

# Global Expansion Updates



January 2018 | Issue 19

We are pleased to present the December 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 filing 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.

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# Africa

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## Nigeria

### Filing of PAYE tax returns in Ogun state

The new rules have been introduced in Ogun states stating that the employers of employees who are residents in Ogun state must now submit monthly Pay-As-You-Earn (PAYE) tax returns using a specified form, along with related evidence of the tax paid to the tax authority in both soft (electronic) and hard copies. Earlier, this was not a requirement.

The tax authority of the Nigerian State of Ogun has now also issued guidance concerning the filing of monthly PAYE tax returns.



# Americas

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## Canada

### New regulation issued with respect to Nova Scotia pension plan asset transfer

In November 2017, new regulations to transfer assets between pension plans have been issued by the Nova Scotia Department of Finance and Treasury Board. These are effective from 12 December 2017. The regulations apply to transfer of pension plan assets in the event of sale of business or an employer establishes a new plan to replace or succeed an existing one.

#### The regulations offer:

- Transfer of agreement between employers or plan sponsors for the transfer of assets from the original plan to the successor plan.
- Prescribed notices to members, former members and retired members and other persons entitled to benefits as well as bargaining agents and advisory committees. Also, notices to be issued for individual consent of the members, if required by agreement.
- Continuance of special payments until the transfer of assets.
- If the successor plan is permitted to reduce accrued pension benefits then transfer with respect to defined benefits is not authorized.
- The amount of a transferred member's accrued pension benefits under the successor plan should be at least 85% of their accrued pension benefits under the original pension plan, excluding ancillary benefits in both the amounts, as on the effective date of the transfer of assets.

For more information, click [here](#).



# Asia-Pacific

## Australia

### New tax rate to DASP for WHMs

New withholding tax rate has been introduced for Working Holiday Maker (WHM) in Australia to tax the taxable component of Departing Australia Superannuation Payment (DASP) from 1 July 2017.

Temporary residents are eligible for DASP, provided that certain conditions are satisfied and are taxed at lower rate of 35%/45% on DASP. WHM will be taxed at the flat rate of 65% from 1 July 2017.

A WHM is an individual who holds a working holiday visa (subclass 417) or a work and holiday visa (subclass 462). WHM may also be individuals who hold a bridging visa granted in relation to an application for a subclass 417 or 462 visa.

For more information, click [here](#).

### DASP

If a person has worked and earned superannuation while visiting Australia on a temporary visa, he can apply to have this superannuation paid as a DASP after he leaves Australia.

The person can also authorise a representative person to claim the superannuation on his behalf. The person appointing the representative before a DASP claim is submitted should submit a written authority.

You can nominate:

- A tax agent with full registration or conditional tax agent registration with the Tax Practitioner Board for the purpose of claiming DASP.
- A representative if you use a DASP paper form.

For more information, click [here](#).

### Guidelines to determine exempt benefit for private vehicle use

Draft guidelines have been issued by the Australian Taxation office (ATO) to assist employers determine Fringe Benefits Tax (FBT) exemptions for employees' private use of vehicles.

The draft Practical Compliance Guideline (PCG) considers FBT exemptions often used by employers in respect of utilities, vans and eligible dual cabs.

The guidelines provides an insight into what the Commissioner of Taxation (Commissioner) considers minor, infrequent or irregular private use for the purpose of car-related FBT exemptions. An employer will be able to rely on the Draft Guideline where certain conditions given in the draft guidelines are met.

For detail information, click [here](#).

## Malaysia

### Online application portal for employment pass application

Malaysia Economy Corporation (MDEC) announced a new online application portal. The new service fees are permitted to be paid in advance of the application's submission through this online portal.

Effective immediately, payments to MDEC must now be made online.

For more information, click [here](#).

### GST on gifts - public ruling issued

On 1 December 2017, the Royal Malaysian Customs Department (RMCD) issued a public ruling on Goods and Services Tax (GST) levy on gifts. The ruling provides for chargeability of GST on gifts made by taxable persons as follows:

- GST will not be charged for the provision of goods costing MYR 500 or less to the same recipient within a year.

- Gifts given to employees or clients costing more than MYR 500 are subject to GST.
- The value of the gifts will be determined based on the open market value in case of gifts with no proof of purchase.
- Industrial or commercial samples of goods are not subject to GST provided they should be marked 'not for sale' or 'sample' or carry any other sign that conveys the same meaning and the package of the sample is smaller than the retail product.



