Global Expansion Updates

September 2016 | Issue 7

We are pleased to present the September 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 across the world.

The key highlights of this issue include the Income Tax Regulation, 2016 issued in Ghana, changes in the Finance Act, 2016 in Kenya, changes in the turnover tax collection system in Argentina, New State Agreement 53/2016 in Brazil, draft legislation to amend the tax system In Canada, change in the tax slabs in Australia and the hold on retail sales tax in Poland.

In this issue

Africa

Ghana

Income Tax Regulations, 2016

The Finance Minister of Ghana has issued the Income Tax Regulations, 2016. The key changes introduced by the Income Tax Regulations, 2016 are:

- Employees engaged in part-time employment other than those specified in the Act shall be liable for tax. The rate of tax is 10% for residents and 20% for non-residents;
- Filing of employer's annual tax deduction schedule;
- Requirement to deduct withholding tax by a subcontractor who engages another person (sub-subcontractor) to provide work or services.
- Foreign tax credit can be claimed by a resident person for tax paid in a foreign country on foreign income taxable in Ghana.

Kenya

Changes in Finance Act, 2016

Certain amendments were made to the Finance Bill, 2016 prior to the enactment. Following are the key changes:

<u>Corporate income tax</u>

- Any expenses incurred in sponsoring sports activities are tax deductible provided prior approval is granted by the Cabinet Secretary in charge of sports.
- No withholding tax is payable by lottery winners.

<u>Individual tax</u>

- Increase in mortgage relief from KES 150,000 to KES 300,000.

<u>Value Added Tax (VAT)</u>

Various items are exempted from VAT. Some of them are mentioned below:

- Any service charge paid in lieu of tips.
- Inputs or raw materials purchased or imported by manufacturers of clean cook stoves.
- Entry fees into national parks and national reserves.
- Tour operator services excluding house supplies.

<u>Administration</u>

- The timeline of the application for refunds of overpaid taxes has been extended from one year to five years.

Mauritius

Key measures relating to amended tax returns

Recently, the Finance Bill, 2016 has been enacted in Mauritius. The key measures relating to the amended tax returns are as follows:

- The amended tax returns can be submitted within three years from the end of the year of assessment. If the amended tax return is not filed within the statutory filing time limit, a penalty of MUR 2,000 per month will be applicable. The penalty should not exceed MUR 20,000.
- The amended tax return must be submitted electronically.
- The taxpayer must provide a reason for the alteration made to previous return.

South Africa

Draft proposal to extend employment and learnership incentives

The South African National Treasury has published proposed changes to the draft 2016 Taxation Laws Amendment Bill (TLAB) for public comment. The Bill contains additional amendments relating to employment tax incentive (ETI) and the learnership tax incentive (LTI).

Currently, the ETI will expire on 31 December 2016 and the LTI on 30 September 2016. It is now proposed that the ETI would be extended for another two years until 28 February 2019. The draft amendment also proposes a monetary cap of ZAR 20 million on the value of ETI claims per employer per annum.

It is proposed that the LTI should be extended from 1 October 2016 to 31 March 2022 with adjustments to the value of the deduction based on the qualification level of the learner when entering into a learnership agreement. The value of the deduction would vary between ZAR 20,000 and ZAR 40,000.

The new draft TLAB also contains revised clauses related to interest-free loans to trusts and restricted equity shares for employee share schemes to take account of public comments received regarding its first draft.

For more information, click here.

Postponement of Environmental Tire Levy

South Africa's National Treasury has extended the due date of the introduction of environmental tire levy from 1 October 2016 to 1 February 2017. The postponement is to allow the South African Revenue Service (SARS) time for further consultation with all affected parties on the practical arrangements for the implementation of the levy.

For more information, click here.

Americas

Argentina

Changes in turnover tax collection system

The Buenos Aires City Revenue Service (La Administración Gubernamental de Ingresos Públicos, AGIP) has amended resolution 939/2013 by resolution 364/2016. The following are the main amendments in the resolution:

- All companies established in Buenos Aires city are required to act as collection agents of the Revenue Service for the collection of tax on gross income from sales if their turnover in the previous year is more than ARS 60 million.
- A list of all taxpayers subject to turnover tax will be published by the Revenue Service on a monthly basis.

Effective Date: 1 October 2016

For more information, click here.

