

Global Expansion Updates



June 2016 | Issue 4

We are pleased to present the June 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 budget highlights of Kenya, Nigeria, Rwanda, Tanzania and Uganda in African region, budget highlights of Manitoba, Saskatchewan and Northwest Territories in American region, Replacement of 'e-tax' service by 'myTax' in Australia, Amendments in the Inland Revenue Ordinance 2016 in Hong Kong.

In this issue	
Africa	2
Americas	5
Asia-Pacific	9
Europe	14





Africa

Ghana

Taxation of pension in Ghana

Recently, the Ministry of Finance has issued a press release to clarify that pensions are exempt in Ghana.

Pension amount paid shall be exempt from tax under section 7(1) (d) of the Income Tax Act. However, withdrawal of the voluntary pension contributions before they are due for retirement will be taxed appropriately, if the contribution is not upto ten years in case of formal sector and five years for those in the informal sector.

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

Kenya

Kenya Budget 2016: highlights

Key highlights of the recent Budget are:

Income Tax measures:

- Corporate tax rate has been reduced from 30% to 20% for developers who construct at least 1000 units per year.
- Additional rebate to employers on the cost of emoluments of at least 10 apprentices who are university graduates for a period of 6 to 12 months. Rebate can be claimed within three years.
- Increase in a personal relief amount to an individual taxpayer from KES 13,944 to KES 15,360 per annum.
- Bonuses, overtime, retirement benefits will not be taxable to individuals earning low incomes. (of maximum KES 121,969 per annum)

Value Added Tax measures:

- VAT exemption on commission earned by tour operators as well as exemption of entry fees charged to the National Parks from VAT.

- VAT exemption on made-up garments and leather footwear procured from Export Processing Zones (EPZ), all raw materials used in the manufacture of animal feeds, Liquefied Petroleum Gas (LPG), etc.

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

Nigeria

Nigeria Budget 2016 highlights

Key highlights of the recent Budget are:

- There is no change in tax rates for 2016.
- There is no proposal to introduce a National Security Tax and to increase the Tertiary Education Tax.
- There is no mention of luxury tax
- The tax rate for smaller businesses will be reduced

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

Electronic-tax payments platforms launched by the FIRS

As per the recent update, three electronic-tax payments platforms (ePPs) have been launched by the Federal Inland Revenue Service (FIRS) to empower taxpayers remit their taxes online through online payments portal. The three platforms are Remita, NIBSS and Interswitch. Implementation of these platforms would improve the ease of paying taxes in Nigeria.

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

Introduction of a flexible exchange rate policy

As per the recent update, the Central Bank of Nigeria (CBN) announced a flexible exchange rate policy reference number 41)

The guidelines to operate the new foreign exchange regime are:

- Exchange rates will now be determined by market forces
- The foreign exchange market will now operate as a single market through the Interbank Foreign Exchange Market (IFEM)
- There will no longer be spread restrictions

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

Rwanda

Rwanda budget 2016 highlights

Key highlights of the recent Budget are mentioned below:

- Proposal to introduce Capital Gains Tax (CGT) at 5% on the disposal of shares or immovable property
- Rwanda Revenue Authority (RRA) will now require companies to submit the transfer pricing documents with the annual tax return.
- As part of the tax reforms, the government has proposed to remove the following incentives from the investment code:
 - Tax discount of 3% for exporting goods or services that bring to the country USD 3 to 5 million; and
 - Tax discount of between 2% to 7% for employing more than 100 to 900 Rwandans.

South Africa

Proposed amendments to the Unemployment Insurance Act (UIA)

Some of the important amendments proposed in the Unemployment Insurance Amendment Bill (Amendment Bill) are:

- UI benefits have been extended to learners who are undergoing learnership programmes.
- The Amendment Bill seeks to increase the maximum amount of accrual days to 365 (currently 238days), thereby increasing the benefits that can be claimed.
- Extended the benefits to a beneficiary who miscarries during the third trimester or who bears a still born child.
- Extension of application period for maternity benefits from eight weeks before child birth to any time before or after child birth, provided that the application is made within a period of 12 months after the date of child birth.

