Global Expansion Updates

April 2017 | Issue 14

We are pleased to present the April 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 includes the budget highlights of Quebec, Newfoundland and Labrador, exemption changes in foreign earned remuneration for South African residents, corporate tax rate changes in Australia, and proposed employment Law changes in Netherlands.

In this issue

Africa

Gabon

Obligation of country-by-country report and transfer pricing regulations

Recently, the Republic of Gabon has introduced an obligation to file a Country-by-Country report (CbC report) and transfer pricing documents from 1 January 2017.

Parent and ultimate parent companies whose consolidated annual turnover (excluding tax) is greater than or equal to CFA 491,967,750,000 for the fiscal years beginning on or after 1 January 2017 are required to file a CbC report within 12 months after the end of the fiscal year. Non-compliance of the same can attract penalty equal to 0.5% of consolidated turnover excluding taxes, maximum to CFA Franc 100 million per fiscal year.

Ghana

Corporate tax incentives to stimulate investment

Recently, the Ghana Investment Promotion Centre has announced a proposal to offer the following tax incentive to entities:

- To reduce the corporate income tax rate from 25% to 20% by year end; and
- Tax holiday grant to companies that relocate their headquarters to Ghana, for a 10-year period.

Ghana issues regulations on capital allowance claim

Recently, the Ghana Revenue Authority has issued regulations for the capital allowances claim. The key points of the regulations are summarised below:

Exemptions- In cases where depreciable assets are used for the production of exempt income/income under temporary concession, the capital allowances will be deductible for income tax purposes.

Ownership - At the end of the basis period, depreciable asset must be owned by the person making a claim for capital allowance.

Loss of asset - In cases where a depreciable asset is destroyed by a natural disaster, accident or theft, the asset would be considered to be realised for zero consideration and additional capital allowance may be granted. This will be subject to the proof of loss submitted. If the asset is insured, the compensation received will be reduced from the written-down value of the asset before capital allowance is granted for the particular asset.

South Africa

Changes to exemption of foreign earned remuneration for South African residents

Budget 2017 has proposed a change in the taxation of South African tax residents working outside the country that will make them liable for South African tax unless they pay the foreign tax in the country where they are working.

Currently, a South African resident working abroad can be exempt from South African income tax on the income earned relating to the services rendered outside of South Africa. This exemption is available irrespective of whether services are provided on behalf of a foreign or a South African employer. In order to qualify for the exemption, certain conditions need to be met by the outbound assignee:

Proposed changes: It has now been proposed that the exemption will only apply to cases where the foreign income is subject to tax in that country.

Americas

Argentina

Introduction of exemption of tax on debits and credits in bank accounts

The Executive Branch's Decree 223/2017 introduces new exemptions in the Official Gazette for tax on debits and credits in bank accounts.

Exemptions have been added to the bank accounts mentioned below:

- Trusts established by Decree 924/1997.
- The fiduciary fund established by Decree 286/1995, ratified by Law 24,623.
- The federal fiduciary fund established by Law 24,855.
- Funds administered by federal government agencies for the purpose of financing infrastructure projects and assisting provinces.

Effective date: 3 April 2017

Rules on value of assets for annual tax return published

Recently, Resolution 4018-E has been published to provide rules on mandatory values regarding wealth tax for preparation of annual tax returns for the tax year 2016. The information refers to the mandatory values of certain assets, as follows:

- Tax identification numbers of financial entities;
- For listed companies, mutual funds and other financial assets;
- Foreign currency exchange rates for foreign assets;
- List with specific values for each type of vehicle for automobile; and
- Real estate registry information for properties located throughout the country.

Effective date: 29 March 2017

Canada

Changes to parental, maternity and caregiving leaves

The Canadian Federal Budget 2017 proposes more flexible parental, maternity and caregiving leaves and Employment Insurance (EI) benefits to support employees in balancing work and their family responsibilities. Following are the changes proposed:

<u>Parental and Maternity Leave:</u> It is proposed to give parents a choice between receiving EI parental benefits for up to 18 months at a rate of 33% of average weekly earnings, or up to 12 months at the existing benefit rate of 55%. It also proposes to increase the maternity benefits from 8 weeks to 12 weeks before their due date.

