month (currently it is the 14th day of month)
- Provisional income tax: the 10th of the month following the end of a quarter (currently it is the 14th day of the month following the end of a quarter).
- Final income tax return and balancing tax payment: 21 June following the year (currently it is 30 June following the year).
- VAT: the 16th day of the following month, currently it is the 21st day of the following month.

For more information, click here.

Americas

Canada

RC4027 Doing Business in Canada – Updated by the CRA

The Canada Revenue Agency (CRA) has updated its guide/publication 'RC4027 Doing Business in Canada – GST/HST Information for Non-Residents'. This guide explains how the Canadian goods and services tax/harmonised sales tax (GST/HST) applies to the non-residents doing business in Canada. It provides guidelines to help determine whether business is being carried out in Canada by a company, information on GST and HST registration requirements and instructions on how to charge, record, calculate and remit GST and HST. It also provides detailed information about GST and HST and how it applies to specific business activities carried on by non-residents of Canada.

For more information, click here.

Quebec: Complete abolition of health contribution in 2017

The Quebec Ministry of Finance has announced in a published bulletin that the health contribution will end as of 1 January 2017. As per the bulletin, for complete elimination of health contribution in 2017, individuals in Quebec who pay their income tax in instalments should consider adjusting payments that are due after 31 December 2016. The respective Act and the tax deduction table will get changed soon.

For more information, click here.

New Express Entry Rules now in effect

The Minister of Citizenship and Immigration revised the existing Express Entry System effective from 19 November 2016. Following are the changes made to the qualifying offers of arranged employment:

1. **Job offer**: Under the previous Express Entry system, a foreign national receives 600 points for a job that is permanent and is supported by Labour Market Impact Assessment (LMIA). Now, the points awarded by the CRS for a job offer will change in three ways:
   - The points will be awarded for job offers of eligible candidates on LMIA exempt work permits
   - The job offer will only need to be a minimum of one year in duration once they receive permanent residence.
   - The points awarded for job offers will be reduced.
2. **Education**: The previous Express Entry system only awarded points for education as long as it has been assessed as equivalent to the Canadian standard. Now, foreign nationals with Canadian educational credentials will receive additional Comprehensive Ranking System (CRS) points as follows:
   - 15 points for an eligible credential from a one-year or two-year post secondary program in Canada; and
   - 30 points for an eligible credential from a post secondary program of three years or more.
3. **Changes to the Deadline for responding to an ITA**: Under the previous Express Entry System, applicants had 60 days to complete an online Application for Permanent Residence (APR). As of 19 November 2016, they now have 90 days to submit an online APR after receiving an Invitation to Apply (ITA).

   For more information, click here.

Pension contribution limits for 2017

Recently, the CRA has announced its contribution limits for Money Purchase (MP), Defined Benefit (DB), Registered Retirement Savings Plan (RRSP), Deferred Profit Sharing Plan (DPSP) and the Tax-Free Savings Account (TFSA), as well as the Year's Maximum Pensionable Earnings (YMPE).

The contribution limits are as follows:

Particular/Year	2016	2017	2018
MP limit (CAD)	26,010	26,230	
DB limit (CAD)	2,890.00	2,914.44	1/9 the money purchase limit
RRSP dollar limit (CAD)	25,370	26,010	26,230
DPSP limit (1/2 MP limit) (CAD)	13,005	13,115	
YMPE (CAD)	54,900	55,300	

For more information, click here.

United States of America

Revised version of Form I-9 published

United States Citizenship and Immigration Services (USCIS) has published a revised version of form I-9, Employment Eligibility Verification. Employers must use the revised version from 22 January 2017. The current version can be used till 21 January 2017.

For more information, click here.

Florida – New Minimum Wage will be applicable from 1 January 2017

Government has announced new minimum wage for the state. The minimum wage is increased to USD 8.10 per hour from USD 8.05 per hour.

Asia-Pacific

Australia

Changes to the Australian visa – definition of family member unit

Changes have been made to the definition of family member unit which states relatives can be included in your visa application. As per the new rules, only the spouse and children under 18 of the applicant can be treated as family member unit. This will be in effect from 19 November 2016. Children between the age group 18 to 23 can also be included provided he/she is financially dependent on either of the parents.