- Extension of applications for unemployment insurance benefits from 6 months to 12 months after termination of the contract of employment.

Tanzania

Tanzania Budget 2016 highlights

Key highlights of the recent Budget are:

Income Tax measures:

- To remove income tax exemption on the final gratuity to members of parliament
- Capital Gains Tax (CGT) exemption on the sale of shares listed on the DSE by an individual holding less than 25% has been eliminated
- To reduce the Minimum PAYE rate from 11% to 9%
- To impose withholding tax on payments to approved retirement funds for leasing and lending

Value Added Tax measures:

- To impose VAT on tourism services at the rate of 18% from 1 July 2016
- To provide for VAT exemption on aviation insurance
- To introduce VAT on fee-based financial services

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

Uganda

Uganda Budget 2016 highlights

The key highlights of the recent Budget are:

Income Tax measures:

- Individual Income Tax return must be submitted by the individuals employed by (foreign) diplomatic missions
- An Individual Income Tax return must be submitted by the individuals employed by (foreign) diplomatic missions
- Introduction of a new mechanism to eliminate VAT on donor funded projects
- Now Business Process Outsourcing (BPO) services can claim input VAT credit on imported services

Corporate tax measures

- Rent payment to a non-resident will now be subject to withholding tax @15%.
- Withholding tax at 2% will be applicable in case of international payments for shipping and air transport payments that begin in Uganda.
- Withholding Tax at 5% will be applicable in the case of international payments for qualifying telecommunication services.

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



Americas

Argentina

Increase of minimum salary

According to a recent update, the government has announced an increase in the minimum salary by 33% (from ARS 6060 to ARS 8060).

The salary will increase in the following three phases:

- From 1 June 2016, salary will increase to ARS 6810 per month (ARS 34.05 per hour).
- From 1 September 2016, salary will increase to ARS 7560 per month (ARS 37.8 per hour).
- From 1 January 2016 salary will increase to ARS 8060 per month (ARS 40.30 per hour).

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

Withholding tax on domestic payments increasing the exempt amounts

As per the recent update, the Argentinean government has increased the threshold for withholding tax on domestic payments.

The following are some of the thresholds that have been modified:

- Income derived from the exploitation of copyrights: the limit has been increased from ARS 10,000 to ARS 50,000;
- For commissions and other remuneration to intermediaries and agents: the limit has been increased from ARS 1,200 to ARS 7,500;
- For royalties: the limit has been increased from ARS 1,200 to ARS 3,500;

- For compensation to service providers and independent contractors; the limit has been increased from ARS 5,000 to ARS 30,000 and
- For fees to lawyers, accountants and other professionals: the limit has been increased from ARS 1,200 to ARS 7,500

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

Brazil

FATCA compliance deadline extended

This is an update relating to the issuance of guidance extending certain deadlines with respect to FATCA filing compliances under e-Financeira (the FATCA reporting mechanism).

The deadline for filing an e-Financeira for the calendar year of 2015 is extended to 12 August 2016 (extended from the previous deadline of the last business day of May 2016).

The e-Financeira filing with respect to reportable information corresponding to the first semester period for the calendar year 2016 must be made by the last day of November, 2016 (instead of the previous deadline of the last business day of August 2016).

Canada

Manitoba budget 2016–2017 highlights

The key highlights of the recent Manitoba Budget are:

- The administration of the Seniors' School Tax Rebate will now be done through the income tax return. The 2016 rebate will be claimed on the 2016 income tax return to be filed in early 2017

- Effective January 1, 2017, personal income tax brackets and the basic personal amount will be indexed for inflation each year.
- Small Business Venture Capital Tax Credit has been extended by three years from December 31, 2016 to December 31, 2019.
- There was no change announced in the rate of provincial sales tax.

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

Saskatchewan budget 2016-17 highlights

The key highlights of the recent Budget are:

- There is no increase in taxes
- Budget has taken measures to control spending
- There will be more investment in people
- There will be investment in infrastructure

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

Northwest Territories Budget 2016-17 highlights

The key highlights of the budget are:

- There are no changes to the corporate tax rates
- There are no changes to personal income tax rates
- The child benefit will be enhanced for 2017

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

New Ontario retirement plan law enacted

The Ontario Bill 186 received Royal Assent on 9 June 2016. The bill enacts the Ontario Retirement Pension Plan Act to establish the new Ontario retirement pension plan (ORPP).

