Global Expansion Updates

December 2018 | Issue 29

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

The key highlights of this issue include Penalty for Non-submission of Income Tax Returns in South Africa, Canada Pension Plan Contribution Limits Increase, Payroll Tax Amendments in Australia and Belgium announces changes to Income Tax Advance Payments for 2018.

Africa

Ghana

2019 Budget Tax Effects

Following are the proposed tax measures in the budget:

- The highest individual personal income tax rate band would be reduced from 35% to 30%. Nevertheless, the threshold subject to the highest rate would increase from GH¢10,000 to GH¢20,000.
- The band for tax-free individual personal income tax would target income earned by certain minimum wage earners.
- The tax authority could implement higher revenue mobilization.
- Actions would be brought against habitually defaulting taxpayers.
- To shorten the collection of withholding tax for both small-scale mining operators and the tax authorities, the point of collection of the tax would change to the point of export.
- Use of automated tax collection systems would effectively increase the collection of certain indirect taxes.

South Africa

Penalty for Non- submission of Income Tax Returns

The South African Revenue Service (SARS) has recently stated that penalties would be applicable on a company's failure to submit an income tax return under the provisions of the Tax Administration Act.

The penalties would apply irrespective of whether any tax is due to SARS or not. The amount of penalty applicable would range from ZAR 250 to ZAR 1,600 depending on the amount of the company's taxable income in the previous year. The minimum penalty would apply in the event of a loss.

The penalties will apply from December 2018 if the status of the income tax returns remains un-submitted.

Americas

Canada

Canada Pension Plan Contribution Limits Increase

Effective from 2019, maximum pensionable earnings are increasing. The Canada Revenue Agency (CRA) has announced the Canada Pension Plan (CPP) contribution limits; the maximum pensionable earnings under the CPP for 2019 will increase to CAD 57,400 from CAD 55,900. The employee and employer contribution rates for 2019 will increase to 5.1%, and the self-employed contribution rate will increase to 10.2%.

Notice for Employers with Pension Plans

An employer that obtains services or dedicates internal staff and resources to support the company's pension plan, Canada's Excise Tax Act (ETA) likely estimates a supply that requires the employer to remit the related GST or Harmonized Sales Tax (HST) with its tax return that includes the last day of its financial year.

Specific rules are there to determine which supplies are considered taxable and how to calculate the estimated tax, based on the distribution of employees who are participants of the plan throughout Canada. The same rules are applicable for Quebec sales tax purposes.

Canada Pension Plan and Employment Insurance Deadlines

Employers who have overpaid CPP contributions in 2014, or have overpaid the Employment Insurance (EI) premiums in 2015, necessarily will file a refund application by 31 December 2018 to reclaim these amounts. Four years to file refund applications for overpaid CPP contributions and three years to apply for a refund for overpaid EI premiums is the time limit generally.

Goods and Service Tax (GST)/Harmonized Sales Tax (HST) Obligations

Employers that have monthly GST/HST and QST reporting periods with a 31 December year-end are required to remit amounts of GST/HST (and, if applicable, QST) related to the pension plans by 31 January 2019. Affected employers have to closely follow the complex and changing rules related to these upcoming tax obligations to avoid costly tax errors.

Manitoba Budget Implementation Bill

With effect from 8 November 2018, Manitoba's Bill 34 received the royal assent. The bill comprises a number of corporate tax changes that were announced in the province's 2018 budget.

Generally, the corporate income tax measures in Bill 34 would be considered practically enacted for International Financial Reporting Standard (IFRS) and Accounting Standards for Private Enterprise (ASPE) purposes on the date the bill received first reading as Manitoba has a majority government, which was 25 June 2018. The corporate income tax measures in Bill 34 are enacted for U.S. GAAP purposes on 8 November 2018.

With effect from 1 January 2019, the corporate income tax measures in Bill 34 include an increase to the small business deduction limit to CAD 500,000 from CAD 450,000.

Amendments to the Employment Standards Act 2000

Bill 47, the Making Ontario Open for Business Act, passed third reading and received Royal Assent. With effect from 1 January 2019, there were no further changes to the version of Bill 47 with respect to the Employment Standards Act, 2000 that was introduced in the Legislature on 23 October 2017. ss

New leaves: Through Bill 47, the new unpaid leave provisions introduced which include sick leave, family responsibility leave, and bereavement leave, provide employees with a certain number of leave days per the calendar year. Employees will, therefore, have the full 2019 calendar year to use their new leave days.