To include a child over 23, a proof that the child is physically or mentally disabled and incapacitated for work is required.

For more information, click here.

GST on low-value goods imported by consumers – Draft Explanatory Memorandum

The Australian government released the Exposure Draft Legislation and explanatory material recently. Currently, imported goods are usually subject to GST. However, goods with a customs value of AUD 1,000 or lower (low-value goods) are non-taxable imports. The new law will impose GST on low-value goods imported by consumers to Australia with the assistance of a supplier.

The suppliers of these goods, including the operators of electronic distribution platforms and goods forwarders will become subject to the ordinary GST requirements, including the registration requirements. These offshore suppliers may elect into a concessional GST treatment as a limited registration entity (with simplified GST registration and compliance requirements).

A tax invoice or adjustment note is not required for an offshore supply of low value goods. However, the supplier must notify the consumer of the amount of GST (if any) that is payable in relation to the supply of low value goods within one day of the request from the consumer.

Effective date: 01 July 2017

For more information, click here.

Changes to subclass 457 visa

From 19 November 2016, the period for which a subclass 457 visa holder may remain in Australia after their employment ceases will be reduced to 60 days. Previously, the period was 90 days after termination. The reduction from 90 days to 60 days will apply to 457 visas granted on or after 19 November 2016. Subclass 457 visas granted before the date will continue to permit visa holders to remain in Australia as per previous rule of 90 days.

The practical effect of the change is that if a 457 visa holder does not find a new employer within 60 days of termination of employment, there will be a breach in the visa condition and the visa may be subject to cancellation.

For more information, click here.

Superannuation Bill received assent

The Treasury Laws Amendment (Fair and Sustainable Superannuation) Bill 2016 received the royal assent on 29 November 2016. Few of the superannuation reforms are:

- Allowing catch-up concessional superannuation contributions – Individuals with superannuation balances of AUD 500,000 or less will be allowed to access their unused concessional cap space to make additional concessional (before-tax) contributions.

Effective date: 1 July 2018

- Improve superannuation balances of low income spouses – The current 18% tax offset of up to AUD 540 will be available for any individual, whether married or de facto, contributing to the superannuation account of a spouse whose income is up to AUD 37,000.

Effective date: 1 July 2017

- Tax deductions for personal superannuation contributions – All individuals under the age of 75 will be able to claim an income tax deduction for personal superannuation contributions. These amounts will count towards an individual's concessional contributions cap and be subject to 15% contributions tax in the fund.

Effective date: 1 July 2017

For more information, click here.

Launching new Temporary Work visas

The Australian immigration has launched a series of new temporary work visa subclasses in Australia that are valid from 19 November 2016. The list of new visa classes is given here:

- Subclass 400 Temporary Work (Short Stay Specialist) Visa
- Subclass 403 Temporary Work (International Relations) Visa
- Subclass 407 Training Visa
- Subclass 408 Temporary Activity Visa

For more information, click here.

China

Draft guidance on automatic exchange of financial account information of non-residents

The Chinese tax authorities have issued a draft guidance which explains the procedures to identify and collect the information of the financial accounts of non-residents from Chinese financial institutions for the automatic exchange of financial information in tax matters.

The financial institutions will share the information collected by them with China's State Administration of Taxation which will then be shared with the tax authority where the non-resident account holder is a tax resident.

Effective Date: 1 January 2017

Exemption of Enterprise Income Tax

The State Administration of Taxation (SAT) has issued a notice which gives exemption to qualified resident enterprises from enterprise income tax on the production, assembly or sale of articles used by disabled people.

Qualified enterprises must file for exemption with the competent tax authority.

China introduces a new Cyber Security Law

The new Cyber Security Law (CSL) is introduced to address the gaps in protection of personal data and security in China. The CSL contains detailed data privacy protection laws in China and imposes obligations on companies who use electronic means to conduct business.

With the introduction of the CSL, immediate actions that employers need to take are given below:

- Employers are required to keep the employee's personal information confidential and not share it publicly without the employee's consent.
- Employers have to inform the employee on how employee's personal information will be collected, stored and used.
- Employers should review their IT system to protect themselves from hackers.