# Europe

## Belgium

### Proposed changes to Belgian labour legislation

Recently, the Belgian labour law has introduced changes in labour legislation, which are listed below:

- The Wijninckx contribution requires an employer to pay an additional tax of 1.5% if the aggregated contributions of the supplementary pension of an employee exceed EUR 31,839. The government has increase the additional tax on contributions from 1.5% to 3% as from 1 January 2018.
- 'Profit premium' is introduced which allows companies to grant their employees a percentage of their profits as a bonus. Employers can decide whether or not a profit premium will be granted. Profit premium will not substitute another component of an employee's compensation. The total amount of the premium should never exceed 30% of the total yearly remuneration.
- Introduction of night work to support e-commerce in Belgium.
- The introduction of 'activation contribution' to discourage employers from letting older workers stay at home in exchange for accepting a reduced salary.
- Introduction of 'accountability contribution' through which part-time workers with guaranteed income have the right to request employer for a full-time job or another part-time job.

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For more information, click [here](#).

### Change in notifications in LIMOSA in Belgium

The Belgium government has announced that from 1 October 2017, additional information should be completed in the online LIMOSA application.

There is an obligation for a foreign employer to appoint a liaison officer (physical person) in Belgium to act as a contact person with the Belgian government.

The appointed contact person should provide documents connected to the posting til one year after the end of the posting.

Besides the liaison officer, the LIMOSA declaration must also mention the nature of the services that are being carried out in Belgium.

For more information, click [here](#).

## Denmark

### Change in the minimum amount of salary under the pay limit and fast-track Schemes

The minimum amount of salary offered under the pay limit and fast-track schemes is increased from DKK 408,800 to DKK 417,793.60 effective from 1 January 2018.

## France

### Social security ceilings published for 2018

In December 2017, the French government issued an edict (arrêté ministériel) which announces the social security ceilings for remunerations paid from 1 January 2018 to 31 December 2018:

- EUR 39,732 for remunerations paid on an annual basis.
- EUR 3,311 for remunerations paid on a monthly basis.
- EUR 182 for remunerations paid on a daily basis.

### 2018 wage withholding tax table for non-residents published

In December 2017, the Public Finances General Directorate in its Official Bulletin has published the 2018 wage withholding tax table for non-resident individuals.

The following rates are applicable to employment income, including pensions and life annuities, paid to a non-resident:

- For income up to EUR 13,170, there will not be any withholding.
- For income between EUR 13,170 to 38,214, withholding tax will be at the rate of 12% and in overseas department 8%.
- For income above EUR 38,214, withholding tax will be at the rate of 20% and in overseas department 14.4%.

## The Netherlands

### Increase in minimum salary levels and government filling fees

Recently, minimum salary levels have been increased by 2% along with the government filling fees by 1.3%.

Following is the increase in salary levels:

Knowledge migrants and EU intracompany transferees over 30 years	EUR 4,404 per month (up from EUR 4,324 per month)
Knowledge migrants and EU intracompany transferees under 30 years old	EUR 3,229 per month (up from EUR 3,170 per month)
Knowledge migrants after orientation year permit or those who fulfil criteria for the orientation year permit	EUR 2,314 per month (up from EUR 2,272 per month)
EU Blue Card	EUR 2,672 per month (up from EUR 2,638 per month)

## The United Kingdom

### Changes in Immigration Rules

Recently, the United Kingdom (UK) government introduced changes to Immigration Rules from January 2018. Following are some of the changes proposed:

- Physical vignette in the passport will be replaced by an electronic entry clearance visa.
- Tier 4 students can switch to Tier 2 sponsorship.
- Point Based System (PBS) dependants do not have to spend more than 180 days in any 12 month period outside the UK in order to qualify for Indefinite Leave to Remain.

### HMRC discontinues accepting personal credit card payments

Recently, Her Majesty's Revenue and Customs (HMRC) announced that it will discontinue to use credit card payment method from 13 January 2018 as it is causing inconvenience for many taxpayers.

### New rules on Optional Remuneration Arrangements

Recently, HMRC has introduced new rules on Optional Remuneration Arrangements (ORA).