<u>Longer Job Protected Leave:</u> It proposes amendments to the Canada Labour Code (CLC) which would afford job protection to employees while they are receiving parental or maternity benefits; such changes would apply only to federally regulated employers.

<u>Caregiving Leave</u>: A new EI caregiving benefit has been introduced in Budget 2017. Currently, EI benefits are available in cases where a loved one is gravely ill and at significant risk of death, or where a child is critically ill or injured.

<u>New Job Protected Leave:</u> Budget also proposes changes to the CLC which would afford job protection to employees while they are receiving caregiving benefits – such changes would apply only to federally regulated employers.

Considering the above changes, employers should anticipate that employees would be taking longer periods of leave to fulfill their family responsibilities.

Quebec Budget 2017-18 highlights

The Finance Minister tabled the 2017-2018 Quebec Budget on 28 March 2017. The key tax measures from the Budget are summarised below:

Corporate tax measures

- Reduction in the Health Services Fund contribution rate for all small and medium-sized businesses.
- The Budget eliminates the health contribution retroactively, as of 2016, for all adults whose income for that year does not exceed CAD 134,095.

Personal tax measures

- The Budget is proposing to extend the eligibility period for the RénoVert tax credit to 31 March 2018.
- As of the 2017 taxation year, the legislation will be amended in order to increase the basic tax credit and to simplify the calculation of personal tax credits as follows:
  - The zero-tax threshold will be raised from CAD 14,544 to CAD 14,890 for all individuals other than trusts;
  - Personal tax credits will be calculated according to the rate applicable to the first taxable income bracket of the personal income tax table, i.e., 16% instead of 20%.

For more information, click here.

Newfoundland and Labrador budget 2017-18

Recently, budget has been announced. According to the budget there is no tax increases. Below are the highlights:

- The provincial general corporate income tax rate remains at 15%.
- The Budget does not include any changes to personal income tax rates.

For more information, click here.

Manitoba's 2017 budget highlights

Recently, Manitoba's 2017 Budget has been announced. The Budget did not include any changes to the province's individual (personal) or corporate tax rates.

The Budget amends several of Manitoba's tax credits, including reducing the provincial research and development (R&D) tax credit to 15% (from 20%) and decreasing the non-refundable portion of the manufacturing investment tax credit to 1% (from 2%).

According to the Budget, Manitoba will review its tax system.

For more information, click here.

Mexico

Proposed changes in the employment law

Recently, the Mexican government has announced employment related reforms, which are summarised below:

- Transfer of employee related conflicts to new labour counts and it will no longer be transferred to Conciliation and Arbitration Boards for resolution.
- Introduction of specific formal procedure rules for regulation of strike and voting evidence.
- Introduction of requirements on employers and unions for registration of collective bargaining agreement for workers awareness.

United States

IRS Tax Tip 2017-38 issued

The Internal Revenue Service (IRS) issued Tax Tip 2017-38 on credit for contributions to retirement saving accounts. Taxpayers may be entitled to claim the savings credit if they contribute to a retirement saving plan such as 401(k) plan or (Individual Retirement Account) IRA plan. This credit can help a taxpayer to save for retirement and reduce taxes at the same time.

For more information, click here.

Advance version of announcement 2017-04 released

Recently, the IRS has released an advance version of announcement 2017-04. Relief from certain excise taxes under section 4975 of the Internal Revenue Code and any related reporting requirements has been provided by advance version of announcement 2017-04 to conform to the temporary enforcement policy described by the Department of Labor (DOL).

Proposed amendment to ban state-wide sales tax in Montana

Recently, a constitutional amendment has been proposed by Montana Governor to prohibit a statewide sales tax. This is subject to voter approval. At present, the statewide general sales tax rate is 4%.

Introduction of economic nexus legislation in Washington

Recently, the Washington Senate has introduced the legislation for creating economic nexus standard for the collection of sales and use tax. A seller will have substantial nexus if he has more than USD 267,000 receipts from Washington or at least 25% of its total property, payroll or receipts in Washington, during the current or preceding calendar year. In addition, a seller will also have substantial nexus if its gross proceeds exceed USD 10,000 during current or preceding calendar year, subject to fulfilment of certain conditions.

Asia-Pacific

Australia

Law passed for Diverted Profits Tax in Australia

The Diverted profit tax (DPT) will be implemented and come into effect from 1 July 2017 in Australia.