Intervening period: Employers should be aware that employees might seek to claim their Bill 148 entitlements before the amendments take effect at the beginning of 2019. This may mainly be the case with the two days of paid Personal Emergency Leave, which effectively "expire" on 31 December 2018 if not taken prior to that date.

Deadline for filing T1134

The Department of Finance on 25 October 2018 issued a statement concerning the deadline for companies to file T1134 Information Return Relating to Controlled and Not-Controlled Foreign Affiliates. The deadline is to be reduced to 12 months from 15 months after the year-end; for tax years beginning after 2019 and to 10 months for tax years beginning after 2020.

Usually, Canadian resident taxpayers including certain partnerships with foreign affiliates must file form T1134 for each foreign affiliate in a reporting year or period.

Asia-Pacific

Australia

Long Service Leave Act, 2018 - Victoria

The Long Service Leave (LSL) Act 2018 (Vic) came into effect from 1 November 2018. It introduces significant changes to the laws operated until the above-mentioned date in the state of Victoria.

Following are the key changes:

LSL entitlement - Employees are entitled to LSL after seven years of completion of continuous service in line with the point at which it is paid.

Employees are entitled to LSL for a single day period as against the entitlement be taken in a single period before the amendments.

Any amount of unpaid parental leave up to 52 weeks does not break the continuity of the service.

Business transfer of tangible or intangible assets will not break the continuity of service of an employee.

Now, employees who are terminated by their employers, but re-employed within 12 weeks, are counted as having continuity of employment as against only resignations were regarded as continuous.

Calculating LSL - New rules are introduced for calculating leave for employees without fixed work hours who request LSL. The new rules stipulate that 'average work hours' are to be calculated by considering the greater average amount from an employee's last 12 months, last five years, or the entire continuity of employment.

For more information, click here

Payroll Tax Amendments

The South Australian Government has assented amendments to the Payroll Tax Act to reduce payroll tax for small businesses. The legislative amendments to implement the above measures are contained in the Payroll Tax (Exemption for Small Business) Bill 2018.

With these amendments, from 1 January 2019, businesses with annual taxable wages of up to $1.5 million will be exempt from payroll tax and those with wages between $1.5 million and $1.7 million will benefit from a reduced payroll tax rate.

As these changes come into effect in the mid-financial year, the 2018-19 financial year will be split into two return periods:

Period 1 - 1 July 2018 to 31 December 2018

Period 2 - 1 January 2019 to 30 June 2019

Employers with estimated wages under $1.5 million for 2018-19 will no longer be required to pay tax and lodge monthly returns for January 2019 to May 2019 period. Revenue SA will convert the frequency for such employers to annual returns. Employers may choose to cancel the registrations in the financial year 2019-20 if they expect Australia-wide wages, or group wages, to remain under $1.5 million.

Employers with estimated wages between $1.5 million and $1.7 million for 2018-19 will continue to lodge monthly returns using current deduction entitlement. The rate of tax applicable will be automatically calculated at the time of completion and lodgment of returns.

There is no change made for the employers falling under the category of wages over $1.7 million for 2018-19. They continue to lodge monthly returns and annual reconciliations returns using the current deduction entitlement.

For more information, click here

Dubai

Amendments announced by the New DIFC Companies Law Regime

With effect from 12 November 2018, the Dubai International Financial Centre (DIFC) passed the Companies Law, the Companies Regulations, the Operating Regulations and the Ultimate Beneficial Ownership Regulations (UBO).

The Previous Companies Law recognized three main types of companies:

- Companies limited by shares,

- Limited Liability Companies (LLCs) and
- Recognized companies (branches of foreign companies).

The New Companies Law has abolished the form of LLC and now categorizes companies limited by shares as "Private Companies" and "Public Companies." Recognized companies continue to exist under the New Companies Law.

Private Companies:

- Have between one and 50 shareholders;
- May not make an offer of their securities to the public;
- Have no minimum share capital requirements;
- Do not need to have fully paid-up shares;
- Contain the word "Limited" or the abbreviation "Ltd." after their names;
- Must have at least one director with an optional company secretary; and

Are not required to hold an annual general meeting (unless expressly required in their articles of association).

