

Global Expansion Updates



May 2016 | Issue 3

We are pleased to present the latest issue of SKP Global Updates – our newsletter that covers employment, payroll, Goods and Services Tax (GST)/Value Added Tax (VAT) and corporate tax related developments globally.

The key highlights of this issue include the Revenue Laws Amendment Act, 2016 in South Africa, Universal Pension announced for seniors in Argentina, USCIS' proposal to introduce a new fee schedule and the Fair Employment and Housing Act amendments effective in USA, highlights of the Australia Federal Budget 2016–17, the revised e-Tax guide on fringe benefits in Singapore and changes to the accounting regulations in the UK.

In this issue	
Africa	2
Americas	3
Asia-Pacific	6
Europe	11





Africa

South Africa

Revenue Laws Amendment Act, 2016

As per the update, the President has given his assent to the Revenue Laws Amendment Act, 2016.

This new law affects provident fund members by postponing the requirements to purchase an annuity at retirement and the ability to transfer accumulated retirement savings between all retirement funds tax-free until 1 March 2018.

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

Americas



Argentina

Universal Pension announced for seniors

As per the recent update, the President of the Argentina announced a Universal Pension for adults over 65 years. This pension is for life and provides for monthly payments of 80% of the minimum pension, i.e. it would be USD 3,967 for individuals who do not have other social advantages or receive one of which the amount is lesser. They must choose one or the other.

Individuals who will be entitled to Universal Pension are:

- People who are 65 years or older
- Argentines naturalised with ten years of residence in the country prior to the application
- Foreigners, who have 20 years of residence

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

Brazil

Collective Bargaining Agreement – IT companies based in Sao Paulo

This update applies to IT companies based in Sao Paulo.

As per the update, employers are obliged to send a request to workers unions to open negotiations to establish a profit-sharing plan through email or letter by 6 July 2016. It is not required that the profit-sharing arrangements be in place by 6 July 2016, but the company must indicate its openness to start negotiations and this must communicate with the unions. Non-compliance with the Collective Bargaining Agreement may lead to penalty provisions.

Paternity/adoption leaves extension

This is an update to inform leave extension to companies which are enrolled in Corporate Citizen Programme. 15 days paternity/adoption leaves in addition to 5 regular leave days (i.e. a total of 20 leave days) will be granted by such companies to male employees who apply within two days from the birth/placement for an extension and provide evidence of participation in a paternity orientation program or equivalent activity.

Compensation paid to employees relating to a paternity/adoption extension leave period can be deducted by companies who are under the actual profit regime from income tax owed to the Federal Revenue.

Canada

Transitional rules for HST rate increase by 2% in Newfoundland and Labrador

Recently, the Budget announced to increase the Harmonized Sales Tax (HST) from 13% to 15%, with effect from 1 July 2016.

Transitional rules are required to determine whether the existing HST rate of 13% or the new HST rate of 15% would apply with respect to transactions that become due without having been paid or is paid without having become due on or after 1 July 2016.

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

Reintroduction of Retail Sales Tax in Newfoundland and Labrador on insurance premiums

As per the update, in the 2016 Budget of Newfoundland and Labrador, the Ministry of Finance has reintroduced Retail Sales Tax (RST) at 15%.

This RST will be applicable to insurance premiums for property and casualty insurance policies; mainly vehicles, homes and businesses.

USA

USCIS has proposed a new fee schedule

The US Citizenship and Immigration Service (USCIS) has invited public comments on a proposed fee schedule for Financial Year (FY) 2016/2017. The government has proposed a weighted average increase in fees by 21%. Final rules will be published in the Federal Register after the expiration of the comment period i.e. 7 May 2016.

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

Final regulation has been issued on suspension of pension benefits

The government has issued final regulations on the suspension of benefits payable to the participant under the pension plan. Sponsors of the plan require the approval of the Secretary of the Treasury (Treasury Department), Secretary of the Labour Department and Pension Benefit Guaranty Corporation under the Multi-employer Pension Reform Act, 2014 for the acceptance or rejection of applications to reduce benefits.