The ORPP will commence on January 1, 2018. Ontario Finance has stated that regulations related to Bill 186 are anticipated this summer. The ORPP is not applicable to individuals who are currently on a comparable workplace pension plan.

Transitional rules for HST rate increase in Prince Edward Island

In the 2016 budget, the government announced to increase the rate of component of Harmonized Sales Tax (HST) from 8% to 10%, with effect from 1 October 2016. Accordingly, the new combined HST (federal and provincial part) in the province will be 15%.

Transitional rules are required to determine which tax rate will apply to transactions that straddle the 1 October implementation date. Business owners and consumers should refer to these rules when determining the appropriate rate to charge on transactions.

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

Budget Implementation Act, 2016, No. 1 received Royal Assent

On 23 June 2016, Budget Implementation Act, 2016, No. 1 received Royal Assent.

Given below are the key measures included in the Act:

- With the passage of the bill, the Canada Child Benefit (CCB) will provide a maximum annual benefit of up to CAD 6,400 per child under the age of 6 and up to CAD 5,400 per child for those aged between 6 to 17.
- New entrants and re-entrants to the labour market will face the same eligibility requirements as other claimants in the region where they live.
- The bill will also reduce the Employment Insurance (EI) waiting period from two weeks to one week, starting 1 January 2017.
- The bill enacts a non-resident employer certificate regime that may be of interest to employers sending employees to Canada.

For further information click [here](#)

[Amendment in Income tax Act](#)

[Key measures in Budget Implementation Act, 2016, No. 1](#)

USA

Los Angeles City Council introduces paid sick leave with proposed ordinance

The council has proposed ordinance for paid sick leaves, which entitles the employees within the city to receive up to six days of paid leave (48 hours) per calendar year. Employer can credit to the employee full available leave at the start of the year or the leave will accrue based on hours worked; one hour of paid leave will accrue for 30 hours worked.

For employers with more than 25 employees, the ordinance will come in effect from 1 July 2016 and for others 1 July 2017, if it gets the accent of the council.

Department of Labor releases final rule for white-collar exemptions rules

The Department of Labour raises the salary threshold for the white-collar exemptions from the current USD 455 a week (the equivalent of USD 23,660 a year) to \$913 a week (\$47,476 a year).

The department has also increased the limit of the total annual compensation requirement for highly compensated employees (HCE) from USD 100,000 to USD 134,004 per year.

Automatic mechanism is introduced to update the salary and compensation levels every three years.

Effective date: 1 December 2016

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

Proposed rules for the expatriate health plans

The IRS has proposed rules along with other relevant authorities for the expatriate health plan in the Federal Register. The proposal contains standards for travel insurance and supplemental health insurance and amendments in the definition of the short term and limited- duration insurance.

These proposed regulations will affect the expatriates' health coverage under expatriate health plans and sponsors, issuers and administrators of expatriate health plans, individuals and plan sponsors of travel insurance and supplemental health insurance coverage, and individuals with short-term, limited-duration insurance.

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

New Hampshire: Due dates for BPT and BET returns are revised through new law

According to the new law, the due date to file Business Profit Tax (BPT) and Business Enterprise Tax (BET) has been changed. For organisations filing the US partnership tax return, the due date is 15 March and for the rest of the business organisations, the due date is 15 April.

Colorado: New law for reasonable pregnancy accommodations

Recently, Colorado passed the House Bill 1438 that contains provisions of reasonable accommodations for pregnancy to be considered or provided by an employer on request to the employee.

Effective date: 10 August 2016

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

Additional transitional relief for employers claiming the WOTC

The IRS has issued Notice 2016-40, which extends and expands the transition relief provided in Notice 2016-22 for employers claiming the Work Opportunity Tax Credit (WOTC) by three months. The revised deadline will be 28 September 2016. This notice applies to following employers:

- Employers that hire members of targeted groups (other than qualified long-term unemployment recipients) during the period starting from 1 January 2015 to 31 August 2016, or
- Employers that hire members of the new-targeted group of qualified long-term unemployment recipients during the period starting from 1 January 2016 to 31 August, 2016.