Public Companies:

- May have any number of shareholders;
- May make an offer of their securities to the public;
- Issued shares must be paid-up as to at least 25 percent of their value;
- Contain the words "Public Limited Company" or the abbreviation "PLC" after their names;
- Must have an issued and allotted share capital (excluding treasury shares) of at least USD100,000 at all times;
- Must have at least two directors and a company secretary; and
- Are required to hold an annual general meeting.

The New Companies Law has announced statutory pre-emption rights for existing shareholders in order to provide protection against undue dilution of their shareholding. However, it contains a number of customary carve-outs to such rights, including in respect of issues of bonus shares and shares issued in accordance with employee share schemes. Private Companies have also been given the ability to alter or exclude such pre-emption rights in their articles of association.

Effective Date: 12 November 2018

For more information, click here

Training Requirement Implemented Obligatory for Some Employees in the Mainland

In selected professions under new employment residence, permit applicants have to now attend a training session on labor regulations in order to attain an employment residence permit.

- Presently, three technicians and associate professionals, four clerical support workers and five services and sales workers of the new Emirati Vocational Classification scheme, must attend the training session before obtaining their labor contract.
- Succeeding an obligatory 1.5-hour in-person classroom session, attendees will be issued their labor contract and a mobile phone SIM card meant to simplify communication between the worker and the Ministry of Human Resources & Emiratisatio (MOHRE) in case of employer issues. Applicants can attend a session at one of the 37 Tawjeeh service centers across the United Arab Emirates for a fee of AED 203.
- The training session requirement does not apply to employees supported by companies in the free zones.

This new requirement is in line with a trend to enlarge foreign workers' rights in the United Arab Emirates. The new Emirati Vocation Classification scheme, introduced in September, is a list of occupations that employers can choose from when recruiting local and foreign workers in the private sector in the United Arab Emirates. Affected employment residence permit applicants will need to attend the training session as soon as their employer prepares an employment contract for submission to the MOHRE.

Those that fail to attend the training session will not be issued an employment contract and hence will not be able to proceed with obtaining an employment residence permit.

Hong Kong

Replacement of Smart Identity Cards

Effective from 27 December 2018 The Immigration Department in Hong Kong has announced the replacement of smart identity cards. All Hong Kong residents who age 11 and above are required to register for an identity card, including foreign nationals who are permitted to stay in Hong Kong for more than 180 days.

No fee will be charged for new smart identity cards allotted under the replacement exercise. Elderly persons and persons with disabilities will benefit from certain conveniences during their replacement exercise.

Effective Date: 27 December 2018

Inland Revenue Amendment Bill gazetted

With effect from 2 November 2018, the Information Services Department in Hong Kong announced the "Inland Revenue (Amendment) (No. 7) Bill 2018."

The Bill pursues to the followings:

- Refine the provisions that implement the arrangement for Automatic Exchange Of financial account Information (AEOI) in tax matters.
- Avoid potential double non-taxation of income of visiting teachers and researchers.
- Align the tax treatment of financial instruments with their accounting treatment.
- Allow the deduction of interest expenses payable to overseas export credit agencies.
- Revise the meaning of the sibling relationship.

The Bill also includes modifications to the (AEOI) regime applied since 2017, so as to closely follow the requirements broadcast by the Organization for Economic Co-operation and Development (OECD).

Paternity Leave to be increased to Five Days

The statutory paternity leave in Hong Kong will be increased from three days to five days. The Bill makes no change in respect of other aspects of the statutory paternity leave. The daily rate of statutory paternity leave pay remains at 80% of the daily average wages of the employee. Expected enforcement of the bill is in the beginning of January 2019.

Malaysia

Implementation of Sales and Service Tax

Effective from 1 November 2018, announcement made by the Malaysian Government on the implementation of Sales and Service Tax Act 2018.

The new rate on transactions related to Malaysian Expatriate Talent Service (MYXpats) will be implemented as below:

- Employment Pass (EP) - Current Charges RM300.00 with SST (6%) RM318.00
- Dependent Pass (DP) - Current Charges RM70.00 with SST (6%) RM74.20

Corporate Tax, Sales Tax Reforms announced in the Budget

Malaysia's 2019 Budget has been announced. It covers plans for the restoration of sales and service tax rules and a corporate tax cut for small- and medium-sized enterprises. The lower corporate tax rate of 18% will be reduced to 17%. Companies with paid-up capital of up to MYR2.5 million (USD600,000) or limited liability partnerships with a total capital contribution of not more than MYR2.5 million are part of this offer.