The new rules came into effect retrospectively from 6 April 2017 and any ORA entered into before 6 April 2017 are protected until whichever is earlier of the following:

- The variation, renewal or auto-renewal of the arrangements; or
- 6 April 2018, except for cars (with CO2 emissions above 75 g/km) accommodation and school fees when the latest date for the new rules starting is 6 April 2021.

If an employee enters into a new arrangement on or after 6 April 2017 then the new rules apply straight away.

The ORA legislation targets two types of arrangements called 'Type A' and 'Type B' arrangements:

- In Type A arrangements, employee gives up the right or a future right to receive an amount of earnings in return for a benefit.
- In Type B arrangements, employee agrees to be provided with a benefit instead of an amount of earnings.

In either of these arrangements, the employee will be taxed on the 'amount forgone', which means the amount of earnings given up in exchange of benefit. An employee will always be taxed on the higher of 'the existing taxable value of benefit or the salary forgone'.

For more information, click [here](#).

## New changes introduced in indefinite leave to remain

Indefinite Leave to Remain (ILR) which is also known as permanent residence grants the right to live and work in the UK free of immigration restrictions. There are various qualifications criteria for ILR depending on the visa type held in UK.

To qualify for IRL, the following criteria needs to be satisfied:

- Complete five years of continuous residence in the UK while adhering to certain income requirements.
- Keeps a detailed record of any absences from the UK over the last five years.
- Demonstrate a good knowledge of language and life in the UK, by way of the 'Life in the UK' test - a compulsory 45 minute test devised for foreign nationals seeking indefinite leave to remain in the UK or naturalisation as a British citizen.

The following changes have been announced to the UK Immigration Rules that will be effective from 11 January 2018.

- Individuals who have completed five years residence in the UK on a qualifying work visa are

eligible to apply for ILR, provided they had no more than 180 days of absence from the UK in any 12-month period. The 180 days restriction now applies to the main applicant's partner/dependent. This change will not be retrospective - the 180-day limit will only apply to partners issued with periods of leave from 11 January 2018.

- Earlier a 60 day 'gap' between roles prevented Tier 2 holders from meeting the five year requirement, thus not being able to qualify for IRL.
- Under the new rules, Tier 2 visa holders who have more than 60 days between Tier 2 employments are no longer prevented from applying for IRL when they reach the qualifying mark of five continuous years of employment in the UK.

For more information, click [here](#).

## Scotland draft Budget 2018 -19

Scotland's Finance Secretary announced the draft Scottish budget for 2018-19. Below are the key points relating to taxation:

- Basic rate of income tax frozen at 20%.
- New intermediate rate of 21% will be established for those earning between GBP 24,000 and GBP 44,290.
- Increase in the higher and additional rate of tax by 1% to 41% and 46% respectively.
- A new Scottish starter rate of income tax will be introduced to apply tax on earnings between GBP 11,850 and GBP 13,850 at a reduced rate of 19%.
- First-time buyers to be exempt from Land and Buildings Transaction Tax (LBTT) on house purchases up to GBP 175,000

For more information, click [here](#).

## Introduction of making tax digital VAT regulations

One of the major reforms introduced by HMRC towards 'Making Tax Digital' for Value Added Tax (VAT) will come into effect from 1 April 2019.

All businesses with a turnover above the VAT threshold (currently GBP 85,000) will keep their records digitally (for VAT purposes only) and provide their VAT return information to HMRC through Making Tax Digital (MTD) functional compatible software. MTD will be available on a voluntary basis to other businesses, for both VAT and income tax.

## HMRC explains VAT changes taking place in 2018

Recently, HMRC has announced VAT related changes in UK VAT:

- HMRC will no longer accept payments made from personal credit cards. However, it will continue to accept corporate, business, and commercial credit cards.
- New rules will be announced regarding the disclosure of avoidance schemes covering VAT and other indirect taxes.

From 1 April 2018, businesses will be able to apply online for Fulfillment House Due Diligence Scheme.

## About SKP

SKP is a global professional services group with its principal areas of operations in business advisory, end-to-end finance and accounting solutions including attest function and taxation, business process management, and IT risk advisory. SKP's focus is to provide solutions which result in tangible business benefits and performance improvements.

Our multi-disciplinary teams serve clients from various geographies and industries ensuring global standards. With over 80% of our client-base being international, we truly understand the needs of global companies and their expectations and our customized global solutions are designed to factor in local nuances. Our commitment is rooted in a passion for solutions, empowering our people and clients to achieve more.

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