Changes in employee social security contributions

New gross monthly minimum and maximum salaries have been established, based on which, employee's social security contribution has to be computed. They are as follows:

Minimum salary - ARS 1,969.12; and
Maximum salary - ARS 63,995.73.

Effective Date: 1 September 2016

Brazil

New State Agreement 53/2016

Recently, the National Council of Tax Policy (Conselho Nacional de Política Fazendária – CONFAZ) issued a new State Agreement 53/2016 (Convênio ICMS 53/2016) to amend State Agreement 92/2015 (Convênio ICMS 92/2015). The new State Agreement 53/2016 has introduced certain amendments in the description and classification of the ICMS specification code (CEST) for certain products.

Effective Date: 1 October 2016

Deadline for the eSocial has been extended

The deadline for implementation and transmission of the information through eSocial has been extended. eSocial is a federal government project that will unify the sending of information by the employer of their employees relating to the tax, social security and labour obligations. The new deadline is 1 January 2018 for employers and taxpayers (companies) with gross revenues over BRL 78 million in 2016. For other employers and taxpayers (companies), the deadline is 1 July 2018. Earlier the deadline was September 2016 or January 2017 depending upon the revenue of a company.

For more information, click here.

Canada

Introduction of new penalty to support the common reporting standard

Canada has proposed to implement common reporting standard (CRS) requirements from 1 July 2017. Now, a draft proposal is issued which will impose a penalty of CAD 500 if a reportable person fails to provide his Tax Identification Number (TIN) when required. Given below are some exceptions to this new penalty:

- The new penalty does not apply if the reportable person is not eligible to obtain a TIN in the relevant jurisdiction.
- It does not apply when the reportable person makes an application for a TIN within 90 days of the TIN being requested, as long as the TIN is provided to the requestor within 15 days of receipt.

The proposed CRS penalty appears to be a strict liability penalty as intent is not part of the test in determining whether the penalty applies. Defences to the penalty would therefore generally be limited to factual mistakes (the assessed taxpayer was not in fact non-compliant) or due diligence.

Saskatchewan: Increase in minimum wage

From 1 October 2016, Saskatchewan's minimum wage will increase from CAD 10.50 to CAD 10.72 per hour. This increased rate is based on the average of the percentage change in the Consumer Price Index and the percentage change in the average hourly wage for Saskatchewan during the previous year.

For more information, click here.

Draft legislation to amend the tax system

Recently, the Government of Canada released draft legislative and regulatory proposals relating to technical amendments to the Income Tax Act and related legislations.

These proposals include amendments aimed to:

- improve the accuracy and consistency of the income tax legislation and regulations;
- improve the consistency of rules applicable for expenditures with respect to scientific research and experimental development; and
- ensure the appropriate application of Canada's international tax rules.

The Department of Finance has proposed to change certain measures of the Sales of Linked Notes announced in Budget 2016.

For more information, click here.

Alberta: Increase in minimum wages to CAD 15 per hour by October 2018

As per the update, the minimum wage in Alberta will increase from CAD 12.20 per hour in October 2016 to CAD 15 per hour in October 2018. The government has passed a regulation to increase the minimum wage effective from 1 October 2016. The wage rate will increase to CAD 13.60 from 1 October 2017 per hour and to CAD 15 per hour from 1 October 2018.

For more information, click here.

Decrease in Employment Insurance premium rate in 2017

Recently, the Canada Employment Insurance Commission announced that the Employment Insurance (EI) premium rate for 2017 will decrease from CAD 1.88 to CAD 1.63 per CAD 100 of insurable earnings.

The maximum insurable earnings ceiling for 2017 will increase from CAD 50,800 to CAD 51,300.

For more information, click here.

Quebec - Personal tax changes including federal tax harmonisation measures

Recently, the Federal Government announced certain tax measures concerning individuals and harmonisation with various tax measures. These changes include the following:

- Updating certain eligibility criteria with regard to the supplement for handicapped children
- Clarifying the eligibility for the supplement for handicapped children with exceptional care needs in the case of children six years of age and over, whose health condition requires certain complex medical care at home.

