Global Expansion Updates

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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 globally.

The key highlights of this issue include, Minimum and Maximum National Pensions Fund (NPF) and National Savings Fund (NSF) Contribution – Notice to Employers in Mauritius, New Increase in Retirements, Pensions, and allowances in Argentina, New Compliance - Payday filing in New Zealand and Post graduate loans in UK.

Africa

Ghana

Ghana VAT Rate Restructured to 12.5% and Increase in Rate has been Abandoned

It is confirmed that the rise in VAT rate has been abandoned, and has been restructured to 12.5%. The National Health Levy of 2.5% from the combined rate of 15% has been split out. The rate was increased, in the past, from 12.5% to the current 15% in January 2014. The rise of the VAT rate from 15% to 17% has been abandoned.

Personal Income Tax Rates Amended

The Parliament of Ghana has passed the Income Tax (Amendment) Act, 2018. The Act came into force on 1st August 2018 and assented by the President on 31 July 2018.The Act was assented by the President on 31 July 2018 and came into force on 1 Aug 2018.

It has been enacted to include a sixth income tax band for individual chargeable income above GHS120,000 per annum. This band will be subject to tax at the rate of 35%. The rate applicable to a non-resident individual for a year of assessment has also been increased to 25%.

Mauritius

Minimum and Maximum NPF and NSF Contribution – Notice to Employers

Employers are hereby informed that the minimum and maximum basic wage on which contributions to National Pensions Fund (NPF) and National Savings Fund repayable, have been reviewed as follows:

Pay Period	Minimum Basic Wage (MUR)	Maximum Basic Wage (MUR)	
	For private household employees	For other employees	For all employee
Daily	65	103	672
Weekly	391	618	4032
Fortnightly	782	1237	8063
Half-monthly	848	1340	8735
Monthly	1695	2680	17470

The effective date of the new minimum and maximum NPS/NSF contributions is 1 July 2018. Employers who have already submitted their NPF/NSF return for the month of July 2018 with the previous maximum basic wage applicable are required to submit an amended return and pay the NPF/ NSF underpaid.

For more information, click here.

Income Tax – Pay As You Earn (PAYE) Income Year 2018-2019

Recently, various changes have been made with respect to the PAYE system. Following are the significant changes as per the update.

- Individuals having an annual net income not exceeding MUR 650,000 in an income year are now taxable at the reduced rate of 10%. Those deriving more than MUR 650,000 will continue to be taxed at 15%.
- For determining the applicable tax rate, an employer should calculate, for each month, the average cumulative emoluments of the employee by dividing his cumulative emolument by the

number of pay periods to which it relates. Where the average cumulative emolument in a month does not exceed MUR 50,000 the reduced tax rate of 10% should be applied and 15% when it exceeds MUR 50,000;

- An employee may, depending on his average cumulative emoluments, suffer PAYE tax deductions at 10% in one month and 15% in another. When shifting from a tax rate of 10% to 15%, an employee will have to catch up on tax underpaid in preceding pay periods. However, a ceiling applies to limit tax deductions under PAYE in a month to 15 % of an employee's salary;

All categories of Income Exemption Threshold have increased by MUR 5,000 as follows:

Category	Amount in Rupees
Individual with no dependent	305,000
Individual with one dependent	415,000
Individual with two dependents	480,000
Individual with three dependents	525,000
Individual with four or more dependents	555,000
Retired/disabled person with no dependent	355,000
Retired /disabled person with dependents	465,000