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

Potential tax changes, implications of revenue standard

The new revenue standard issued by the Financial Accounting Standard Board (FASB) will be applicable from 15 December 2017 onwards for public business entities and for all other entities, from 15 December 2018. Financial reporting and income tax calculation may get affected by these changes.

US has proposed corporate exit tax

Recently, a senior member of the House of Representatives, Lloyd Dogget, has introduced a Bill called the 'Corporate Exit Fairness Act' to impose exit tax on corporations who uses inversion techniques to avoid a high tax rate. This Bill will make it more difficult for organisations to avoid US taxes.

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

New guidance on 'Employer provided leave and Americans with disabilities Act'

As per the update, the Equal Employment Opportunity Commission (EEOC) issued guidance under the Americans with Disabilities Act (ADA). ADA prohibits discrimination in employment on the basis of disability. Employers covered by the ADA are required to make the relevant changes in their existing leave policies in order to accommodate their employees with disabilities.

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

Fair Employment and Housing Act amendments are now in effect

From 1 April 2016, the amendments made to the Fair Employment and Housing Act (FEHA) has come into effect. Some of the measures are given below:

- Employers should prepare a policy in writing for harassment, discrimination and retaliation prevention
- Prepare complaint processes which ensure confidentiality, timely response, documentation, tracking and closure of the complaint
- Make employees aware that they can launch their complaints at various levels which include at the director-level and manager-level apart from their direct supervisors
- Ensure appropriate remedial measures are taken if misconduct is found on completion of the investigation
- The policy should be translated in any language if the said language is spoken by the at least 10% of the workforce

Amendment in California's family leave law

There is an amendment in relation to parental leave pay. Currently, the law provides for the partial payment for parental leave up to six weeks, which is 55% of their wages. As per the new law, the workers will be paid higher wages (70%) if they are earning up to minimum wages and the rest of the workers will get 60% of their wages.

Effective Date - 1 January 2018

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

Department of Labor has issued a new salary threshold for overtime pay

The Department of Labor has published the regulations governing executive, administrative, and professional employees (white-collar workers) who are entitled to the Fair Labor Standards Act's (FLSA's) minimum wage and overtime pay protections.

As per the FLSA, most employees in the United States are to be paid at least the federal minimum wage and overtime pay. The FLSA provides an exemption from both minimum wage and overtime pay for certain white-collar workers. Earlier this exemption was not applicable to employees earning less than USD 23,660 annually.

With these rules, the department seeks to update the salary level required for overtime exemption to ensure that the FLSA's intended overtime protections are fully implemented and to simplify the identification of non-exempt employees, thus making executive, administrative and professional employee exemptions easier for employers and workers to understand and apply. The minimum salary for overtime exemption has been increased from USD 23,660 a year to USD 47,476.

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

Final rules are issued by Equal Employment Opportunity Commission (EEOC) on employer wellness programs

EEOC has issued final rules on 17 May 2016 for employer wellness programs and the Genetic Information Non-discrimination Act. These provisions of final rules will apply to employer sponsored wellness program that begins on or after 1 January 2017.

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

Proposed rules for the foreign-owned domestic disregarded entities

Internal Revenue Service (IRS) has proposed new rules to improve the information collection from domestic disregarded entities with a single foreign owner.

This document contains proposed regulations that would treat a domestic disregarded entity wholly-owned by a foreign person as a domestic corporation separate from its owner for the limited purposes of reporting.

Because of these proposed regulations, record maintenance and associated compliance requirements that apply to 25% of foreign-owned domestic corporations under section 6038A of the Internal Revenue Code will also apply to the entity wholly-owned by a foreign person.

These changes are intended to provide the IRS with improved access to information that it needs to satisfy its obligations under US tax treaties, tax information exchange agreements and similar international agreements, as well as to strengthen the enforcement of US tax laws.