The DPT will allow the Australian Taxation Office (ATO) to impose a DPT rate of 40% on Australian and foreign owned Significant Global Entities (SGEs) in respect of certain overseas income.

SGE is a global parent entity whose annual global income is $1 billion or more; or, is a company, which is member of group with global revenue of AUD1 billion or more whether they operate domestically or have multinational activities.

For more information click here.

New tax rates for Departing Australian Superannuation Payment (DASP)

A new Departing Australia Superannuation Payment (DASP) tax rate of 65% will apply to Working Holiday Makers (WHM) in Australia.

The individuals who held a 417 (Working Holiday) or 462 (Work and Holiday) visa may be affected.

Applications processed on or after 1 July 2017 may attract a higher tax rate.

For more information, click here.

Changes in Corporate tax rate

The Australian government announced that the small company tax rate applicable for the 2016–17 income year would be 27.5%. The progressive turnover threshold to qualify for the lower rate will start at AUD 10 million in 2016-17 and rise until the 27.5% rate applies to corporate tax entities with less than AUD 50 million aggregated annual turnover in the 2018-19 income year.

For rest of the corporate tax entities, the company tax rates remains 30% only.

For more information click here.

Single Touch Payroll

From 1 July 2017, Single Touch Payroll will become available for a small number of employers. Single Touch Payroll will be a requirement for employers with 20 or more employees from 1 July 2018.

Single Touch Payroll is a government initiative to streamline how employers report their tax and superannuation information. Employers will be able to report the salary or wages, Pay As You Go (PAYG) withholding and super information directly to the government at the same time as they pay their employees.

Software developers and digital service providers will deliver a Single Touch Payroll solution that suits the payroll needs. This means for most employers, Single Touch Payroll will become a part of their existing payroll management system.

For more information click here.

Abolition of 457 Visa and replacement by Temporary Skill Shortage (TSS) Visa

From March 2018, the 457 - Temporary Work (Skilled) visa is to be abolished and replaced by a new temporary work visa called the Temporary Skill Shortage (TSS) Visa.

Key reforms include:

- The TSS visa programme will be comprised of a short-term stream of up to two years and a medium-term stream of up to four years.
- Introducing the TSS visa with new requirements such as new targeted occupation lists, a requirement to have at least two years of work experience, capacity for only one onshore visa renewal under the short-term stream, etc.

- Tightening eligibility requirements for employer sponsored permanent skilled visas such as English language requirement.
- Concessions such as age exemption for permanent employer sponsored visas for regional Australia will continue to be available.
- Significantly condensing the occupation lists used for skilled migration visas.

The new TSS visa is likely to be more restrictive than the current 457 visa - of shorter duration with tougher requirements in terms of skill level and labour market testing. Businesses seeking to sponsor staff for temporary visas should look at lodging their applications well before March 2018.

For more information click here.

Increase in penalties for SGE

With effect from 1 July 2017, the administration penalties including 'Failure to lodge on time' penalties for SGE will increase. The penalty unit will be increased from AUD 180 to AUD 210.

Broadly, an entity is an SGE where its annual global turnover is AUD 1 billion or more or it is part of a group with annual global turnover of AUD 1 billion or more.

The increased penalties will apply to all lodgements due after 30 June 2017.

These penalties could be applied to statements in relation to income tax, Goods and Services Tax (GST) or Fringe Benefits Tax (FBT), irrespective of whether or not the statements are associated with a tax shortfall.

For more information click here.

Dubai

UAE – Employment update

As per the recent update, the Ministry of Human Resources and Emiratisation (previously known as the Ministry of Labour) has announced that the following rules will apply as of 1 January 2017:

- Companies that employ over 1,000 members of staff will need to register with the Ministry's service provider's (Tas'heel) online system and must ensure that at least two UAE national employees are involved in data entry for Tas'heel related work.
- All construction companies that employ more than 500 members of staff will be required to hire at least one UAE national health and safety officer.

Companies, which fail to comply with the above, will not be granted entry permits or visas, preventing them from taking hiring new employees.

The General Pension and Social Security Authority (GPSSA) announces times of payment for pension

As per the recent update, the General Pension and Social Security Authority (GPSSA) has announced the times of payment of pensions to pensioners and beneficiaries during the second quarter of 2017.