The bulletin also provides an update about the changes in the GST/HST system. The proposed changes include measures to revise the GST/HST rules applicable to pension plans to ensure that they apply to pension plans that use master trusts or master corporations, clarifications to certain GST/HST rules applicable to some pension plans and financial institutions, modernising the GST/HST drop shipment rules and introducing technical improvements

It also provides for clarifications to the time period in which certain employers must meet the obligations to subscribe to a voluntary retirement savings plan and automatically enrol their eligible employees in the plan.

For more information, click here.

The United States of America

Illinois: Employee Sick Leave Act introduced

Recently, the Employee Sick Leave Act was introduced in Illinois. This Act provides that employees may use their personal sick leave benefits provided by their employer for absence due to an illness, injury or medical appointment for eligible family members on the same terms on which the employee is eligible to use the sick leave benefit for his own illness or injury. Family members are defined as child, spouse, sibling, parent, mother-in-law, father-in-law, grandchild, grandparent or step-parent.

Effective Date: 1 January 2017

For more information, click here.

New York: Department of Labor adopted final rules on method of wage payment

The New York State Department of Labor adopted the final relations which governs the permissible method of wage payment on 7 September 2016. The new regulation imposes a requirement to obtain the consent of the employee if payments are made other than in cash or cheque. Employers are required to obtain the consent of the employee though they are using other methods such as 'Direct deposit' or 'Payroll cards'

Effective Date: 7 March 2017

Asia-Pacific

Australia

Increased payroll tax rebate for apprentices and trainees in Queensland

The Queensland government has announced an increase in the payroll tax rebate for employing apprentices or trainees as a part of the government's drive to create more jobs. The rebate rate will increase from 25% to 50% for 12 months with effect from 1 July 2016. The rebate is automatically calculated when the employer lodges their payroll tax return in the OSR connect (Queensland Office of State Revenue).

For more information, click here.

Change in tax slabs in Australia

The Australian government introduced a Bill to change the threshold for the 37 percent tax rate from AUD 80,000 to AUD 87,000. The reform applies retrospectively with effect from 1 July 2016.

As a result, from 1 October, employers will be required to lower the amount of tax withheld for affected taxpayers. Any tax overpaid prior to this date will be refunded by the Australian Tax Office (ATO) on assessment after the end of financial year 2016-17.

This new threshold will also apply to foreign residents

Effective date: 1 July 2016

For more information, click here.

Automatic exchange of information agreement between Australia and Singapore

Recently, the ATO entered into a Competent Authority Agreement with the Inland Revenue Authority of Singapore (IRAS) for the automatic exchange of financial account information (AEOI), based on Common Reporting Standard (CRS) with the aim of reducing tax evasion.

Singapore and Australia will commence AEOI under CRS by September 2018. Under the agreement, IRAS will automatically exchange with the ATO, financial account information of accounts in Singapore held by Australian tax residents while the ATO will automatically exchange information with the IRAS and financial account information of accounts in Australia held by Singapore tax residents.

For more information, click here.

Government improves superannuation reforms

The Australian government recently announced an amendment to their original proposal announced back in Budget 2016. The main changes are given below.

- To scrap the lifetime non-concessional contributions cap of AUD 500,000 introduced in Budget 2016-17
  Instead, the government will lower the annual caps for non-concessional contributions from AUD 180,000 a year to AUD 100,000 and will introduce a new constraint that individuals with a balance of more than AUD 1.6 million will no longer be eligible to make non-concessional contributions.

- Defer commencement of carry-forward arrangements under 'catch-up' concessional superannuation contributions
  The government will help people 'catch-up' their superannuation contributions by allowing individuals with account balances of AUD 500,000 or less to rollover their unused concessional caps (for up to 5 years) to use if they have the capacity and choose to do so.

- The proposal of removing the 'work test' for individuals aged 65–74 wanting to make super contributions has been scrapped.

For more information, click here.

Labour and employment update

The Fair Work Commission (FWC) has varied paid annual leave entitlements in some awards. Most changes took effect from 29 July 2016. The changes are:

- cashing out annual leave;
- taking annual leave in advance;
- managing large (excessive) annual leave balances; and
- payment for annual leave.

The decisions have the effect of a general right to cash out accrued annual leave into each relevant award, subject to the number of conditions such as:

- employees must have at least four weeks annual leave accrued after the cash-out;
- employees are not entitled to cash out more than two weeks annual leave in any 12-month period; and
- Each period of cashed-out annual leave requires a signed agreement with the employer.

For more information, click here.