These rules will separate the domestic disregarded entity from its owner for the limited purpose of section

6038A and make applicable the reporting, record maintenance and associated compliance requirement to 25% foreign-owned corporations.

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

Puerto Rico: Administrative guidance for transition to VAT from existing sales tax regime

The Department of Finance has issued administrative guidance for the transition from the current system of Sales Tax and Use (SUT) to Value Added Tax (VAT) effective from 1 June 2016. It provides new general guidelines for transition; guidance has also given information for a new electronic system, Unified System of Internal Revenue (SURI) and it includes instructions related to records and certificates of VAT processes.

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

Senate Bill 2858 introduces major tax reforms in Mississippi

On 13 May 2016, the Government of Mississippi signed Senate Bill 2858 providing sweeping tax reforms aimed at creating a more business friendly environment in the state. The Bill has introduced phasing out of franchise tax over ten years beginning from 1 January 2018. It has also announced gradual elimination of the 3% tax bracket (i.e. tax rate on first USD 5,000) from 2018 and complete phase out in 2022.



Asia-Pacific

Australia

Highlights of the Australia Federal Budget 2016-17

The key highlights of Australia Federal Budget 2016-17 announced on 3 May 2016 are given below.

Corporate tax

- An increase to the tax discount for unincorporated small businesses incrementally over 10 years from 5% to 16% applicable from 1 July 2016
- Reduction in the corporate tax rate progressively from 30% to 25%
- Tougher laws and stronger compliances are being introduced to curb tax avoidance such as:
 - Diverted Tax Profits – New Diverted Profits Tax will result in a 40% penalty rate of tax on multinational corporations that attempt to shift their Australian profits offshore to avoid paying tax.
 - Tax Avoidance Taskforce - The government will introduce additional new measures. The Tax Avoidance Taskforce will be established to protect Australia's tax base, enforce compliance, and provide transparency.
 - Transfer Pricing - The government aims to strengthen transfer pricing rules to reduce opportunity for companies to avoid paying tax on business activity in Australia by shifting profits offshore, in line with the Organisation for Economic Cooperation and Development's (OECD's) guidelines, with effect from 1 July 2016.

Personal tax

- All individuals under the age of 75 will be able to claim an income tax deduction for personal superannuation contributions
- A Low Income Superannuation Tax Offset will be introduced; this will be a tax offset available to superannuation funds based on the tax paid on concessional contributions made on behalf of low income earners

- There will be a lifetime cap of AUD 500,000 on non-concessional superannuation contributions
- The current 18% tax offset of up to AUD 540 will be available for any individual, whether married or de facto, contributing to the super account of a spouse whose income is up to AUD 37,000
- Removal of the age based restrictions on voluntary contributions and to receive superannuation contributions from their spouse for those aged between 65 and 74
- The tax exemption on earnings in the retirement phase will be extended to products such as deferred lifetime annuities and group self-annuitisation products
- Individuals with superannuation balances of AUD 500,000 or less will be allowed to access their unused concessional cap space to make additional concessional (before-tax) contributions

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

Australia releases Cyber Security Strategy

Australia released Cyber Security Strategy on 21 April 2016. The strategy lays down five areas of action over the next four years to 2020, which are:

- A national cyber partnership;
- Strong cyber defences;
- Global responsibility and influence;
- Growth and innovation; and
- A cyber smart nation

Each area of action establishes a goal to be achieved over the next four years. Each theme is supported by actions the government will take to improve the cyber security and to ensure that Australia can continue to grow and prosper in the digital age.

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

Payroll tax threshold moved upwards from 1 July 2016 in Western Australia (WA)

From 1 July 2016, the WA payroll tax threshold will increase from AUD 800,000 to AUD 850,000. The diminishing threshold will be calculated on annual wages between AUD 850,000 and AUD 7.5 million. The tapering value used to calculate the payroll tax threshold would change from 8/67 to 17/133.