This notice does not otherwise modify or add to the guidance provided under Notice 2016-22.

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

Deactivation of inactive E-Verify user accounts

E-Verify is an internet-based system that compares information from an employee's Form I-9, Employment Eligibility Verification, to data from U.S. Department of Homeland Security and Social Security Administration records to confirm employment eligibility.

The US Citizenship and Immigration Services (USCIS) have announced that from 1 August 2016, E-Verify will start deactivating accounts, which have not been accessed for 270 days (approx every 9 months).

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

Chicago: Ordinance for paid sick leave

The City Council has passed an ordinance in relation to paid sick leave. The ordinance covers:

- workers would be able to accrue and use up to five earned sick days over the course of one year; earn sick time at a rate of one hour earned for every 40 hours worked;
- workers would be able to roll over up to 2.5 days unused sick days to the following year;
- new employees can use accrued sick leave after an initial six-month probationary period, and employers that offer combined leave benefits such as Paid Time Off (PTO) are exempt from these

requirements so long as employees could accrue and use up to five days of PTO within a calendar year;

- employers would not be required payout of unused sick days; and
- Sick leave benefits that are negotiated as part of a collective bargaining agreement are exempt.

Effective date: 1 July 2017

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

Washington, DC: Increase in minimum wages

Recently, the City Council has passed the ordinance to increase the minimum wages to USD 15 per hour by 2020 and tipped workers minimum wages to USD 5 per hour by the same year.

The annual increments will start from July 2017 and will reach to USD 15 per hour till 2020 and afterwards it will be adjusted every year to match the cost of living index. It would also gradually raise the tipped worker's minimum wage until it matches the full minimum wage by July 2025.

City of Minneapolis: New legislation for paid sick leaves comes into effect

The City Council of Minneapolis has passed an ordinance, which will make employees eligible for paid sick leave. The legislation will be applicable to all employees who work within the geographical boundaries of the city for at least 80 hours in a year.

Effective date: 1 July 2017



Asia-Pacific

Australia

Increased minimum wage rates – 1 July 2016

The Fair Work Commission has announced a 2.4% increase to minimum wages. The increase will apply from 1 July 2016. Consequently, the minimum wage will increase in the following manner:

- Hourly minimum rate - from AUD17.29 to \$17.70
- Weekly minimum wage - from AUD 656.90 (per 38 hour week) to AUD 672.70 (per 38 hour week)

Employers should now start reviewing their employees' existing rates of pay to ensure compliance with increased minimum wage rates.

Effective date: 1 July 2016

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

Replaced e-tax service by myTax

The Australian Taxation Office (ATO) has replaced its online lodgement tool, e-tax for Tax Time 2016 by myTax. The ATO said that myTax has been upgraded and improved in the past year, and is now suitable for taxpayers who want to file their own returns. It can now be accessed through smart phones, tablets, and computers.

Effective date: 1 July 2016

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

New GIC and SIC rates published by ATO

The ATO has advised that the General Interest Charge (GIC) rate, Shortfall Interest Charge (SIC) and related rates, for the first quarter of the 2016-17 income tax year (1 July 2016 to 30 September 2016) are as follows:

- GIC rate is 9.01%
- GIC daily compounding rate is 0.02461749%.
- SIC rate is 5.01%
- SIC daily compounding rate is 0.01368852%.

Effective date: 1 July 2016

For further details, click [GIC Rates](#) [SIC Rates](#)

Increase in Superannuation Contributions Base and High Income Threshold

The superannuation contributions base and high-income threshold will increase from 1 July 2016.

Superannuation Contributions Base: The maximum contribution base will increase from AUD 50,810 per quarter in 2015-16 to AUD 51,620 per quarter for 2016-17.

High Income Threshold: The high-income threshold will increase from AUD 136,700 to AUD 138,900 per annum in Australia. The high-income threshold is important when employees who earn more than the threshold are not entitled to a compensation or reinstatement under the Fair Work Act 2009, unfair dismissal provisions, unless that employee is covered by a modern award or an enterprise agreement.