- Additional IET (full form?) for children following undergraduate course;
- Deduction of MUR 135,000 or the amount of tuition fees paid up to a maximum of MUR 175,000if the child is studying in Mauritius. MUR 200,000 if the child is studying outside Mauritius;
- A retired person who derives emoluments not exceeding MUR 50,000 in an income year, is now entitled to claim IET category F or G, as applicable;
- In case an individual has, in an income year, invested in a rainwater harvesting system, he may deduct from his net income, the amount spent in that income year;
- ALL employers are required to submit an ROE (full form?) electronically, on or before 16 August 2018, and include in the ROE the details of all of their employees;
- Employers are no more compulsorily required to insert the Tax Account Number (TAN) of their employees in the ROE. They should instead insert the National ID number of the employee or in case of a non-Mauritian citizen, the non-Citizen ID number (NCID) issued by the Passport and Immigration Office;
- Employers submitting their monthly PAYE (full form?) return through the Mauritius Network Services (MNS) system should submit their ROE (full form?) through that system. Other employers should submit their ROE through the system made available by MRA on its website www.mra.mu;
- Household employers are not required to submit an ROE in respect of the employees in their domestic service;
- Employee Declaration form (EDF) for the income year 2018-19 is available on MRA website for download;
- An exempt person means an employee whose emoluments in a month do not exceed MUR 23,461. An exempt person is not subject to PAYE tax deductions. However, it is to be noted that any fee paid by a company to its directors or by a statutory body to any member of its Board, Council, Commission or Committee, is subject to PAYE deduction at the rate of 15%;
- An employee deriving emoluments less than MUR 23,461 or a person deriving any annuity or pension may, in a form approved by the Director-General, request the employer/payer to deduct income tax under PAYE from his emoluments, annuity or pension. The employer/payer must on receipt of the application deduct PAYE at the rate of 15% from the payments and remit same to MRA.

For more information, click here

Uganda

Withholding on VAT

The Notice viz; Value Added Tax (Designation of Tax Withholding Agents) Notice, 2018 has come into force since 1 July 2018 in Uganda introducing a new concept of Value Added Tax (VAT) withholding. This will be administered by Value Added Tax (Tax Withholding) Regulations, 2018.

The designated person shall withhold 100% of VAT, i.e. 18% on the invoice amount on a payment for a taxable supply to any VAT-registered person or person required to be registered under VAT. The same shall be remitted to the Uganda Revenue Authority.

The designated VAT withholding agent has to file returns as per what is prescribed under the VAT Act. The Commissioner should be notified in writing, in case, if no VAT is withheld during a period of three consecutive tax periods.

Furthermore, a VAT withholding certificate will be issued by the withholding agent to its suppliers as proof of the amount paid while they file their own returns.

For more information, click here.

Americas

Argentina

Increase in Retirements, Pensions, and allowances

Recently, changes have been made with respect to minimum pension and universal assignment.

This is the third of the four increases that will be applied during the year by the Mobility Law. The minimum pension will amount to ARS 8,637.13 and the Universal Assignment per Child will be ARS 1,684.

In this sense, the minimum pension will go from ARS 8,096.30 to ARS 8,637.13 and the Puam will increase from ARS 6,477.04 to ARS 6,909.70.

Meanwhile, the amount of the Universal Allowance per Child (AUH) will increase from ARS 1,578 to ARS 1,684, the Allowance for Child with Disability will increase from ARS 5,147 to ARS 5,491.

It will also increase the value of Annual School Aid to ARS 1,411 per child, to assist from the State to formal workers, to whom they charge the Puam, the Unemployment Benefit and the AUH.

For more information, click here.

Effective date: 1 September 2018

Canada

Remission of Surtax Levied on US Goods

Recently, government announced that as a matter of policy, it would consider applications for remission of a surtax levied on US goods only in the some instances. Surtaxes are being levied at the ad-valorem rate of 10%/ 25% on certain US goods. Canadian companies can apply for remission of these surtaxes. Canada grants remission only in exceptional and compelling circumstances that warrant the granting of relief. The following are the instances when such remission will be granted:

- In case of situations of short supply in the Canadian domestic market.
- To deal with contractual requirements which existed prior to 31 May 2018 which involves use of US steel or aluminum in Canadian business
- To address exceptional circumstances that could have severe adverse impacts on the Canadian economy.

Only companies registered in Canada are eligible to submit a remission application respecting these surtaxes. Remission applications must be completed in a specified format and should be substantiated with references to relevant documents and information.