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

Amendment in Migration Legislation

Australia launched Migration Legislation Amendment (2016 Measures No. 1) Regulation 2016, on 15 April 2016. The Bill aims at improving the following:

- Abuse of the Subclass 457 Visa
- Fast track processing of Subclass 457 Visa applications
- Removal of criteria which require evidence of English language proficiency
- Clarification on reasons for issuance of special consideration to granting a Subclass 202 Visa
- Introducing a simplified international student Visa framework

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

GST changes to cross-border supplies in Australia

The Tax and Superannuation Laws Amendment (2016 Measures No. 1) Act 2016 received royal assent on 5 May 2016.

The Act relieves certain non-resident suppliers of the obligation to account for Goods and Services Tax (GST) on certain supplies, therefore reducing their compliance costs. In cases where GST would have ultimately been payable on a supply affected by these changes, the GST obligations are shifted to Australian-based business recipients that are already registered for GST. This further reduces compliance costs for GST registered importers in calculating the value of taxable importations.

Effective Date - 1 October 2016

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

Highlights of the Western Australian State Budget 2016-17

As per the budget of WA 2016-17, payroll tax-free threshold has increased from AUD 800,000 to AUD 850,000.

Effective date - 1 July 2016

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

China

Extension in VAT and Corporate Income Tax Deadlines

As per State Administration Tax Announcement (2016) No. 23, monthly VAT declaration filing deadline for May 2016 is extended to 27 June 2016 and the deadline of annual Corporate Income Tax declaration for 2015 can be extended to 30 June 2016.

Effective Date - 1 April 2016

Registration of General VAT Tax Payers (GTP)

A taxpayer should register for GTP if annual taxable sales of taxable services, intangible assets or immovable properties were higher than CNY 5 million. In addition, taxpayers can voluntarily apply for GTP status even if their annual taxable sales do not exceed CNY 5 million if he has a sound accounting system and accurate tax documents are maintained.

VAT exemption for cross-border VAT applicable activities

As per the recent update, there will be no VAT on cross-border taxable activities. The taxpayer has to sign a cross-border sale of services or intangible assets written contract to avail this exemption.

Below are certain cross-border taxable activities that are exempted from VAT:

- Cross-border taxable activities related behaviour occurred outside
- Services provided for export goods
- Sales to overseas units consumed entirely outside service or intangible assets
- Specific financial services
- Particular international transport services
- With zero tax policy but apply the simplified tax method or renounce zero-rated tax-free cross-border taxable choice behaviour

Shanghai: Increase in average monthly salary and monthly minimum wage

As per the recent update, there is an increase in average monthly salary, monthly minimum wage and severance pay in Shanghai.

The average monthly salary in Shanghai has been increased to CNY 5,939, the monthly minimum wage has been increased to CNY 2,190 and consequently resulted in an increased severance pay cap to CNY 17,817.

Effective Date - 1 April 2016

Adjustments made in VAT tax returns related matters

As per the recent update, the Chinese government has published the below mentioned annexure relating to the new VAT regime.

- First annexure – Deductible input tax structure list.
- Second annexure - The current deductible input tax structure list – complete instructions.
- Third annexure – VAT tax returns (small scale taxpayers applicable) and its attachment to include information key.
- Fourth annexure – VAT tax returns (small scale taxpayers) column and fill in the information attached instructions.

Effective Date - 1 June 2016

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

Beijing: New immigration and visa policies for foreigners

As per the recent update, new immigration and visa related rules are introduced for foreigners working in Zhongguancun Science Park Beijing.

Also, all foreign nationals in Beijing can enjoy certain relaxations on an application for green card if they meet the criteria given below:

- worked in Beijing for four continuous years and resided in China for a minimum of six months in each of the four years;
- have earned a salary before tax of minimum CNY 500,000 and paid personal income tax of more than CNY 100,000 each year;
- are sponsored by current employer in Beijing.

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

Dubai

Higher pension and allowances for insured employees extending their service periods

Recently, the Head of General Pension and Social Security Media and Awareness department (GPSSA) has stated that as per the amended law on pensions and social security, extension of service periods by employees entitles them to receive many pension and allowance benefits. The insured employees that perform their duties for a longer period are entitled to a salary increase and various allowances. For instance, an insured who serves for 15 years receives 60% of the average salary while each additional year adds 2% of the average salary.