The pensions for April, May and June will be paid on 27 April, 25 May and 27 June respectively.

The times of payment have been published by the GPSSA to help pensioners adjust their life programs and activities.

For more information, click here.

Hong Kong

Increase in the statutory minimum wage.

Recently, the Legislative Council has approved the subsidiary legislation relating to Statutory Minimum Wage (SMW). The SMW rate will be raised from HKD 32.5 to HKD 34.5 per hour with effect from 1 May 2017.

The monetary cap on the requirement of employers recording the total number of hours worked by employees will also be revised to HKD 14,100 per month.

Effective Date: 1 May 2017

For more information, click here.

Japan

Updated guidance for working hours

Recently, Japan's Ministry of Health, Labour and Welfare (MHLW) has issued updated guidelines for employers to properly manage their employees' working hours.

The definition of 'working hours' has been clarified as per the new guidelines. As per the guidelines, following will be treated as working hours:

- 'Working hours' means number of hours worked under an employer's directions and orders
- Waiting time
- Time taken by employee to change clothes and cleaning at workplace under employer's direction.
- Time spent on studying under a program chosen by an employer and training and education as part of an employee's job.

Overtime regulations updated by Ministry of Health, Labour and Welfare

Recently, the MHLW has strengthened overtime-related regulations and enforcement.

Following are the features of overtime working hour related regulations:

- As per the Labour Standards Act (Article 32), maximum working hours are eight hours a day, 40 hours a week. If an employer makes an employee work more than the standard overtime hours then they are subjected to six months imprisonment or a maximum fine of JPY 300,000.
- Employer cannot engage his employee for overtime work more than upper limit mentioned below:

Period	Upper limits of extended working hours
One week	15 Hours
Two weeks	27 Hours
Four weeks	43 Hours
One month	45 Hours
Two months	81 Hours
Three months	120 Hours
One year	360 Hours

In addition to that, new guidelines have been introduced with respect to definition of working hours as mentioned below. Working hours includes:

- Time spent by an employee for any mandatory training programme or seminar
- Time in which an employee must prepare to engage in work required by his or her employer
- Time during which an employee is waiting to engage for work – (if the employer directs) i.e. waiting time.

Approval of tax reform bill by Japan's National Diet

Recently, Japan's National Diet has approved tax reform bill. Following are the significant changes in taxation:

- Tax credits for salary growth
- Reorganisation rules
- Spouse deduction and special spouse deduction
- Tax treatment of directors compensation and retirement allowances
- The consumption tax treatment of virtual currencies is addressed
- Timing of deduction of costs for restricted shares and stock options
- Tax credits for Research and Development (R&D) costs
- Introduction of special measures for companies leading regional economy
- Scope of small and medium-sized companies
- Concerning individual taxation, the legislation addresses:
  - Extension of due date for filing final tax returns
  - Scope of taxable income for non-permanent residents
  - Scope of taxpayers for properties located outside Japan
- The tax reform legislation also includes measures concerning an 'anti-tax haven' or Controlled Foreign corporation (CFC) regime.

Japan – Employment update

Recently, amendments have been made in case of law for workers welfare to look after children or other family members. The amendments are:

- To make the workplace more family friendly.
- Increase in the amount of permitted family leave time.
- Introduction of overtime waiver rights for employees with family care duties.
- Eased conditions for fixed-term employees to take childcare leave.
- Half-day leave can be taken instead of whole day.
- The MHLW has issued specific guidelines to companies for prevention of detrimental work environment for women who have given birth or pregnant women.
- Proposals to amend various laws to improve the working conditions of part time employees and promote the policy of 'Equal Pay for Equal Work', including requiring employers to explain the rationale behind differences in treatment and allowing Courts to pass judgment on unreasonable differences.
- An employer should arrange for doctors and nurses where there are 50 or more employees.
- Employer should protect workers from passive smoking.
- Manufacture industries or businesses which handle hazardous chemical substances must carry out an assessment of the potential risk to workers' health and safety, and take necessary actions to protect their health.

Effective date: January 2017

Malaysia

Malaysia introduces social security for self employed

As per the recent update, the Malaysian government has proposed the Self-Employment Social Security Bill. The Bill will make it mandatory for self-employed individuals to contribute to a fund similar to the Social

Security Organisation (SOCSO) that applies to salaried workers.