Effective Date: 1 June 2017

Malaysia

Proposed reduction in corporate tax

As per the 2017 budget, the Malaysian government has proposed reductions in the corporate tax rate. The proposed budget provides a reduction by stages based on a percentage increase in income compared to the previous assessment year. The reduction will take place as follows:

- 1% reduction in the corporate tax if there is an increase in the chargeable income between 5% to less than 10%
- 2% reduction in the corporate tax if there is an increase in the chargeable income between 10% to less than 15%
- 3% reduction in the corporate tax if there is an increase in the chargeable income between 15% to less than 20%
- 4% reduction in the corporate tax if there is an increase in chargeable income by 20%.

The tax rate for Small and Medium Enterprises (SME's) on chargeable income up to MYR 500,000 is reduced from 19% to 18% for year of assessment 2017.

For more information, click here.

New Zealand

Proposed changes in PAYE reporting

The government has release a proposal for a better administration of Pay As You Earn (PAYE). The government plans to include these changes in the Tax Bill for the consideration of the Parliament in 2017.

The summary of the proposals is given below:

- Employers are required to file PAYE information on a payday basis and will no longer be required to file an employer monthly schedule.
- Employers and intermediaries using payroll software will be able to transmit the information to the Inland Revenue (IR) directly from the payroll software.
- The IR will not make the use of payroll software mandatory. However, the information must be filed on a payday basis.
- Small employers will be allowed to file paper return for PAYE, if they are below the threshold. The threshold for electronic filing of PAYE and Employer Superannuation Contribution Tax (ESCT) deductions will be reduced from NZD 100,000 to NZD 50,000 per year.
- Payroll subsidy paid to the employers who outsource their payroll will cease.

For more information, click here.

Singapore

Draft Income Tax (Amendment) Bill issued

The Ministry of Finance has issued the draft Income Tax (Amendment) Bill 2016 for public consultation. The proposed amendments are summarised below:

- Increase in the Corporate Income Tax (CIT) rebate for Years of Assessment (YA) 2016 and 2017 from 30% to 50% of the corporate tax payable, with a cap of SGD 20,000 per YA.
- Enhancing the Merger and Acquisition (M&A) scheme by granting the M&A allowance for the initial SGD 40 million of the consideration paid for qualifying M&A deals per YA until 31 March 2020. The allowance currently is applicable for the initial SGD 20 million of the consideration paid.
- Extension of the Double Tax Deduction for Internationalisation Scheme by four years till 31 March 2020 to support businesses in their internationalisation efforts.
- Introduction of the Business and Institute of a Public Character Partnership Scheme from 1 July 2016 to 31 December 2018. Businesses that send their employees to volunteer and provide services to Institutes of a Public Character, including secondment, will receive a 250% tax deduction on the associated cost incurred, subject to caps.

For more information, click here.

IRAS to step up audits on large businesses

Recently, the Inland Revenue Authority of Singapore (IRAS) has announced that it will step up audits on large businesses in the next two years. GST registered businesses are encouraged to conduct periodic reviews of their GST returns and disclose any error or non-compliance voluntarily. Large businesses are encouraged to undertake Assisted Compliance Assurance Programme (ACAP) to benefit from an audit exemption.

For more information, click here.

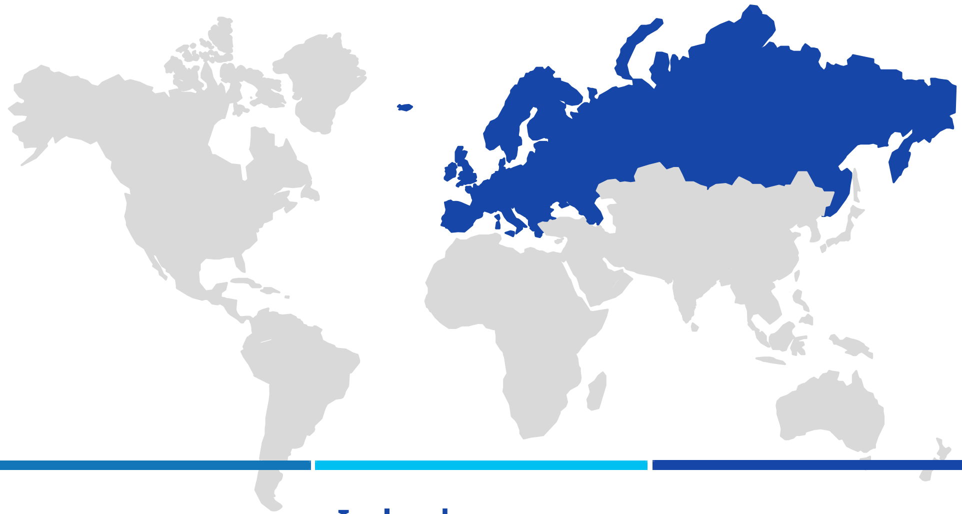
Retrenchment notifications made mandatory in Singapore