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

Hong Kong

Enforcement of new cross-border data transfer rules postponed

As per the recent update, the proposed new rules under section 33 of the Personal Data Privacy Ordinance that restricts the cross-border transfer of personal data will no longer come into force in 2016.

Budget tax measures implemented

Recently, the Legislative Council of Hong Kong has passed the Appropriations Bill. The Bill implements the tax measures proposed in Hong Kong's 2016-2017 Budget.

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

New Zealand

Changes in document requirement for 'essential skills' work visa

From 11 April 2016, New Zealand Immigration has made it mandatory to submit a Skill Match Report (SMR) along with all the 'essential skills work visa applications'. The application for essential skills work visa application will be returned if SMR is not attached along with it. This procedural change will not affect employers in Canterbury.

Proposed rules for taxation of conditional employee share plan

As per the recent update, new rules are proposed to resolve the uncertainty in the taxation of share schemes. As per the proposed rule, the conditional employee share scheme should be taxed once the shares are free from substantive conditions. Currently, certain schemes are taxed prior to the fulfilment of the employment conditions.

There are no changes proposed for the unconditional employee share scheme.

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

Changes in GST law for non-resident businesses supplying online services

From 1 October 2016, non-resident businesses that supply remote services, including online services, from outside New Zealand (NZ) to NZ resident customers may be required to register for GST if they meet certain conditions. They are also required to file GST return on quarterly basis from 1 April 2017. For the period from 1 October 2016 to 31 March 2017, an option is given to file either one six monthly return or three two-monthly returns.

Non-resident businesses are required to register if the sales made to NZ customers are greater or equal to NZD 60,000 in the last 12 months or expect to be more than NZD 60,000 in next 12 months.

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

Singapore

Revised e-Tax guide on Fringe Benefits

The Inland Revenue Authority of Singapore (IRAS) has revised its tax guide on fringe benefits. This guide provides for a new test for input tax claims. Furthermore, the guide also provides for a detailed explanation to determine whether a claim is incurred for business or private purposes.

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

Revision in Tripartite Guidelines for re-employment of older Employees

As per the recent update, the Ministry of Manpower (MOM) has revised the Tripartite Guidelines on re-employment of older employees. The key changes in the guidelines are summarised below:

1. Revision in the Employment Assistance Payment (EAP) amounts: The EAP is designed to help individuals who are not being re-employed to tide over a period while they look for another job opportunity.

	Amounts prior to revision	Revised amounts
EAP amount	3 months of salary	3.5 months of salary

Minimum EAP for low-wage earners	SGD 4,500	SGD 5,500
Maximum EAP	SGD 10,000	SGD 13,000
A lesser EAP amount of 2 months of salary may be considered if the employee has been	Re-employed for at least 18 months	Re-employed for at least 30 months

2. Medical benefits provided to the employee being re-employed: The revised guidelines suggest that the employer re-employing the individual could also consider:
 - The provision of the existing medical benefits to the employee;
 - The restructuring of existing medical benefits into any other suitable portable medical scheme; and
 - Leveraging Medishield Life to provide medical benefits to re-employed employees.
3. Annual increments: A re-employed employee should be eligible for annual increments provided they are not at the maximum of their salary ranges.
4. Variable payments: This should be subject mutual agreement of the employer and employee.

Effective Date - 1 July 2017

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

Changes in Parental Leave Legislation

As per the recent update, the Government of Singapore has announced amendments in the Child Development Co-savings Act (CDCA). The key changes are summarised below:

- Previously, only married mothers' were eligible to the 16 week statutory leave, provided certain conditions under the CDCA were fulfilled. Pursuant to the changes, unmarried mothers will also be eligible for 16 weeks of maternity leave, subject to the CDCA conditions.
- Paternity leave for fathers of Singapore citizen children has been extended by 1 week. Beginning 2017, fathers of Singapore citizen children will be entitled to 2 weeks of paternity leave.
- The statutory shared parental leave has increased from 1 week to 4 weeks provided certain conditions under the CDCA are fulfilled.