Guidance issued to curb Multinational Profit Shifting Arrangements

Recently, the ATO has published two new taxpayer alerts warning against international profit shifting by multinational companies.

- TA 2016/10 – The tax alert cautions multinational companies who engage in cross-border round-robin financing arrangements. These are the arrangements where an Australian entity funds an overseas-related entity but subsequently receives the funds back in a manner, which purportedly generates Australian tax deductions without corresponding Australian assessable income.
- TA 2016/11 – The tax alert pertains to a new scheme that attempts to avoid the Multinational Anti-Avoidance Law (MAAL). The MAAL applies to multinational groups that avoid a taxable presence in Australia by operating in Australia but booking their profits offshore.

For more information, click here.

Proposed changes to temporary activity visa model

The Australian government announced the introduction of changes to the temporary activity visa framework. A few existing visas including Subclass 401 Temporary Work (long-stay activity) visa and Subclass 402 Training and Research visa would be closed for new applications from 19 November 2016. As a substitute to these categories, new visa subclasses will be introduced from 19 November 2016.

Applications lodged for existing visas (which are being abolished) before 19 November 2016 would be processed under a pre-19 November 2016 legislation and would be incorporated within the proposed new temporary activity visa framework.

The amendments are subject to approval by the Governor General of Australia.

For more information, click here.

Guidance on Country-by-Country reporting exemption

The ATO recently released guidance on applying for Country-by-Country (CbC) reporting exemptions. The guidance outlines the process for taxpayers (considered as significant global entity (SGE) and subject to CbC reporting obligations) to apply for a specific exemption with respect to one or several of the CbC obligations.

For more information, click here.

South Australia - New rules announced for '457 visa' holders

'457 Temporary Skilled Workers Visa' bearers residing in South Australia with their children will be required to contribute to the education costs of government schools if their children opt to study in those schools. The fee payable is likely to be based on a family's financial circumstances.

As of January 2017, any newly arriving 457 visa holders will be subjected to a fee. People in southern Australia who possess a 457 visa but arrived prior to 1 January 2017 will still be exempt. However, from January 2018, the new rules will be applied to all 457 visa holders living in South Australia, irrespective of their arrival date.

Permanent residents in Australia will be made exempt from such contributions.

China

Salary payment regulations updated for Shanghai

As per the recent update, the Chinese government has updated the 'Municipal Enterprises Salary Payment Regulation' (MESPR) which is applicable in Shanghai.

Given below are new updates made to the MESPR

- An employer in Shanghai can implement its own salary payment rules provided they are in line with the new regulation
- Employers can now take longer period to make an employee's last salary payment. Earlier, the last salary payment had to coincide with the employee's completion of work.

- The base pay for calculating overtime and leave pay should not include year-end bonus, commuting allowance, meal allowance, housing subsidy, night-shift allowance, high temperature allowance and overtime pay.

China implements new single work permit

Recently, the State Administration of Foreign Experts Affairs (SAFEA) announced that the existing Foreign Expert Permit and Alien Employment License will be merged into a single permit.

The Foreign Expert Permit is issued to 'high-level' talent or candidates whose skills are urgently needed in China's labour market and the Alien Employment Permit is issued for general employment.

After the announcement, there will be a single work permit document like an ID card and each applicant will be given a unique ID number that does not change on the renewal of a permit or change of employer.

To qualify for the new work permit, SAFEA introduced a points-based system for foreign workers in which points are given to applicants based on their education background, salary level, age, time spent working in China and Chinese language level.

The government implemented a pilot scheme in selected regions from 1 October 2016.

Effective Date: 1 April 2017

Philippines

Finalisation of Implementing Rules for the Philippines Data Privacy Act

The Philippines data protection law came into force on 8 September 2012. The Act enforced the formation of a National Privacy Commission (NPC) to implement and monitor compliance with the Act. The NPC was formed in March 2016 and has issued a regulation implementing the rules of the Act (IRR). The IRR clarifies many important aspects of the data protection law particularly relating to multinationals with offshore call centres, multinational businesses with offshore call centres, businesses with outsourcing facilities and other companies in Philippines with offshore arrangements.

Effective Date: 9 September 2016

For more information, please click here.