Mexico

Addition of Authority for Taxpayer on-site Visits

Recently, Mexico's tax law granted new authority to the tax administration to make "site visits" or on-site inspections on taxpayers to verify certain information such as, the number of transactions that give rise to income, the amount of income, the date and time when the transactions were completed, and whether receipts were correctly issued for tax purposes.

Asia-Pacific

Australia

Increase in High Income Threshold

From 1 July 2018, the high-income threshold has been increased from AUD 142,000 to AUD 145,400. This impacts the operation and eligibility of employees to access a number of Fair Work Act provisions such as unfair dismissal, a guarantee of annual earnings, compensation cap, etc.

Guide to Working Out FBT Fringe Benefits Tax for Vehicles

A new practical compliance guideline to work out FBT car-related exemptions has been released by Australian Taxation Office (ATO).

This guideline can be referred when:

- The employer allows employee limited private use of an eligible vehicle that:
  - Adds no more than two kilometers to their trip between home and work;
  - Doesn't exceed 1,000 kilometers in total for the FBT year (1 April – 31 March), and where anyone return journey doesn't exceed 200 kilometers.
- The employer provides the vehicle to employees to do their job, and it isn't a part of their salary package arrangement.
- The value of the vehicle is less than the luxury car tax threshold.

For more information, click here

Dubai

Customs Notice has been published for New Rules

In August 2018, Dubai Customs published Customs Notice, which sets out new procedures to make processing the clearance of declarations more efficient. It will come into force on 1 September 2018 and will supersede notices issued in 2010 and 2011. Below mentioned are the notifications issued in the notice:

- Customers must submit all types of declarations and required documents within 14 days of completing the declaration.
- Claims for refunds of duties paid or the release of deposits given as a duty guarantee will be considered only after submission of the declaration and documents.
- Exemptions will apply when declarations are submitted by companies that have an electronic system for scanning and e-archiving documents also having import and export declarations in an individual's own name. In such cases, the declaration and documents need not be submitted but will have to be retained for five years from the date the declaration is completed.
- Penalties will be imposed for failure to comply with the rules set out in the notice.

Malaysia

Updates of the Earning Stripping Rules Implementation

As mentioned in Budget 2018, the Malaysian government will introduce the Earning Stripping Rules in November 2018 and will be implemented from 1 January 2019. This is similar to the recommendation made under the OECD's BEPS Action 4 final report. The key features of the Earning Stripping Rules are expected to be as follows:

- The rules will apply to income from business source only and to cross-border related party transactions;
- The fixed ratio of interest expense deduction will be set at 20% of the company's earnings before interest and tax.
- Some entities such as financial institutions, Labuan entities may be excluded from the rules
- There will not be group ratio rule, carry forward of disallowed interest expense and grandfathering provisions.

New Zealand

Reimbursement of Mileage Costs to Employees

The New Zealand Inland Revenue has revised the flat mileage rate applicable to reimburse employees for the work-related running of a motor vehicle. From 4 July 2018, the employers are able to reimburse employees at a flat rate of 76 cents/kilometer (km) regardless of distance traveled as against the existing 73-cent mileage rate.

However, from 2020 income year and onwards, a II - tiered reimbursement rate will be applicable for the same. The tier one rate of 76 cents/km applies to the work-related portion of the first 14,000 km of combined business and private travel per annum. A log book or similar records should be maintained by the employee. After 14,000 km, the tier II rates apply to travel that exceeds this limit. The tier-two rate varies depending upon the type of vehicle used by the employee viz; petrol, petrol hybrid or electric.

Singapore

Proposed Tax Treatment for Employer-provided Accommodation

The proposed change to the tax treatment of accommodation provided by an employer would require an employer to use the actual amount of rent paid as the default basis for reporting the taxable value. The annual value, which is the estimated rent that a property may yield, is not to be used, as default base after the proposed change will take effect. However, when no rent is paid, the annual value would still be used. If the proposal is adopted, it would be effective from the year of assessment 2020 for accommodation provided during the calendar year 2019.