- Adoptive mothers that adopt children from 1 July 2017 will be entitled to 12 weeks of adoption leave subject to certain conditions under the CDCA.
- Shared Adoption Leave has also been extended to 4 weeks beginning 1 July 2017.

Effective Date - 1 January 2017

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

Compulsory e-filing of withholding tax

As per the recent update, a withholding tax form can only be filed electronically via myTax Portal, for withholding tax payment to the IRAS.

Effective Date - 1 July 2016.

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

CPF interest rates change from July 2016

Recently, the Central Provident Fund (CPF) Board has announced the following interest rates from 1 July 2016:

- Up to 3.5% per annum on the Ordinary Account.
- Up to 5% per annum on the Special and Medisave Accounts.
- CPF members aged 55 and above will earn an additional 1% extra interest on the first SGD 30,000 of their combined balances.
- The Housing and Development Board (HDB) mortgage rate from 1 July 2016 to 30 September 2016 remains unchanged at 2.6% per annum.

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

South Korea

Changes in exemption standard for Workshop Tax scheme

Workshop Tax is applicable to all the employers who fall under the jurisdiction of local government and pays salary or wages to employee. The exemption standard for Workshop Tax is shifted from the number of employees to the monthly average salary.

Before the amendment, if the number of employees is 50 or less, the company was exempt from the workshop tax. Now, the employers paying average monthly salary for the most recent 12 month period of KRW 135,00,000 or less will be exempt from this tax.

Companies exceeding this threshold should pay Workshop Tax at 0.5% on the total salary paid in the current month (excluding non-taxable income as

specified under the Individual Income Tax Law of Korea).



Europe

Belgium

Tax on savings income is widened by the tax authorities

As per the recent update, the Belgium tax authority has amended its circular issued on 25 October 2013 to increase the scope for taxing savings income. Earlier, certain collective investments in certain assets were not taxed. As per the recent amendment in the circular, all collective investments are to be taxed.

Effective Date - 1 July 2016

Ruling commission has sole competence over lump-sum allowance agreements

From 1 May 2016, the ruling commission can close the advance rulings with employers. These rulings are relating to reimbursements made by the employer to employees. Earlier, these agreements were dealt with the centre for large enterprises and with local tax offices.

Effective Date - 1 May 2016

New circular issued for withholding tax exemptions

Belgium government has issued a new circular letter (No.Ci.704.947) relating to payroll/wage withholding exemptions.

The new circular provides detailed information on the applicability of each withholding tax exemption, applicable legislation, definitions, conditions for application of the exemption, rate of the withholding tax exemption and practical guidelines on the methods for calculating the applicable withholding tax exemption and filing the wage tax return for each exemption.

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

Update on implementation of single permit

As per the recent announcement by the Belgian Council of Ministers, single work and residence permit will be implemented soon. In light of the above announcement, there will be a significant change in the current immigration process.

The draft legislation is currently reviewed and further details on the implementation of the single permit are expected in September 2016.

Czech Republic

Postponement of amendment to the VAT Act until August

As per the recent update, the amendment to the VAT Act regarding the reverse charge mechanism is supposed to be extended until August 2016. As per the amendment, the reverse charge will be applicable on all local supplies of goods by an entity not residing and not registered in the Czech Republic.

Czech Republic has proposed an amendment to the Act on Public Registers

Recently, the Government of Czech Republic has proposed an amendment to the Act on Public Registers. If passed, companies registered under the Czech Commercial Register will have to disclose the identity of their Ultimate Beneficial Owners (UBO). Pursuant to the amendment, companies will be obliged to disclose the full name, address of residence and citizenship of their UBOs; and in addition, the data on the value of a man's status as a UBO of the company. Inability to satisfy the commitment will bring about a fine of up to CZK 100,000 and in extreme cases, dissolution of the company might be forced by the court.