Monthly contributions range from RM 13.10 to RM 49.40, depending on the insured person's monthly income. The income range covered is from RM 1,050 to RM 3,950 per month.

The government will form an organisation for the Self Employment Social Security Scheme to handle the funds and handing over of the benefits to individuals who are insured under this Bill.

Those who fail to register and contribute as prescribed in the schedule could be fined up to RM 10, 000 or jailed no more than two years or both.

Funds received may be invested by the organisation according to conditions set by the Human Resources Ministry and Finance Ministry.

For more information, click here.

Income tax exemption for Year of Assessment 2017 and 2018

Recently, the Malaysian government has published the special income tax exemption in the official gazette.

Qualifying bodies will be granted tax exemption based on the incremental amount of chargeable income compared to the immediate preceding year. The exemption will be computed as a percentage of the increased chargeable income and as per the formula stipulated in the decree. This exemption will be applicable for the Year of Assessment 2017 and 2018.

Qualifying bodies are required to carry on business and earn income subject to tax for two years. Both of the years should have a 12 month accounting period and the same accounting year end.

The exemption will not be applicable for the following bodies that:

- Have claimed reinvestment allowance;
- Have been granted any incentive under the Promotion Investment 1986;
- Have been granted exemption under Section 127 of the Act;
- Have claimed group relief under Section 44 of the Act;
- Is an investment holding company under Section 60F;
- Is a unit trust as defined under C subsection 63 (5) of the Act; and
- Has a debt that has been released under subsection 30(4) of the Act.

This order is effective for the Year of Assessment 2017 and 2018.

For more information, click here.

New Zealand

ACC earners' levy

Income that you receive from personal effort is liable for Accident Compensation Corporation (ACC) earners' levy. ACC Earners' Levy is a premium paid by New Zealand workers to cover the cost of non-work related injuries. Inland Revenue on behalf of the ACC collects it.

ACC Earners' Levy is payable on most income in New Zealand, up to an agreed maximum yearly amount. Income liable for the levy includes:

- Wages, salaries, back pay, holiday pay, overtime pay, long-service pay, bonuses or gratuities, taxable allowances;
- Shareholder-employee salaries from which PAYE is deducted;
- Salaries to partners in a partnership: and
- Income from self-employment.

For more information, click here.

Tax exempt income for children

Under the new limited income exemption, a schoolchild does not need to pay tax on income of less than NZD 2,340 that would not ordinarily be taxed before they were paid.

From 1 April 2012, the tax credit for children was withdrawn and replaced with a limited income exemption for children. The main change was that employers and scheduler payment payers required to deduct tax from the payments they make to children regardless of their level of income. Under the new rule, the deductions need not be made if the income is below the specified limit.

For more information, click here.

Income tax rates for 2017-18

Following are the income tax rates applicable for the tax year 2017-2018:

Taxable income	Tax rate
Up to NZD 14,000	10.5%
Over NZD 14,000 and up to NZD 48,000	17.5%
Over NZD 48,000 and up to NZD 70,000	30%
Remaining income over NZD 70,000	33%

For more information, click here.

Employer deductions using special tax codes and special tax rates certificate

As an employer, you must obtain a special tax code certificate from your employee or a special tax rate certificate from the contractor. The certificate will specify the details of the tax deductions you are required to make as an employer.

The special tax code and special tax rate certificates may authorise the employer to:

- Deduct no tax at all;
- Deduct tax at a special rate;
- Make PAYE deductions using a specific rate; or
- Deduct ACC earners' levy only.

The special tax code certificate may also include a special deduction rate for an employee who has a student loan. This rate helps employer to either make student loan deductions at a lower rate, or none at all.

For more information, click here.

List of Non-compliant employers

From 1 April 2017, employers that have received an employment standards penalty will be included on a list provided to the Immigration department of New Zealand by the Labour Inspectorate. The employers who have incurred a penalty for a breach will confront a stand-down period preventing them from recruiting migrant labour.

The period of stand-down of six months, one year, 18 months or two years will depend on the severity of the breach.

For more information, click here.

Thailand

Increases in penalties for tax evasion and tax fraud

Recently, the Thai Revenue Department has increased penalties on taxpayers evading taxes or committing tax frauds. The department has also announced that any fraudulent activity more than THB 10 million (USD 291,235) will be deemed to be a serious money laundering offense.