The Government of Singapore has made it mandatory that employers will need to notify the Ministry of Manpower (MOM) of retrenchments within five working days after they notify the affected employees. This will help the government with complete and timely tracking of the retrenchment information.

As per the Workforce Singapore Agency Act, employers will need to notify MOM if five or more employees are retrenched within a 6 month period beginning 1 January 2017. Failure to notify MOM within the given timeline will be an offence and the employer may be subject to penalties, including a fine not exceeding SGD 5,000.

Effective Date: 1 January 2016

For more information, click here.



Europe

Belgium

Draft Program Law for Budget 2017

The Belgian government has approved the draft program law containing the tax measures given below:

- Increase in the withholding tax rate from 27% to 30% for movable income (dividends, interest), effective from 1 January 2017.
- No speculation tax on capital gains realised from 1 January 2017.
- The extension of Belgian tax on foreign exchange transactions to include foreign platforms and doubling of tax ceilings which determine the maximum tax due per transaction.

Effective Date: 1 January 2017

France

Dividend amendment in the dividend distribution tax exemption provision in France

The Ministry of Finance announced that the 3% tax exemption on dividend distributions to the French parent companies has been amended. Pursuant to the change, foreign parent companies will also be eligible to benefit from this exemption, subject to certain conditions. The foreign parent company will have to satisfy the condition of being the head of a French tax group.

This provision will resolve the ongoing issue with respect to foreign parent companies that are unable to benefit from the 3% exemption on dividend distributions made by French subsidiaries.

Ireland

P35: New PAYE filing requirement

A new eBrief No. 93/16 has been published by Ireland's revenue department. This eBrief introduces a new PAYE filing requirement wherein taxpayers are required to submit additional information in PAYE end of year returns in form P35. The eBrief also addresses:

- Company share based remuneration
- Taxable benefits

Effective date: 1 January 2017

For more information, click here.

Year end notice to employers

Recently, a year end notice to employers and pension providers has been published by the Revenue Authority. The notice includes the following:

- For year 2016, Revenue will cease to issue employer tax credit certificate (P2Cs) with effect from 5 December 2016.
- In December 2016, Revenue will issue P2Cs for 2017 advising the rates and threshold applicable from 1 January 2017.
- New rates and threshold of the Universal Social Charge (USC) with effect from 1 January 2017 as announced in Budget 2017.
- 2017 forms, i.e., P35L, P35LT, P45 and P60, will be revised. Employers are advised to ensure that their payroll software is updated in order to accommodate this change.
- Change in the method of processing the form P46 when they are uploaded by employers or agents.

For more information, click here.

Italy

Introduction of a new VAT reporting obligation

From 2017, all the taxable individuals are required to submit a Value Added Tax (VAT) control statement on a quarterly basis. The deadline to submit the first VAT control statement is 31 May 2017. A VAT control statement includes a detailed list of all purchase and sales invoices for the respective period. The report must be submitted electronically.

For more information, click here.

Proposed VAT grouping rules

Italy is set to introduce new VAT grouping rules. The rules are in a draft form and may be subject to change. These rules enable the VAT reporting group to report under a single number and eliminate VAT payments between group members. Entities must have financial, economic, and organisational links to qualify as members of the VAT group.

Effective date: 1 January 2018

New social security exemption

Social security exemption has been confirmed by the former Italian Prime Minister Matteo Renzi. An exemption should be obtained by businesses for additional jobs they provide in southern Italy (the Mezzogiorno). From 2017, the exemption from social security contributions will be capped at EUR 8,060 (USD 8,600) annually for following category:

- For each person between the ages of 15 and 24; and
- An unemployed individual over this age for at least six months, who is newly employed by a business in the Mezzogiorno.