Finland

Proposed three-year limitations period, withholding tax refund claims

As per the amendment, the Finland government has proposed a draft Bill to reduce the limitations period for all tax matters. The current five-year limitations period will be reduced to three year from 2017.

The limitations period amendments, if enacted, would apply to withholding tax that is levied from 2017 onwards. The proposed three-year limitations period would not apply retroactively.

France

Further reforms in the French Labour law

As per the recent update, the Government of France has announced the reforms in the draft labour code. Some of the key changes in the law are mentioned below:

- There will be no cap for damages payable by employers in case of unfair dismissals. Prior to this, the government was imposing a cap on such damages in the labour code.
- In relation to the courts dealing with unfair dismissals, the basis of reviewing the economic condition of the entity used by judges will be its economic condition in France. Prior to this, the worldwide economic conditions of the group that the entity belongs to were to be considered in order to determine whether the dismissal was in case of severe losses and economic conditions, and was therefore unfair.

Social security contribution exemption for overseas companies

As per the amendment under Article 10 and 32 of the law, foreign entities are given social security contribution exemptions in France. The amendment covers employers established in Guadeloupe, Guyana, Martinique, Reunion, Saint-Barthélemy and Saint-Martin.

Effective Date - January 2016

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

Ireland

Surcharge for late submission of returns

Recently, the new section 1084 has been introduced in Taxes Consolidation Act (TCA) 1997 by the Irish Revenue which imposes a surcharge for the late filing of a tax return on any taxpayer, individual or corporate.

The surcharge is applicable on the liability arising for the year after credit of Pay-As-You-Earn (PAYE), but before credit of taxes already paid if a return is not submitted by the specified date.

If the return is delivered within two months of the filling date, 5% surcharge is levied on the tax liability for the year of assessment to which the tax return relates to, subject to a maximum amount of EUR 12,695. If the return is not delivered within two months of the filling date, 10% surcharge is levied on the tax liability for the year of assessment to which the tax return relates to, subject to a maximum amount of EUR 63,485.

Ireland: Data protection update – new legislation

As per the update, the following three regulation/directives have been published by the European Data Protection legislation.

- **First regulation (EU) 2016/679** - On the protection of natural persons with regard to the processing of personal data and on the free movement of such data. It has repealed Directive 95/46/EC (General Data Protection Regulation); and 2016/679
- **Another directive (EU) 2016/680** - On the protection of natural persons with regard to the processing of personal data by competent authorities for the purposes of the prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties and on the free movement of such data. It has repealed the Council Framework Decision 2008/977/ JHA (Police and Criminal Justice Authorities Directive); and 2016/680
- **Third directive (EU) 2016/681** - On the use of Passenger Name Record (PNR) data for the prevention, detection, investigation, and prosecution of terrorist offences and serious crime (PNR Directive) 2016/681

Poland

New rules for confirming employment terms in Poland

Poland introduces new rules for confirming the employment terms. The labour code is amended to comply with the detailed obligation to confirm employment conditions in writing before admitting employees to work. Earlier, the obligation to confirm the rules of employment to the employee could be complied no later than on the first day of work.

Transfer of VAT records in SAF-T

In addition to the publishing of Standard Audit File for Tax (SAF-T) information requirement for big entities, the Polish parliament has introduced an obligation of the automatic monthly transfer of information on VAT records for the entities that maintain books of accounts using computer software i.e. in an electronic format. The transfer is to be performed within the logical structures of the SAF-T. The information should be transferred by the 25th day of the following month.

There is still ambiguity regarding the manner of the transfer and the software requirements required for data carriers.