South Korea

Foreign assignees: New Income Tax Withholding introduced

The new withholding provisions will be applicable to Korean entities paying service fees to the parent foreign corporation. As per new provisions, the Korean entity has to withhold tax on employment income on foreign assignees if certain conditions satisfied. The withholding needs to be made even though all employment cost are borne by parent corporation.

Effective Date: 1 July 2016

Thailand

Foreign Business Act relaxation requirements

The Council of State approved a ministerial regulation allowing foreigners to conduct certain businesses without being required to obtain a foreign business license (FBL) under the Foreign Business Act (FBA).

Currently, if a foreign company with a representative office or a regional office in Thailand is only allowed to provide limited non-revenue earning activities in Thailand after it has obtained an FBL.

The new regulation lifts the restrictions on foreigners operating a representative office or a regional office.

Permanent Residence applications process begins

The Immigration Bureau of Thailand has announced that it will accept Permanent Residence (PR) permit applications from 1 September to 30 December 2016 during office hours on any official working day. In earlier years, the PR application process began in December 2016.

The Immigration Bureau will not grant more than 100 PR permits to applicants of each nationality.

Europe

Belgium

Corporate income tax reform announced

As per the recent update, the Belgium finance minister made the following announcements to the corporate tax system:

- Corporate tax rate has reduced from 33.99% in 2016 to 27% in 2017, to 24% in 2018 and to 20% in 2019.
- The crisis surcharge of 3% would be phased out by 2019.
- The introduction of a conditional tax reduction of 35% for hiring additional personnel.

VAT exemption on cafeteria income

In Belgium, supplying food and beverages for consumption on the premises (operating a cafeteria) is a service subject to VAT. This activity is taxable despite its purpose being a non-profit making activity.

However, taxpayers who provide exempt services (hospitals, retirement homes, museums, etc.) are exempted on their cafeteria income.

As per the recent update, the VAT exemption is extended to all type of meals. In addition, the condition that no other VAT taxable activities can be exercised is abolished.

Czech Republic

Introduction of Electronic Records of Sales Act

As per the recent update, the Czech Republic government introduced the Czech Republic's new Electronic Records Sales Act.

This new Act applies to corporate and personal income taxpayers who make payment either in cash, credit cards, bills of exchange, wire transfers or other similar payments.

The taxpayer is required to submit a request for authentication to the tax administration website through data message using the login data of the company at the relevant tax office before receipt of the first recorded sale.

Effective Date: 1 December 2016

Change in reverse charge mechanism

A new VAT law has been published to include that a reverse charge mechanism can be applied to the delivery of goods in the Czech Republic by an entity that is not established in the Czech Republic or is not a Czech VAT-payer as long as the customer is a VAT-payer.

There is also no requirement for an entity outside the Czech Republic to register for VAT if they are not established in the Czech Republic.

France

Labour regulations for protection against dismissal of young parents

As per the amendment in labour law, employees on maternity leave in France are entitled to a 10 week protection period from dismissal. Prior to this, the protection period was 4 weeks. This protection period of 10 weeks also applies to fathers of a new-born child and it starts from the date of birth of his child.

For more information, please click here.

France announces draft Budget 2017 law

Recently, the draft 2017 Budget law was presented by the French Ministry of Finance. The highlights of are as follows:

- The draft Bill of 2017 confirms a reduced 28% intermediate tax rate for small and medium sized companies instead of the headline corporate tax rate of 33.33%. The government aims to apply the reduced rate to all companies by 1 January 2020.

- The surcharge to corporate tax has been discontinued. The 10.7% surcharge that was applicable to French tax groups and large companies that have revenue exceeding the threshold of EUR 250 million will no longer be applicable for financial years ending 31 December 2016 onwards.
- Large companies with revenues exceeding EUR 250 million currently remit taxes in five instalments. The percentage of tax remittance of final instalments has been increased from 80% to 98%. This will apply to financial years beginning on 1 January 2017.
- In order to increase the benefits on employment and investment, the rate of CICE (tax credit for employment and competitiveness) will increase from 6 to 7% on wages paid in 2017.
- The impatriate tax savings regime period has been extended. Currently, expats in France could benefit from the tax saving regime up to their fifth year in France. As per the draft Finance Bill 2017, this period will be extended from the fifth year to the eight year.
- The draft law also confirms the application of PAYE (Pay As You Earn) system from 1 January 2018.

For more information, please click here.