Netherlands

Proposed changes in the Dutch dividend withholding taxation

The Dutch Ministry of Finance sent a letter to the Dutch Parliament in relation to proposals for dividend withholding taxes. The proposal will be followed by a draft bill. The proposals suggested are given below:

- Dutch resident corporations will be exempt from the Dutch dividend withholding tax if the corporation is a part of an active business structure, interest of 5% or more is owned by the parent company receiving the distribution and the parent company is a resident of a country with which the Netherlands has a tax treaty.
- Dutch cooperatives will be exempt from the Dutch dividend withholding tax on profit distribution if the receiving member has an interest less than 5%, the cooperative is a part of an active business structure and the member receiving the distribution is a resident of a country with which the Netherlands has tax treaty.

Effective date: 1 January 2018

Introduction of a residence permit for intra-corporate transferees

The Dutch government has implemented the European Union (EU) intra-corporate transfer (ICT) directive in domestic law. As per the directive, managers, specialists and trainees coming to work in the EU as intra-corporate transferees are required to obtain a residence permit. Following are the conditions to be satisfied by transferees to be eligible for ICT permit:

- The transferee must be working for an entity outside the EU and should be transferred to an entity in the EU belonging to the same entity or group of entities.
- They must have employment experience for at least three months with a non EU entity.
- A manager or specialist may be seconded only for a period of up to three years and one year for trainees.
- The transferee's salary must be comparable with a Dutch national in a similar job position.

Extension of the effective date of employment relationship legislation

The effective date of the legislation known as 'Assessment of Employment Relationships Deregulation Act' has been extended. The date has been changed to 1 January 2018 from 1 May 2017.

Poland

Polish CIT and PIT law changes

A bill to amend Personal Income Tax (PIT) and Corporate Income Tax (CIT) has been signed by the President. Following are some of the changes affecting CIT and PIT laws:

- The reduction in CIT rate from 19% to 15% for small taxpayers and for the first year of a taxpayers business activity.
- The scope of income that is deemed to be earned by non resident taxpayers in the territory of Poland has been expanded.
- Introduction of beneficial ownership to meet the new exemption requirement of withholding tax on interest and royalties paid to associated companies from the EU.

Effective date: 1 January 2017

Changes in standard audit file items

The Ministry of finance published two changes in the standard audit file items. They are:

- Changes relating to entity information
- Changes to sales and purchase of evidence records

Effective date: 1 January 2017

VAT e-Filing in Poland

Poland is introducing online filings for a range of VAT submissions such as VAT-7, VAT-7K-7D and summary information on EU intra-community supplies from 1 January 2017.

However, the businesses that provide or receive reverse charge services or goods or provide EU intra-community supplies will get a transition period of one year.

Portugal

Enforcement of tax and social security debts regime

The decree no. 67/2016 was published in the Official Gazette. The new law regularises the tax and social security regime. It allows voluntary payment of fiscal debts and contributions (either in full or through a benefit plan) with payment of interest and other charges associated with the debt. This special regime is applicable for:

- Tax debts, if the taxable event occurred on or before 31 December 2015 and the collection period ended on or before 31 May 2016.
- Social security contribution debts if the collection period ended on or before 31 December 2015.

Taxpayers who wish to benefit from this regime must do so by 20 December 2016, either by paying the debts in full or by instalments plans. The instalment plans may range up to 150 equal monthly instalments and do not depend on the provision of guarantees.

For more information, click here.

Enforcement of partial exemption of patent income regime

The decree no 47/2016 was published in the Official Gazette. The new law is applicable to Intellectual Property (IP) rights registered after 1 July 2016.

Portuguese companies and permanent establishments can receive a benefit of 50% tax relief on income derived from the sale or grant of temporary use of patents and models. Internally developed patents also qualify for the relief. However, income derived from third party IP contractors as well as associated enterprise transactions are excluded. The maximum amount for relief is capped at the amount derived by increasing the qualifying expenses by 30% and dividing it by total expenses incurred with respect to developing the IP. The new law also proposes limitations with respect to qualifying costs and expenses.