Effective Date - 1 July 2016

Romania

Reforms to child raising leave and indemnity

Recently, an amendment has been published in the Official Gazette of Romania on child raising leave and indemnity. The new rules have been introduced by amendments in the Child Raising Leave Law (CRL). They are as follows:

- Eligibility criteria - Individuals who have earned income subject to income tax for at least 12 months in the two years preceding the child's birth are eligible.
- The level of indemnity for child raising leave - The minimum limit for child raising indemnity will be 85% of minimum gross salary at a national level (approximately RON 1,100) and the maximum limit will be 85% of the average net income earned in the last 12 months of the two years prior to the child's birth
- The duration of leave - Child raising leave with unique duration (until the child is two years old or three years in the case of child disability) will be available to eligible parents.
- Return to work benefit - If the parent who is still entitled to child raising leave decided to return to

work, they will get benefited as per the new calculation method.

Effective Date - 1 July 2016

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

Switzerland

Extension to Collective Bargaining Agreement (CBA) for staff leasing

The Collective Bargaining Agreement for Staff Leasing (Temporary Agency Workers) introduced on 1 January 2012 was applicable to temporary work only. From 18 April 2016, the Federal Council declared that this will be generally applicable and has extended the applicability till 31 December 2018.

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

Sweden

New provisions in Swedish Work Environment Act

This is an update to inform new provisions concerning workplace health and the working environment under the Swedish Work Environment Act.

The role of employers in promoting a healthy working environment, managing workloads and work allocation, improving communication and collaborations with staff and effective preventive measures has been clarified under the new provisions. As per the new rules, information relating to the aggregate period of employment (including the form, start date, end date of each fixed term engagement) in written format by the employer should be provided to employee.

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

Changes in payroll taxes for youth youth

This is an update relating to lower payroll taxes for those born in 1991 or later.

The payroll tax rate for people born in 1991 or later will be as follows:

Period	Rate of tax
January to May 2016	25.46%
From June 2016	31.42%

Effective date: 1 June 2016

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

The UK

Changes to accounting regulations

The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 came into effect from 6 April 2015.

Some of the major changes announced in the new regulations are given below.

1. Micro entity accounts are to be prepared by micro companies and other small companies have to prepare short accounts for their members.
2. Small or medium-sized companies whose accounting periods begin on or after 1 January 2016 cannot file abbreviated accounts.
3. Thresholds for a small company have changed as below –
 - Increase in the turnover limit from GBP 6.5 million to GBP 10.2 million
 - Increase in the balance sheet total limit from GBP 3.26 million to GBP 5.1 million
4. Thresholds for a medium size company have changed as below –
 - Increase in the turnover limit from GBP 25.9 million to GBP 36 million
 - Increase in the balance sheet total limit from GBP 12.9 million to GBP 18 million

Effective Date - 6 April 2015

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

Introduction of Immigration Health Surcharge

On 6 April 2015, Immigration Health Surcharge was introduced to all non-European Economic Area nationals except for Australian and New Zealand nationals. From 6 April 2016, Immigration Health Surcharge is levied on Australian and New Zealand nationals staying in the UK for more than 6 months.

On application of visa, Immigration Health Surcharge is of GBP 200 or GBP 150 for students.

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

Changes to leave of absence requirements in UK tier 2 Visa category

As per the recent update, there is a change in the reporting requirements for tier 2 'skilled workers'.

Prior to the change, a tier 2 skilled worker was allowed 30 days leave of absence or more during a calendar year (1 January to 31 December). After the 30 day leave period, the UK employer has to report the leave of absence within 10 days of the overstay to the UK Home Office.

Now, tier 2 migrants can take unpaid leave of only four weeks or less. The four weeks is calculated according to the migrant's normal working pattern (for example, if the migrant works three days per week, it would be 12 working days).

Effective Date – 6 April 2015

Increase in the scope of withholding tax on payments to intellectual properties

As per the recent update, in Finance Bill 2016, there is an increase in the scope of payments made in respect of intellectual properties copyright or royalties which were termed as annual payments.

After the change, tax will be withheld on any periodic payments made for the use of trademarks and brand names subject to treaty relief.

There is also a change in the scope of withholding on royalty payments made to the UK PE's of overseas companies.

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.

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