Europe

Belgium

Belgium - Employer Update 2017

Recently, the Belgian government has announced proposed employment related reforms, which are:

- Employees can choose to perform overtime.
- Incentives will be given to employees for offering training.
- Average working time (38 hours/week) on an annual basis for all sectors.
- Occasional tele-work and work from home for employee.
- Reduction in employers' social contributions from a 32.4% to 30% by 2016 and of 25% by 2018.

Amendment in the legislation relating to assignment of workers

Recently, the Belgian legislation has been amended to incorporate the changes announced in the European Union's (EU's) directive relating to the cross-border assignment of workers.

The major changes made in the legislation are:

- Assess the nature of assignment, i.e. whether it is a temporary employment of a worker.
- Appointment of a liaison-person who can be contacted for the Belgian inspection services.
- Imposition of penal fines for violating the rules relating to the assignment of workers.
- IMI system (Internal Market Information System) is designed to improve communication amongst various EU-member states for implementation of legislation relating to the internal market.

Finland

Significant changes in Labour Law

Recently, various amendments have been made in the Findland's Labour Law. Most of them are related to government programme.

Following are some of the important reforms:

- Retirement age will rise gradually from 63 to 65 years by 2025.
- Law on employment contracts have been amended.
- Maximum unemployment allowance duration has been shortened.
- Adult training reduced to 19 months.
- Amendment to the Guarantee Law.
- Change in health and safety measures at work for laid off workers.

Occupational health care to all employees

In order to prevent work related health risks, as per the Occupational Health Care Act, every employer working under the Finnish legislation must provide occupational health care facility (irrespective of the size of the entity).

The Occupational Health Care Act is amended to entitle employees to occupational health care services after their obligation to work has ended.

Effective date: 1 January 2017

Finland - Employer Update 2017

Recently, the Finnish government has made employment related announcements. They key announcements are:

- With effect from 1 January 2017, age limit for old-age retirement will be gradually raised from 63 years to 65 years. Pension accrual has been standardised to 1.5% of the annual income.
- As per the judicial changes related to the Competitiveness Pact, employers with at least 30 employees in Finland are required to provide training and continued occupational healthcare for up to six months after the termination of employment. The employees' pension insurance contribution will be gradually increased to 1.2% by 2020 along with lower employer contribution.
- As per the revised Posted Workers Act, employers are required to notify the authorities in advance of the use of a posted workforce.
- From 1 April 2017, female employee's family leave cost is to be compensated by a lump-sum payment of EUR 2,500 to the employer.
- Increase in the probation period from four months to six months, if an employee is on leave during the probation period.
- The employer's rehiring obligation has been shortened from nine months to four months following the end of the employment relationship. If an employer has worked with the employee for at least 12 years then the employer can hire him after 6 months.
- If the individual has been unemployed for a long period, then the employer is not required to give a reason to justify the use of a fixed-term contract.

France

Modifications to the Tax and Social Charges of free shares

As per the recent update, the income tax and social security implication on grants of free shares has been amended as per the Finance Act 2017.

The taxability of the acquisition gain on the sale of shares has been changed. The fair market value of shares on the date of their grant to the employee determines the gain. The tax treatment for acquisition gain under an annual threshold of EUR 300,000 remains unchanged. The taxability of the gain exceeding the threshold is summarised below:

- Individual income tax at progressive rates without any reduction of the taxable basis.
- 8% social tax on employment income.
- 10% employee social security contribution.

The Finance Act also amends the employer social contribution rate due on acquisition gain. The rate has been increased from 20% to 30% and is due on the date the shares are delivered to the employee.

These new tax rules apply only to French qualified free share awards granted under a plan where the plans implementation is authorised by shareholders as from 31 December 2016.

For more information, click here.

Updated VAT registration thresholds

As per the Ministerial Decree 2017-157, the VAT registration threshold were updated on 1 January 2017.

The new VAT registration thresholds are as follows:

- EUR 82,800 for purchasing and resale activities, sale for consumption on the premises and housing services.
- EUR 33,100 for other commercial and non-commercial services.
- EUR 42,900 for regulated activities of lawyers and solicitors, transactions relating to intellectual property and certain performers' activities.

For more information, click here.