Note that the previous regime is still applicable to IP registered from 1 January 2014 to 30 June 2016.

For more information, click here.

Sweden

Imposition of a new financial activity tax

A Swedish government committee has proposed to impose a new tax on the financial service sector. The new tax will be known as financial activity tax which is proposed at 15% of the total salary costs during a tax year. The financial activity tax will be imposed on those financial and insurance entities that supply VAT exempt services which are liable to pay social security contributions. This tax would be an additional salary tax.

Effective date: 1 January 2018

Clarification on special payroll tax applicability

A notice with a clarification has been published by the tax administration relating to the special payroll tax. According to the notice, special payroll tax on certain earned income will not be imposed on the foreign employees that do not have a permanent establishment.

Switzerland

Termination of Withholding Agreement between Switzerland and Austria

The Governments of Switzerland and Austria have signed an agreement to ensure a smooth transition between the two regimes in light of the agreement signed between Switzerland and the EU on the automatic exchange of tax information.

Consequentially, the Withholding Tax (WHT) agreement between Switzerland and Austria will be terminated on 1 January 2017. However, the provisions of the withholding tax agreement will continue to apply for all the facts and legal rights that materialised during its period of validity.

For more information, click here

Changes in VAT

Following are the VAT changes approved by the Swiss Parliament:

- The introduction of a VAT registration threshold of CHF 100,000 for the branches of public authorities who supply other to bodies.

- For non established businesses, if the revenue from domestic and international sales exceeds CHF 100,000 then VAT registration will be due immediately.
- The reduced VAT rate of 2.5% is applicable on online media and e-books.
- VAT calculation changes for art and antiques sales margin scheme.

Effective date: 1 January 2018

Automatic exchange of information between Switzerland and four Latin-American states

The Swiss government signed a joint declaration to introduce automatic exchange of tax information (AEOI) with Argentina, Brazil, Mexico and Uruguay. Switzerland and these four jurisdictions will start collating data in 2018 and exchange data from 2019 onwards.

Information subject to automatic exchange is given below:

- Details of account holder or beneficial owner;
- Account number;
- Account balance;
- Dividend and interest income;
- Capital gains; and
- Certain insurance related payments.

For more information, click here.

DTA between Switzerland and Liechtenstein

The Swiss government entered into the Double Taxation Agreement (DTA) with Liechtenstein. The agreement will come into force on 22 December 2016, and will be effective from 1 January 2017.

For more information, click here.

United Kingdom

HMRC issues a clarification on Class 1A NIC

Her Majesty's Revenue and Customs (HMRC) has amended regulation 40 of the Social Security (Contributions) Regulations 2001, to clarify that several categories of expenses and costs for employees performing duties abroad are excluded from Class 1A National Insurance contributions.

For more information, click here.

Clarification issued on VAT incurred prior to registration

HMRC has released a VAT briefing which allows a VAT business registrant to recover the tax they have incurred on the goods and services before their effective date of registration.

Input VAT on purchase of goods can be reclaimed up to four years prior to the date the business becomes VAT registered and 6 months for services.

For more information, click here.

Abolition of the 28 day grace period to file an extension

The UK Immigration Rules had earlier allowed 28 days grace period to file an extension application after the expiration of visa. As per the new Immigration Rules, all visa extensions must be made within 14 days of the expiry date.

For more information, click here.

Further expansion of UK Registered Traveller Service

The UK Registered Traveller Service has been extended to 16 new countries. Frequent travellers to the UK from these countries will be eligible to apply for membership of the scheme, which provides the potential for improved trade and tourism links.

Membership will now be open to passengers from Argentina, Belize, Brazil, Brunei, Chile, Costa Rica, El Salvador, Guatemala, Honduras, Israel, Malaysia, Mexico, Nicaragua, Panama, Paraguay and Uruguay.

There are also plans for the service to be offered to certain categories of travellers from India.

For more information, click here.