The 18% rate is charged on income up to MYR500, 000. The rate will be cut at the beginning of the 2019 year of assessment. The remaining chargeable income is subject to an income tax rate of 24%, which remains unchanged in the Budget.

Most important changes announced concern the sales and service tax regime, which replaced the GST regime in Malaysia on 1 September 2018. The Budget announces that the provision of specific taxable services of a business to another business registered for the same service will be exempt from service tax beginning 1 January 2019.

Effective from 1 January 2019, a credit system for Sales Tax deduction will be introduced. This is proposed to assist manufacturers who purchase input materials and components from importers, instead of other registered manufacturers, and is proposed to prevent cascading taxation and cut the cost of doing business.

Effective from 1 January 2019 imported services will be subject to service tax, to ensure that domestic businesses are not at a competitive disadvantage to foreign competitors. Presently, service tax is only imposed on services provided by service providers who are located in Malaysia.

Budget 2019

Malaysia's Minister of Finance announced the 2019 National Budget. Following are the significant issues from the individual tax perception:

- Contributions made to an approved provident fund, life insurance premiums to encourage savings for retirement; the budget proposes increasing the tax relief to RM 7,000, up to RM 4,000 of income tax relief for contributions to approved provident funds and up to RM 3,000 of income tax relief for life insurance premium payments.
- To encourage parents to save money to finance their children's tertiary education, the tax relief on net annual savings in the National Education Savings Scheme (SSPN-i) is proposed to increase from RM 6,000 to RM 8,000.
- To encourage the employment of workers past the retirement age of 60, a decrease in the employer portion of Employee Provident Fund contributions from 6% to 4% is proposed.

The Special Program for Voluntary Disclosure was issued by The Inland Revenue Board of Malaysia (IRBM). The program covers voluntary disclosure and payment within the stipulated period on the below:

- Income not formerly declared or under declared, expenses over claimed or not allowed, and reliefs or deductions or rebates over claimed.

- Gains on disposal of assets (Real Property).
- Stamping of instruments not formerly stamped.

Voluntary disclosure includes:

- Taxpayers who are not registered with the IRBM have to firstly, register for an income tax number. The Income Tax Return Form (ITRF) Petroleum Return Form (PRF)/Real Property Gains Tax Return Form (RPGTRF) must be submitted within the Special Program period either via e-Filing/e-Lodgment or manually.
- Taxpayers who are registered with IRBM but have not submitted the ITRF/PRF/RPGTRF for any year of assessment. Then, these must be submitted within the Special Program period either via e-Filing/e-Lodgment or manually. The ITRF of a company must be submitted by way of e-Filing.
- Taxpayers who have submitted the ITRF/PRF/RPGTRF, but have not reported the correct information of the income/gains on disposal of assets for any year of assessment; taxpayers are required to submit a written declaration within the Special Program period either via letter or e-mail of the income/gains on disposal of assets not formerly declared.
- The disclosure program is offered from 3 November 2018 to 30 June 2019, and only applies to income reported or capital gains s for the assessment year 2017 and preceding years. Instruments not stamped after six months from the stamping period, will have to pay the penalty at 10% by 31 March 2019, and if made between 1 April and 30 June 2019, the penalty rate is 15%. With respect to stamp duty, minimum penalties of MYR 50 and MYR 100 apply where disclosure is made by 31 March 2019 and 30 June 2019, respectively. The program also applies to transfer pricing issues, although the penalty rate is in agreement with the existing transfer pricing audit framework.

Additional Details to Finance Bill 2018

Additional to the announcement of Budget 2019, the Income Tax (Amendment) Bill 2018, the Labuan Business Activity Tax (Amendment) Act 2018 and the Income Tax (Amendment) Bill 2018 were nominated in the parliament on 19 November 2018. With effect from 1 January 2019, the significant points from the above bills and act are stated below:

- Only 3% of any payments made to Labuan companies will be allowed as deduction.
- Business losses and allowances will be allowed to be carried forward for seven years only. For a transitional period, any business losses or allowances incurred in or before the year of assessment 2018 will be allowed to be utilized by year of assessment 2025.
- Service tax will be levied on imported taxable services in addition to the withholding tax that may be applicable to such imported services.
- Transfer pricing guidelines will apply to transactions between persons connected by a minimum shareholding of at least 20%.