Effective date: 1 July 2016

For further information, click [here](#)

Accredited Sponsorship criteria for subclass 457 visa application

From 1 July 2016, the Department of Immigration and Border Protection (DIBP) will implement new qualifying criteria for Accredited Business Sponsors. The businesses wishing to become Accredited Business Sponsor should fulfil the specified conditions for

sponsorship. These businesses will enjoy priority and streamlined processing of 457 visa applications and approved sponsorship for six years (against five years). The Temporary Work (skilled) visa (subclass 457) allows skilled workers to come to Australia and work for an approved business.

Effective date: 1 July 2016

Extension of South Australian payroll tax rebate up to 2019-20

The Government has announced that the South Australian Small Business Payroll Tax Rebate, introduced back then in 2013-14, will be extended for an additional four years up to 2019-20, as part of the 2016-17 State Budget.

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

Increase in payroll tax rebate – New South Wales (NSW) Budget

Another significant change brought in the budget is the increase in Jobs Action Plan tax rebate from AUD 5,000 to AUD 6,000 for each new employee joining on or after 31 July 2016, hired by the employer with less than 50 full-time equivalent employees.

The rebate of AUD 2,000 is payable on the first anniversary and the balance of AUD 4,000 will be paid on the second anniversary.

For further information, click [here](#)

China

New Circular 49: To provide clarification on tax incentives for software and IC enterprises

In the year 2000, the Chinese government had introduced tax incentives for Software and Integrated Circuit (IC). There was a requirement to obtain a certificate from the National Development and Reform Commission (NDRC) to claim these incentives. From 2015, this requirement to obtain such a certificate was removed.

Recently, the Chinese government has introduced a new Circular 49, which clarifies how to claim these incentives. According to the new circular, the procedure to be followed is:

- File a record with tax authorities before the Corporate Tax Return is filed;
- Qualify certain specified criteria;
- Calculate R&D expenditures as set out in a prior circular No. 119.

The tax authorities will share information submitted by the enterprises to NDRC and MIIT of each province. If the enterprises fail to qualify for the tax incentive, then the reduced or exempted tax is added back.

Amendment in the formula to calculate the VAT and EIT for non-residents

The value added tax (VAT) has replaced business tax (BT) in China. Under the Business Tax Regime, foreign companies paid BT instead of VAT and Enterprise Income Tax (EIT) was calculated on a deemed profit method based on the actual expenditure by way of a formula that considers the effect of BT.

However, under the VAT regime, all foreign companies have to pay VAT. Hence, the Chinese government has now amended the formula:

- Tax base for VAT is turnover = current period's actual expenditure/(1 – deemed profit rate)
- Tax base for EIT is deemed taxable profit = current period's actual expenditure/(1 – deemed profit rate) x deemed profit rate

Effective date: 1 May 2016

MoU between EOIPA and China Insurance Regulatory Commission

A Memorandum of Understanding (MoU) was signed between the European Insurance and Occupational Pensions Authority (EOIPA) and the China Insurance Regulatory Commission. The two bodies have come together for setting new joint work programs and activities.

The key points of the MoU are:

- There is a requirement to build a practical framework to enable the exchange of supervisory information.
- Each of the bodies has to provide insurance and private pensions updates to each other.
- To strengthen the mutual understanding on the Chinese (C-ROSS) and European (Solvency II).

Dubai

Introduction of VAT and Excise Tax

Recently, the finance ministers of the Gulf Cooperation Council (GCC) held an extraordinary meeting to approve VAT and excise tax treaties. Excise tax and VAT treaties have been introduced for the purpose of common framework in the GCC. Companies are required to be prepared for the implementation of VAT and excise tax.

Expected effective dates: For excise 1 January 2017 and for VAT 1 January 2018

Hong Kong

Amendments in the Inland Revenue Ordinance 2016

As per the update, the Inland Revenue Ordinance amendments have been gazetted. Under the amendment, interest payable on intra-group money borrowed by a corporation in Hong Kong will be deductible against the profits. Furthermore, qualifying corporate treasury centres will be taxed at a concessionary profits tax rate at 8.25%.