Germany

Measures against tax havens and shell companies announced

The Ministry of Finance has announced various measures to be taken against tax havens and shell companies. The most important aspects of the measures are:

- **Extended notification obligations for taxpayers**: Taxpayers are required to report their business relationships with foreign companies. This should include information related to participating interest held in a foreign company and on whether the taxpayer can determine the business policy of the foreign company. Also, the penalty for not meeting the reporting obligations will increase from EUR 5,000 to EUR 25,000.
- **Obligation for banks to disclose offshore transactions**: Banks will be obliged to disclose information on offshore transactions, including information on their involvement in the transfer of participation in, or the establishment of economic relationships with shell companies. The information must include details on shareholders and beneficial owners of shell companies as well as bank account holders. If the disclosure obligation is not met, a substantial penalty will be imposed.

Ireland

Introduction of the Paternity Leave and Benefit Act, 2016

Recently, the Paternity and Leave and Benefit Act, 2016 has been introduced in Ireland. The key provisions of the Act are given below.

- After the birth or adoption of child, eligible employees will be entitled to two weeks paternity leave.
- EUR 230 per week is payable as a paternity benefit by the Department of Social Protection for the paternity leave period, subject to the employee having made the appropriate Pay Related Social Insurance (PRSI) contributions.
- In case of multiple birth or adoption of children, employees shall only be entitled to one period of paternity leave.

Effective Date: 1 September 2016

For more information, click here.

Italy

Implementing rules issued for electronic transmission of VAT data

Recently, implementing rules for the electronic transmission of VAT data were issued. As per the update, all relevant data on invoices issued and received including related corrections can be submitted electronically by the taxable person to the tax authorities as well as relevant data regarding benefits from a number of advantages including certain reporting obligation exemptions and procedures on VAT refund can also be submitted electronically.

Effective Date: 1 January 2017

The Netherlands

Highlights of Budget 2017

The Dutch government has released its Budget 2017 and the key proposals of the budget are as under:

- Current corporate income tax rate is 20% on the taxable amount up to EUR 200,000 and 25% on the excess. This corporate income tax bracket of 20% is extended from EUR 200,000 to EUR 250,000 in 2018, to 300,000 in 2020 and EUR 350,000 in 2021.
- The exemption of excise duty paid on biofuels for heating purposes will be abolished.
- Currently, bad debt VAT recovery rules are not clear. Under the proposed rules, bad debts are deemed to be uncollectible after one year, even if the taxpayers may prove that non-payment occurs at an earlier date.
- Currently, building land is subject to VAT, provided it satisfies the four restrictive conditions to qualify as building land. In the proposed budget, the definition of building land has been widened by discarding the four restrictive conditions.
- It is proposed that the salary of a director/substantial shareholder of an innovative start-up company may be limited to a statutory minimum wage for a maximum of three years provided the start-up company holds a special R&D declaration.
- Currently, those companies who are exempt from paying corporate income tax are subject to dividend withholding tax on the dividends received. These companies claim a refund of the withheld tax. In the proposed budget, a dividend withholding tax exemption will apply to these entities subject to the fulfilment of certain condition.

Proposed VAT changes in the 2017 tax plan

Recently, the 2017 tax plan in the Netherlands has been presented in the lower house of parliament. If the legislation is passed, the following amendments will be made in the present VAT laws:

- Amendment in the definition of building land to conform with EU law;
- In case of the provision of berths and storage to boats used for recreational purposes, VAT exemption will not apply; and
- The export levy will not be imposed for waste that is to be incinerated abroad with retrospective effect from 1 July 2015.

Norway

New Norwegian Tax Assessment Act

- A new legislation has been passed by the parliament to harmonise the tax authorities' assessment of various taxes. The changes for Income Tax are:
- Introduction of a 'Tax Statement' (Skattemelding). The tax statement is a common description of the annual tax return, VAT return form, quarterly reports and other notifications.
- Amendments to the tax statement may be made by the taxpayer up to three years after it was filed.
- Time limit for filing of complaints on formal decisions is extended to six weeks from the prior three weeks.
- Reassessment by tax authorities can be done within five years.
- Changes in penalty provisions.