Malaysia SST Filing Update

Sales and Services Tax (SST) in Malaysia, replacing the 6% Goods and Services Tax, the Customs Department has issued additional guidance on returns. This comprises the following:

- Filings must be submitted by the last day of the month following the reporting period.
- Payments for any SST due can be settled by bank transfer, banker's draft or check. Cash payments will not be accepted. Before the filing deadline the payment should be received.
- Form SST-02 should be used.
- Returns can be submitted online, or by paper via the post.
- Failure to declare SST may result in penalties of up to MYR 50,000 and/or imprisonment.

New Zealand

Taxation of New Employee Share Schemes

The New Zealand government enacted new legislation on 29 March 2018 introducing changes to the taxation of employee share schemes.

Further, the government came up with new rules on 29 September 2018, regarding the apportionment of equity awards for internationally mobile employees.

Overview of the new rules:

- An Employee Share Scheme is widely defined and includes arrangements with a purpose or effect of issuing or transferring shares in a company to a person who has been an employee (past, present or future) of that company or another company in the same group.
- Taxing point for any share benefits (the "Share scheme taxing date") to be the point in time when:
    - There is no material risk that the beneficial ownership (i.e., entitlement) may change, or that the shares will be required to be transferred or canceled;
    - There is no benefit accruing to the employee in relation to a fall in the value of the shares;

and

  - There is no material risk that there will be a change in the terms of the shares affecting their value.

- The taxable benefit is defined as the difference between the market value of the shares at the date of taxation (the Share scheme taxing date), less any amount paid for the shares by the employee.

- Employers will no longer need to structure their employee share arrangements to obtain a corporate tax deduction for the cost of the shares. Employers will be allowed a deduction for:

  - Benefits provided under an employee share scheme that is equal to the amount calculated on the "share scheme taxing date" (i.e., the amount of the benefit that is taxable to the employee).

  - Costs associated with the administration and managing the scheme, subject to the usual capital/revenue tests.

  - No deductions will be available for shares issued under an exempt scheme.

- New scheme rules do not apply to shares granted or acquired before 12 May 2016 and shares granted before 29 September 2018 and the share scheme's taxing date under the new law is before 1 April 2022.

For more information, click here

New Social Security Act 2018

The new Social Security Act 2018 comes into force on 26 November 2018. The three new separate Acts have been implemented, which replace the previous Social Security Act 1964:

- Social Security Act 2018

- Residential Care and Disability Support Services Act 2018

- Artificial Limb Service Act 2018

For more information, click here

New Zealand discards GST on Low Value Consignment GST

New Zealand has proposed scrapping of the Goods and GST and customs duty low-value consignment relief of NZD 1,000. It will be requiring offshore e-commerce suppliers selling goods to local consumers to register for VAT once their annual sales crossed a NZD 60,000 threshold.

Supplies to businesses will remain zero-rated.

For more information, click here

Philippines

Social Security System (SSS) extends Monthly Contribution Deadline

The contribution payment deadline extended for 2018 until 2 January 2019 for SSS members, except for the Overseas Filipino Workers (OFWs)-members.

Based on SSS Circular 2018-022, the deadline of payment of contributions for regular employers is revised from the current schedule, which is based on the 10th digit of the 13-digit SSS number of the employer, to the end of the month following the applicable month. The household employers and individual members have until the end of the year to pay their monthly contributions. Further, contributions for the fourth quarter of 2018 may also be paid on or before 31 January 2019.

Under the Real-Time Processing of Contributions (RTPC) program, a member needs to present his or her Payment Reference Number before paying so that their contributions will be posted real-time, allowing them to avail of their benefits and privileges on time.

Singapore

Corporate Income Tax Returns Filing Deadline

- A reminder has been issued to companies stating that the corporate income tax return filing deadline is either 30 November 2018, for paper filing returns, or 15 December 2018, for electronically filed returns by The Inland Revenue Authority of Singapore. From this year, companies with revenues of more than SGD10m must file returns electronically in the 2017 year of assessment. E-filing of tax returns will be obligatory in 2019 for companies with revenue exceeding SGD1million in the year of assessment 2018 and in 2020 for all companies.