The amendment also clarifies profits tax and stamp duty treatments relating to regulatory capital securities issued by banks.

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

Proposal on standard working hours and recommendations to reform discrimination law

Recently, the Standard Working Hours Committee has released a discussion paper on standard work hours for public comment. Currently, there is no restriction on the number of hours worked and any prescribed pay for overtime worked. The discussion paper covers the determination of working hours, rest breaks and overtime pay.

In connection with the discrimination law, the Equal Opportunities committee has published recommendations to reform the discrimination law. The main areas of reform include disability discrimination, discontinuing the 'unjustifiable hardship' provisions, harassment and protection of women.

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

Revised application forms for certificate of Hong Kong resident status

Recently, the Inland Revenue Department (IRD) of Hong Kong has revised the application forms for Hong Kong's residency status on the Double Tax Agreement (DTA) between Mainland China and Hong Kong.

The DTA relief would be granted by Mainland China to the Hong Kong resident on the provision of the certificate of residency proving the residency in Hong Kong for that calendar year.

The two regions agreed that a certificate of Residence issued by the IRD for a particular calendar year would serve as a proof of their Hong Kong resident status for the particular calendar year and two consecutive calendar years. Thus, once applied for a certificate of residence, a resident of Hong Kong need not apply for the same for two years succeeding that calendar year.

This new arrangement will apply on all certificates of residences including those that are issued by Hong Kong's Inland Revenue Department before the effective date.

Effective date: 20 June 2016

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

Malaysia

MYXpats Centre application charges for expatriates

The MYXpats Centre will implement application charges for all skilled expatriate employment passes, which include Employment Pass (EP), Dependant Pass, and Social Visit Pass (SVP).

Effective date: 1 June 2016

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

GST guidance on transfer of a going concern

The New GST guide has been issued by the Royal Customs of Malaysia on the Transfer of Going Concern (TOGC).

A transfer of business assets can only be regarded as a TOGC when certain conditions are met. If the conditions for qualifying as TOGC are fulfilled then the supply of business or part of business as TOGC is treated as neither supply of goods nor services and hence, no GST will be payable on such transactions.

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

New Zealand

New reporting and voluntary withholding for employee share plan benefits

The IRD has proposed certain changes to the general PAYE collection rules about the benefits received as employment income under a share purchase agreement.

Current provision

Benefits received by an employee under a share purchase agreement are employment income. Such benefits are not currently subject to tax at source under either the PAYE or FBT rules.

The recipient employee is required to file an individual tax return including the benefit as income and pay the tax on those benefits themselves.

Proposed changes

- Allow the employer to withhold tax voluntarily on any employment income and an employee receives under a share purchase agreement using the PAYE system; and
- Require employers to disclose the value of any benefits an employee receives under a share purchase agreement via the Employer Monthly Schedule (EMS).

Effective date: 1 April 2017

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

Revision in compensation payments from 1 July 2016

Recently, Accident Compensation Corporation (ACC) has announced a yearly adjustment to the weekly compensation payments based on the Labour Cost Index. From 1 July 2016, weekly compensation will increase by 1.63%; the increase applies to persons who have been receiving it for more than 26 weeks.

Maximum rate of weekly gross compensation will be NZD 1,908.50 per week and minimum rate will be NZD 488.00 per week. There will not be a change in other grants and allowances as the rate of change in Consumer Price Index is less than the threshold for increasing entitlements.

Effective date: 1 July 2016

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

Philippines

New procedure to claim tax treaty benefits for dividend, interest and royalty income

Recently, the Bureau of Internal Revenue (BIR) has released an Order No. 27-2016 dated 23 June 2016 to adopt automatic withholding of taxes on dividend, interest and royalty income of non-residents from sources within the Philippines at applicable tax treaty rates subject to regular audit. The Order contains guidelines and policies.

All applications filed before this Order for preferential treaty rates on dividends, interest, royalties shall still be processed, and the corresponding ruling shall be issued.

Effective date: This order takes effect immediately.