Europe

Belgium

Extension of Salary Withholding Tax Exemption for R&D Personnel

Effective from 1 January 2018, Belgium tax authority has extended the withholding tax exemption on the salary paid to Research and Development employees with bachelor's degrees. The exemption amounts to 40% for 2018 and 2019 and from 2020 it will be 80%. The exemption amounts to 40% for the years 2018 and 2019 and would be revised to 80% from 2020.

For more information, click [here.]()

Proposed Tax Reporting and Withholding Obligations with Foreign Equity Plans

Recently, The Belgium Government proposed in the draft budget of 2018/19 to extend tax reporting and withholding obligations for a Belgian subsidiary where a foreign group company grants equity and/or other benefit-in-kind to employees of the subsidiary.

Currently, there is an obligation to report only the qualified stock options granted by a foreign entity to employees of a Belgian company. As per the draft proposal, the reporting obligation is extended to include the grant of free shares, discount on shares and any other benefit-in-kind.

Income reporting obligation of the Belgian employee or director's wage certificate would first apply for the returns to be filed in March 2019 that would include equity incentives and other benefits-in-kind which are granted from 1 January 2018.

Tax withholding obligations under Pay-As-You-Earn and social security contributions would apply to equity incentives (and other benefits-in-kind) granted from 1 January 2019.

New VAT Penalty Regime

Recently, Belgium tax authority has implemented a new VAT penalty regime for late filings. This new regime is to be applied retrospectively from 1 Jan 2018.

Under old VAT penalty regime, a late filing fee of €100 per filing per month was imposed along with interest of 0.8% per month on any unremitted VAT. The new penalty regime introduces two new considerations: the nature of the offense and missed VAT filings along with the taxpayer's compliance history.

In the below-mentioned situations, the penalty may be discounted for late VAT returns, annual client listing, intrastate or European Sales Listing:

- The taxpayer was not committing VAT evasion
- Taxpayer provided a waiver request and filed the missed return with VAT remittance
- No changes for fraud-related offense or failing to declare the VAT correctly.

Effective date: 1 August 2018

Penalties for Transfer Pricing Documentation

Recently, Belgian Ministry of Finance announced administrative penalties for taxpayers who do not comply with their transfer pricing documentation obligations. There is no penalty if an offense is due to circumstances beyond the taxpayer's control. However, if any offense is not committed in bad faith or with the intention to evade tax, then there is no penalty for the first offense. The penalties for second, third, fourth and subsequent offenses are EUR 1,250, EUR 6,250, EUR 12,500 and subsequent offenses of EUR 25,000.

In a case where an offense is committed in bad faith or with the intention of evading tax, then the penalty for the first offense is EUR 12,500, and subsequent offenses are EUR 25,000.

Change in Law for Company Provided Housing

Recently, Belgium Government introduced a new rule that if the company provides free housing to an employee or Director, only an amount equal to the above-mentioned lump-sum benefit-in-kind as reported on the salary slip of the beneficiary would be tax-deductible for the company.

Denmark

Anti-tax Avoidance Tax Law Implemented

The Ministry of Taxation published a draft bill on implementing Anti-Tax Avoidance Directive (ATAD) in May 2018. The provisions regarding interest limitation, Controlled Foreign Companies (CFCs) and the General Anti Avoidance Rule (GAAR) will enter into force on 1 January 2019. The provisions regarding exit taxation and hybrid mismatches enter into force on 1 January 2020. Below are some major changes in new tax law:

- The existing rules on hybrid mismatches have been eliminated and new detailed rules have been proposed.
- The existing GAAR only covers cross-border transactions, while the new GAAR will cover all tax arrangements.
- The Danish EBIT (full form?) rule that allows for a deduction of net financing expenses of up to 80% of EBIT will change to a 30% EBITDA rule.
- The enlargement of the CFC rules implies in a way where, CFC income will cover embedded royalties, like royalties included in the payment of goods and services.