- Companies that are incorporated in Singapore and whose revenue does not exceed SGD5m can file simplified form C-S, rather than form C. Companies that qualify for Form C-S do not need to submit their financial statements, tax computations, and supporting schedules. Companies that incur expenditure exceeding SGD100, 000 on the above qualifying four activities, or expenditure on other activities, can claim double tax deductions subject to agreement by Enterprise Singapore or Singapore Tourism Board.

Modifications to the Employment Act

With effect from 1 April 2019, the Employment (Amendment) Bill was passed in Parliament on 20 November 2018, with changes to the Employment Act (EA) and Employment Claims Act. The amendments to the Acts cover four significant areas:

- Extension of Part IV of the EA to protect more employees.
- Extension of core provisions of the EA to protect all employees.
- Enhanced flexibility for employers.
- Enhancement of the employment dispute resolution framework.

The modifications are to keep pace with changes to Singapore's labor force profile and employment practices. Professionals, managers, executives, and technicians now make up more than half the local workforce. This share is expected to increase to 2/3 by 2030.

Important amendments to the Employment Act:

Currently, core provisions of the EA cover all employees except managers and executives (M&Es) earning above SGD 4,500 per month. From 1 April 2019, the SGD 4,500 per month salary cap will be removed, thereby spreading coverage of the EA to all employees. This will benefit an additional 430,000 managers and executives (M&Es), who will be covered for core provisions, such as minimum 7-14 days of annual leave, paid public holidays and sick leave, timely payment of salary and statutory protection against wrongful dismissal. The EA limits the type of salary deductions that employers can make, such as absence from work or damaging or losing goods entrusted to the employee. After the EA is amended, salary deductions will also be allowed if it fulfills two conditions:

- The employee must assent to the deduction in writing, and
- The employer enables the employee to withdraw his assent at any time, without penalty.

This change gives employers flexibility while protecting employees' interests.

https://www.mom.gov.sg/newsroom/press-releases/2018/1120-changes-to-the-employment-act-from-1-april-2019-to-cover-all-employees-and-enhance-dispute-resolution-and-provide-business-flexibility

Europe

Belgium

Exemption from retaining certain social documents for certain posted employees

Recently, Belgian government has announced that such posted employees whose employers are exempted from making a LIMOSA declaration are now also exempted from retaining certain social documents like equivalent foreign salary documents, a copy of the employment contract, information about the currency in which the employee is paid, an overview of working time and proof of payment.

This exemption does not apply to employees in international transport, the assembly and/or installation of goods and urgent machine maintenance work or repair.

Belgium announces changes to Income Tax Advance Payments for 2018

Recently, Belgium published a notice from the Federal Public Service (FSP) Finance in the Official Gazette. The notice explains the advance income tax payments rules for 2018-tax year (2019 assessment year). Below are the announcements with respect to such rules:

1. For 2018 (assessment year 2019), the quarterly standard payment deadlines are 10 April 2018, 10 July 2019, 10 October 2018, and 20 December 2018. For tax periods not following the calendar year, the payment deadlines are adjusted accordingly.
2. When advance tax payments are not sufficient to cover the final tax payable, a surcharge applies. Surcharge rate has been increased from 2.25% to 6.75% for tax periods beginning on or after 1 January 2018. Tax periods starting before 1 January 2018, the surcharge rate remains 2.25%. For tax periods starting before 1 January 2018, no surcharge is due if the amount does not exceed 0.5% of the tax amount on which it is based or if it is lower than EUR 80. For tax periods beginning on or after 1 January 2018, this exception no longer applies.
3. For timely advance tax payments, a credit against the surcharge amount is provided. For tax periods beginning on or after 1 January 2018, the credit is 9.00% on the first advance payment, 7.50% on the second payment, 6.00% on the third payment, and 4.50% on the fourth payment. Tax periods that began before 1 January 2018, the credit is equal to 3.00%, 2.50%, 2.00%, and 1.50% for each respective advance payment.

Denmark

Expatriate tax scheme changes

The Danish tax authority (SKAT) has published an updated guide (English) on the expatriate tax scheme, on a special tax scheme in which researchers and highly paid employees, who are recruited abroad, may choose to pay tax at a rate of 27%. Along with labour market contributions, a total of which is 32.84%.