Tax law change announcements in the Autumn Statements 2016

The UK Finance Minister presented the Autumn Statements to the parliament, announcing the proposed changes given below:

- A new three-year NS&I Investment Bond will be available from spring 2017 with an indicative interest rate of 2.2%.
- The National Living Wage for those aged 25 and over will increase from GBP 7.20 per hour to GBP 7.50 per hour.
- From April 2017, most of the salary sacrifice schemes will be subject to the same tax as cash income.
- Insurance Premium Tax will increase by 2% from 1 June 2017
- Increase in the rural rate relief from 50% to 100% in April 2017
- Decrease in the corporation tax rate from 20% to 17% by 2020
- Letting agents cannot charge renters fees when they sign a new tenancy agreement
- Increase in the personal allowance to GBP 12,500 and the higher rate threshold of GBP 50,000

- From April 2019, capital gains tax on the sale of residential property will no longer be payable on 31 January following the end of the tax year in which the sale takes place, instead will be payable 30 days after the transaction.
- From 2017-18, Stamp Duty Land Tax will become payable 14 days after the completion of a sale, rather than 30 days, as it is at present.
- The government has announced that it will extend the doubling of Small business rate relief till 1 April 2017
- From April 2016, new state pension will be set at GBP 155.65 per week

For more information, click here.

Income Tax (PAYE) (Amendment No. 3) Regulations 2016 published

HMRC has published the Income Tax (PAYE) (Amendment No. 3) Regulations 2016 to amend the Income Tax (PAYE) Regulations 2003 (PAYE). The changes are listed below:

- Introduction of a scheme which authorises employers to deduct tax from their employees for certain benefits provided in kind to employees through PAYE;
- From 6 April 2017, an employer can payroll the benefits of non-cash vouchers received and credit tokens used. An employer cannot voluntarily payroll the benefit of non-cash vouchers and credit tokens where those benefits are treated as payments of PAYE income;
- Addresses the situations where the employee has not paid the full amount expected, to recover the cost of the credit token by 1 June following the end of the tax year;

Effective Date: 19 December 2016

For more 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.

Contact Us

Mumbai

19, Adi Marzban Path
Ballard Estate, Fort
Mumbai 400 001
T: +91 22 6730 9000

New Delhi

B-376
Nirman Vihar
New Delhi 110 092
T: +91 11 4252 8800

Bengaluru

Office No. 312/313, Barton Centre
Mahatma Gandhi Road
Bengaluru 560 001
T: +91 80 4277 7800

Pune

VEN Business Centre
Baner–Pashan Link Road
Pune 411 021
T: +91 20 6720 3800

Gurgaon

German Centre for Industry and Trade
Building No. 9, Tower B
Level 12, DLF Cyber City Phase III
Gurgaon 122 002
T: +91 124 463 6000

Toronto

269 The East Mall
Toronto
ON M9B 3Z1
Canada
T: +1 647 707 5066

Hyderabad

6-3-249/3/1, SSK Building
Ranga Raju Lane
Road No. 1, Banjara Hills
Hyderabad 500 034
T: +91 40 2325 1800

Chennai

Office No. 3, Crown Court
128 Cathedral Road
Chennai 600 086
T: +91 44 4208 0337

www.skpgroup.com

Connect with us

skpgrp.info@skpgroup.com

www.linkedin.com/company/skp-group

www.twitter.com/SKPGroup

www.facebook.com/SKPGroupIndia

plus.google.com/+SKPGroup

Subscribe to our alerts

A member of Nexia International

DISCLAIMER

This newsletter contains general information which is provided on an “as is” basis without warranties of any kind, express or implied and is not intended to address any particular situation. The information contained herein may not be comprehensive and should not be construed as specific advice or opinion. This newsletter should not be substituted for any professional advice or service, and it should not be acted or relied upon or used as a basis for any decision or action that may affect you or your business. It is also expressly clarified that this newsletter is not intended to be a form of solicitation or invitation or advertisement to create any adviser-client relationship.

Whilst every effort has been made to ensure the accuracy of the information contained in this newsletter, the same cannot be guaranteed. We accept no liability or responsibility to any person for any loss or damage incurred by relying on the information contained in this newsletter.

SKP Business Consulting LLP is a member firm of the "Nexia International" network. Nexia International Limited does not deliver services in its own name or otherwise. Nexia International Limited and the member firms of the Nexia International network (including those members that trade under a name which includes the word NEXIA) are not part of a worldwide partnership. For the full Nexia International disclaimer, please click here.