Effective Date: 1 January 2017

New requirements for accounting records

As per the recent update, Norway's tax administration is planning to implement a standard chart of accounts. The standard chart of accounts will be applicable to a majority of Norwegian entities and foreign entities who are obliged to keep accounting records for their business activities in Norway. This rule is referred to as 'Standard Audit File–Tax' (SAF-T).

Effective Date: 1 January 2017

Poland

Hold on retail sales tax in Poland

Recently, the Poland government has suspended the retail sales tax in consequence of the European Commission's decision on opening an in-depth investigation and issuance of an interim injunction. The tax was adopted by Poland in July 2016 and came into force on 1 September 2016 and no payments were due yet.

For more information, click here

Portugal

Amendments passed to the Labour Code

Recently, The Portugal government passed Law no. 28/2016 making amendments to the Labour Code. The main changes are summarised below:

- The new code promotes and protects occupational health and safety by amending the legal arrangements for the same.
- The new law extends the responsibility of the temporary employment agencies. Prior to the change, such agencies were liable for payment of employee's salaries, social security contributions and other claims pertaining to the first 12 month period of employment. Pursuant to the

amendment, the 12 month time limit has been ruled out.

Effective Date: 22 September 2016

For more information, please click here.

Romania

New ordinance to amend immigration laws

As per the recent update, a new ordinance to amend certain immigration laws was published in the Official Journal of Romania. The new rules enable foreign intra-corporate/company transfer (ICT) workers to be seconded for up to three years for management staff and specialists and up to one year for trainees. ICT workers from other EU countries may obtain work authorisation for secondment.

Tax incentives proposals

As per the recent update, the Ministry of Finance has issued tax incentives proposals and simple administrative measures for individuals and companies. The main proposals are as follows:

- Online payment of taxes
- Special VAT regime for agricultural activities
- Tax incentives for companies supporting professional qualification
- Reduction in the limit for share capital at the time of incorporation

Sweden

Highlights of Budget Bill for 2017

Recently, the Budget Bill for 2017 has been presented to the Swedish Parliament. Some of the key proposals in the Budget are:

- Rules for the deductibility of interest on subordinated debt would be changed;
- Threshold for travel expense deductions are raised from SEK 10,000 to SEK 11,000 per year;
- Income tax deduction is abolished for official meals (lunches, dinners, buffets and other refreshments);
- Imposition of a chemicals tax on certain electronics products;
- Introduction of deduction for repairs and maintenance of white goods;
- Introduction of a turnover limit for VAT registration of SEK 30,000 per year; and
- Voluntary registration for VAT if turnover is less than SEK 30,000.

The proposals that are intended to be announced at a later date are given below.

- The ceiling for deferment of tax to be paid on the sale of a residence is proposed to be eliminated.
- Introduction of mandatory monthly reporting by employers in relation to compensation and taxes deducted for employees.

For more information, click here

The United Kingdom

Worldwide Disclosure Facility launched: HMRC guidance

As per the recent update, HM Revenue and Customs (HMRC) has introduced the World Wide Disclosure Facility (WDF) to disclose a UK tax liability relating wholly or partly to an offshore interest. The WDF is introduced with the intention that taxpayers can disclose their tax affairs prior to the implementation of automatic exchange of information in 2018.

Taxpayers must notify the HMRC of their intent to disclose any undeclared offshore income or gains by applying to the online Digital Disclosure Service (DDS). After notifying the HMRC, a taxpayer has 90 days to collect information needed for disclosure, calculate tax liability, interest, penalties and complete the disclosure.

For more information, click here.

HMRC extends transitional period for deducting VAT on pension scheme costs

As per the recent update, the HMRC has announced an extension of the transitional period from 31 December 2016 to 31 December 2017 to allow employers to deduct VAT paid on services relating to the administration of defined benefit pension schemes and the management of their assets.

For more information, click here.

HMRC issues VAT guidance on online sales

The HMRC has updated VAT Notice 700/1 which explains that overseas online retailers must pay UK VAT on items that they sell, which are stored within the UK at the point of sale.

The HMRC has also proposed that overseas traders should appoint a UK tax representative who would be liable for their VAT.

For more information, click here.

Corporate income tax rate in Northern Ireland – draft guidance

The Corporation Tax (Northern Ireland) Act, 2015 allows for the devolution of power to the Northern Ireland Assembly to set a Northern Ireland corporation tax rate of 12.5% in April 2018.

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

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

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

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

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

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

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

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

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