For more information, click here

France

No deduction of withholding taxes levied outside France in compliance with tax treaties

As per the tax treaty, a tax credit of the equivalent amount of Withholding (WHT) levied in source country can be allowed against the French CIT. This tax credit is capped at the amount of the CIT due in France on respective income. However, this tax credit cannot be availed, when the income recipient is incurring losses in France for such taxable year or when the WHT amount is higher than the corresponding French CIT. In such cases, tax credit cannot be carried forward or reimbursed.

Norway

Interest rate on loan given by employer is updated

Recently, the Ministry of Finance announced the standard rate of interest for loans provided by employers to employees, between March and June 2018, is 2.2%.

This rate of interest is determined six times a year by the Directorate of Taxes. Loans given at a rate lower than standard rate by employer are deemed as "low-interest loans" and taxed as benefits in kind.

United Kingdom

Work Restrictions lifted for Croatian Nationals from June 2018

Recently, The Home Office has announced that from 1 July 2018, Croatian nationals can work in United Kingdom as any other European Union citizens.

Earlier, few categories of Croatian nationals were required to obtain authorization from Home Office to work in the United Kingdom. From 1 July 2018, employers will no longer need to verify whether a Croatian national has the necessary authorization to work in the United Kingdom.

Effective Date: 1 July 2018

Introduction of new tax rules in Wales

From 1 April 2018, the Welsh Revenue Authority (WRA) will collect and manage Land Transaction Tax (LTT) from land and property transactions in Wales. Her Majesty Revenue & Customs (HMRC) will not accept Stamp Duty Land Tax (SDLT) returns for land and property transactions in Wales with an effective date of transaction on or after 1 April 2018.

The WRA has also published a dedicated tax calculator.

Conveyancers and solicitors representing people buying and leasing property and land in Wales will need to register on the WRA website before filing a tax return. The WRA is encouraging businesses to sign-up at least 10 days in advance of the first transaction.

For more information, click here

Changes in HMRC rates and allowances from 6 April 2018

In UK, new tax year begins from 6 April. Below are the new rates and allowances for new tax year beginning from 6 April 2018:

- Increase in personal allowance from £11,500 to £11,850
- Increase in transferable marriage allowance from £1,150 to £1,190
- Capital gains tax exemption increases from £11,300 to £11,700
- Increase in additional inheritance tax exemption related to a private residence increases to £125,000
- Decrease in dividend allowance from £5,000 to £2,000
- The diesel car supplement used to calculate company car tax and the car fuel benefit charge where there is private use, increases from 3% to 4%.
- Increase in National Living Wage from £7.50 to £7.83 per hour
- Increase in State Pension by 3% which is an increase of £3.65 per week for those in retirement. The full new State Pension will increase by £4.80 per week

Simplification of PAYE Settlement Agreements

From 6 April 2018, the PAYE (Pay As You Earn) Settlement Agreement (PSA) process will be simplified through removing the current requirement on employers to renew their PSA annually, and providing for an 'enduring agreement'.

For more information, click here

Pension Contribution Increase

From 6 April 2018, minimum pensions contributions for employers and their staff will increase from 2% to 5% and then to 8% in April next year.

Increasing minimum contributions should be a straightforward task but there are a number of checks you will need to make and we encourage you to start in good time.

The Pension Regulator has information on what you will need to do as well as template letters for you to give to staff to tell them about the changes.

For more information, click here

Enterprise Management Incentive Update

- Recently, HMRC has issued an important announcement for Enterprise Investment Incentive.
- UK Government has failed to apply in time for renewal of EU approval for the Enterprise Management Incentives share option scheme. As a result, EU approval is set to lapse on 6 April 2018.
- The tax reliefs for EMI options granted on or after 7 April 2018 may be withdrawn due to a failure to renew EU state aid approval of EMI.
- For more information, click here

About **SKP**

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With a strong heritage of excellence in business and professional services, SKP offers an array of solutions including intelligent automation and analytics, supply chain consulting, centers of excellence, business process management, assurance, fraud management, and tax risk management.

We have direct operations in the USA, India and UAE, along with business desks in Canada, Hong Kong, and Tokyo. Our global team of 1000+ associates serves clients from offices across the globe. These include multinationals, publicly listed companies, and privately held and family-owned businesses from over 50 countries.

Our multi-disciplinary teams serve across industries, with a focus on healthcare, food processing, and banking and financial services. Over the last decade, SKP has built and leveraged capabilities across other key global markets, providing transnational support to numerous clients.

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