France

Online Correction of your Return - 2018

Government is launching an "On-Line Correction" application from 31 July to 18 December 2018, for cases of error in filing (declaration of income tax declaration or tax notice) or forgotten to file. If the taxpayer has forgotten or made a mistake on his notice of income tax filing, he can correct income tax return online of 2018, by using this application.

For more information, click here.

Ireland

Exemption from Income Tax in respect of Certain Payments made under Employment Law

Tax and Duty Manual Part 07-01-27, Exemption from Income Tax in respect of Certain Payments made under Employment Law, has been updated to include the Protected Disclosures Act 2014 in the list of relevant Acts.

For more information, click here.

Recoupment of Overpayments of Salary by an Employer from an Employee

A new Tax and Duty Manual sets out the tax treatment of any recoupment of an overpayment of emoluments by an employer from an employee.

For more information, click here.

Special Assignee Relief P for? (SARP)

Tax and Duty Manual outlines the provisions of Section 825C Taxes Consolidation Act 1997. The section provides income tax relief for certain employees assigned to work in the State during any of the tax years 2012 to 2020, provided certain conditions are satisfied.

The manual has been updated to include:

- A summary table inserted at Paragraph 4 setting out the main conditions for the relief for the years 2012 to 2014 and 2015 to 2020.
- Clarification regarding the requirement to file Form SARP 1A within the 30day time limit where a PPSN (full form?) for a relevant employee is outstanding (see Paragraph 14.1).
- Examples updated and moved to Appendix 1.
- Sample forms in Appendix 2 updated.

For more information, click here.

Sweden

New Proposal Regarding Taxation of Temporary Work

Recently, Sweden government is considering a proposal regarding the taxation of the temporary agency work performed in Sweden. The proposal intends to introduce the “economic employer concept.” The proposed effective date is 1 January 2019.

United Kingdom

Post Graduate Loans in the UK

The Department for Education has introduced Postgraduate Loans (PGL).The customers can start repaying the PGL in April 2019.

If your employee has a PGL:

- HMRC will send the employer a new Postgraduate start notice (PGL1) to ask the employer to start taking PGL deductions

- HMRC will send the employer a new Postgraduate stop notice (PGL2) to ask the employer to stop deducting PGL, and it can be collected through the Pay As You Earn (PAYE) process.

An employee may also be liable to repay a Student Loan Plan, Type 1 or 2 at the same time as the PGL. HMRC will inform the employer by continuing to send the Student Loan to start (SL1), and Student Loan stop (SL2) notices as well as PGL1s and PGL2s.

For more information, click here.

Optional Remuneration Arrangements Legislation in Respect of Taxable Cars and Vans

Optional Remuneration Arrangement (ORA) rules apply to any employee who is offered either cash or the benefit-in-kind in his employment contract.

The OpRAapply to those who have an offer mentioned in their contract of employment or a specific cash allowance or a company car, and those who do receive a company car may sacrifice an agreed amount of salary.

Currently, HMRC has published draft legislation, which intends to address two anomalies identified in the current OpRA rules, by:

- Ensuring that when a taxable car or van is provided through OpRA, the amount foregone, which is taken into account in working out the amount reportable for tax and NICs purposes, includes costs connected with the car or van (such as insurance), which are regarded as part of the benefit-in-kind under normal rules;
- Adjusting the value of any capital contribution towards a taxable car when the car is made available for only part of the tax year.

Effective Date: 6 April 2019

For more information, click here.

Abolishing Receipt Checking Requirement for Benchmark Scale Rates

HM Revenue and Customs (HMRC) has published draft legislation announcing that employers will no longer be required to check receipts when paying or reimbursing expenses using the benchmark scale rates for allowable travel expenses.

Employers will only be required to ensure that employees are undertaking qualifying business travel. This legislation does not prevent employers from checking employee receipts when reimbursing for their own purposes. This legislation does not apply to payments or reimbursements made under bespoke scale rate payments or industry-wide rates.

Effective Date : 6 April 2019

For more information, click here.

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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