Germany

Guidance on tax refund and tax exemption procedure for non-residents

Recently, the tax administration has published a guidance on the tax refund and exemption procedure for the withholding tax on dividends and other profit distributions received by non-residents. Following are explained in detail below:

- **Refund procedure (Erstattungsverfahren):** Companies and individuals can claim refund of the excess dividend withholding tax by means of a form within four years after the end of the year in which the payment is received. From 1 January 2017, dividends are deemed to be received on the maturity date.
- **Exemption procedure:** In case where the recipient provides a certificate of (partial) exemption issued by the Federal Tax Office (Bundeszentralamt für Steuern), the payer of dividends and royalties may immediately apply a treaty rate.

To obtain the exemption certificate, the recipient has to submit a certificate of residence issued by the authorities of the treaty country. The maximum duration of certificates of exemption is three years.

Ireland

Updated Home Renovation Incentive (HRI)

Recently, Tax and Duty Manual has been updated in case of Home Renovation Incentive (HRI) under section 8 of Finance Act 2016.

With effect from 1 January 2017, HRI has been extended to 31 December 2018.

Qualifying expenditures incurred by a local authority tenant, can be included in cases where the tenant has already received prior written consent from local authority to carry out the works.

Effective date: 1 January 2017

For more information, click here.

Significant changes in Employment Permits Regulations

Recently, significant changes in Ireland's immigration rules have been made by the Revenue Commissioners. Below are the changes made in the immigration rules:

- For engineering roles, new requirements have been introduced for employment permit application.
- Consolidation and revocation of all previous employment permit regulations have been made from 2014 to date as per the Employment Permits Regulations 2017.
- Highly Skilled Eligible Occupations List and Ineligible Categories of Employment List has been changed

Netherlands

Proposed changes in employment law

The Netherlands government has announced proposed employment related reforms, which have been summarised below:

- It is proposed that under a collective labour agreement, employee compensation could be lower than the statutory severance payment called 'transition fee'. 'Transition fee' is the amount paid to employee employed for minimum 24 months and whose employment contract is terminated or extended by the employer.
- It is proposed that employers will be repaid the statutory transition fee out of government funds. Employers are required to pay ill employees a statutory transition fee in case of dismissal within the period of two years from the period of illness.

Effective date: 1 January 2018

Sweden

Spring Budget 2017

Sweden's spring Budget 2017 has given a proposal to amend Budget 2017 and proposals for Budget 2018.

To counter the possibility of tax planning, the spring Budget has proposed to amend Budget 2017 to change taxation on the transfer of property to a legal entity.

The proposals for Budget 2018 are as:

- The tax is to be reduced for seniors in sickness and activity compensation.
- Increase in income tax for non-residents from 20% to 25%.
- Changes in taxation of stock options to make it easy and changes in rules for owners of closely held companies.
- Lower taxes on renewable electricity produced in smaller establishment, reduce energy tax on electricity for small data centres and supply to heating and cooling data centres.

United Kingdom

Changes to the alignment of dates for benefits in kind

Recently, Her Majesty's Revenue and Customs (HMRC) has announced that from 2017-18, the latest date for 'making good' all non-pay rolled benefits is 6 July following the end of the tax year in which the tax charge arises.

Prior to this, there were various dates for making good benefits in kind.

'Making good' means the employee giving something in return to an employer who provides benefit in kind.

Payment towards 'Making good' of a benefit in kind reduces the taxable value of the benefit and further reduces the amount of tax and Class 1A National Insurance contributions (NICs).

Effective date: 1 April 2017

For more information, click here.

New legislation will allow taxpayers to seek partial closure notices

In Finance Bill 2017, HMRC announced that HMRC could issue a partial closure notice on its own or with the agreement of the taxpayer. A taxpayer can also apply to a Tribunal for a partial closure notice.

With the introduction of these new rules, HMRC and taxpayers can close specific issues while other issues remain under enquiry.

If HMRC issues a partial closure notice and amends a tax return, then the taxpayers can appeal against the partial closure notice and postpone the tax payment.

For more information, click here.

6 July 2017 is the deadline to report employee share awards to HMRC

Companies must submit an online annual return to HMRC to report their employee share incentive awards by 6 July 2017. Failure to file this return can lead to imposition of penalties up to GBP 5,000.

For more information, click here.

About SKP

SKP is a long established and rapidly growing professional services group located in six 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.

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