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

Singapore

Implementation of measures against Base Erosion and Profit Shifting (BEPS)

The Ministry of Finance has announced that Singapore will be a part of the OECD's framework against BEPS. As an associate of BEPS, Singapore will co-ordinate and work with other jurisdictions to help in the implementing and monitoring phase of the BEPS Project. Singapore will now implement the four minimum standards under the BEPS. (Countering harmful tax practices, preventing treaty abuse, transfer pricing documentation and enhancing dispute resolution).

Singapore intends on implementing the Country-by-Country reporting for Singapore headquartered multinational entities for financial years beginning on or after 1 January 2017.

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

Mandatory e filing for Productivity and Innovation Credit (PIC) Cash payout

Now all the companies in Singapore will be required to file their cash payout application electronically. Hard copy applications will no longer be accepted.

Also, from 1 August 2016, the PIC conversion rate for qualifying expenditure will be reduced from 60% to 40%. Any qualifying expenditure incurred on or after the effective date will be segregated into two parts:

- Expenditure incurred before 1 August 2016 (60% conversion rate)

- Expenditure incurred after 1 August 2016 (40% conversion rate)

Effective date: 1 August 2016

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

New measures introduced to restrict hiring foreign workers

Recently, The Ministry of Manpower (MOM) has announced measures to facilitate fair employment for Singaporeans.

MOM recently introduced the company related criteria that will be considered when work pass applications are assessed. This will depend upon how strong the Singaporean Core of the company. In addition to this, the relevance of the company in contributing towards Singapore's economy and society will also be considered. The role of the Tripartite Alliance of Fair and Progressive Employment Practices (TAFEP) is enhanced. The TAFEP will be responsible to assess the 'company related' criteria.

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

Revision of Mosque Building and Mendaki Fund (MBMF) contribution rates

The rates for MBMF monthly contributions have been revised. The new rates are as follows:

Total Monthly wage (SGD)	Current contribution (SGD)	Revised contribution (SGD)
< 1,000	2.00	3.00
> 1,000 to 2,000	3.50	4.50
> 2,000 to 3,000	5.00	6.50
> 3,000 to 4,000	12.50	15.00
>4,000 to 6,000	16.00	19.50
> 6,000 to 8,000	16.00	22.00
> 8,000 to 10,000	16.00	24.00
> 10,000	16.00	26.00

Effective date: 1 June 2016

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

250% tax deduction under the business and IPC partnership scheme

From 1 July 2016 to 31 December 2018, businesses will enjoy a total of 250% tax deduction on wages and related expenses when their employees volunteer and provide services, including secondments, to Institutions of a Public Character (IPCs) under the Business and IPC Partnership Scheme (BIPS), subject to receiving the IPCs' agreements.

For further information click [here](#)
[IRAS](#)



Europe

Belgium

Belgium government modifies the 'catch all' clause

The 'Catch all' clause will be modified to reduce its scope. The catch-all provision imposes tax on certain incomes of non-residents. Currently, it imposes a withholding tax on Belgium-sourced income of non-residents. Post modification, the clause now applies only to service providers who have some mutual dependence with the service recipient (mutual dependence implies both legal and economic control or is a related party)

The new 'catch all' clause also withdraws the annual exemption threshold limit of EUR 38,000 per service provider. It will not apply to the services provided to individuals not acting in professional activities.

Effective Date: 1 July 2016

Increase in social security contribution of DIBISS/ORPSS

The Overseas Social Security Scheme of 'Dienst voor Bijzondere Socialezekerheidsstelsels' and 'Office des régimes particuliers de sécurité sociale' (DIBISS /ORPSS) offer social protection to any person who is a citizen of European Economic Area (EEA) and is working outside the EEA. Social security contributions have to be paid by the employer or employee towards this scheme.

As per the recent update, the social security contributions are increased by 2% from 1 June 2016.

If the online payment is made then no action is required as the revised contribution amount will be paid and reflected automatically. If the contribution is already paid for June 2016 by manual transfer or by way of

standing orders, then an additional increased amount of contributions is to be paid.

Effective Date: 1 June 2016

Belgium VAT exemption for Cost Sharing Association modified to align it with EU directive

Cost-sharing associations (CSA) are formed to help entities (banks, financial institutions and insurance companies) that are engaged in VAT exempt activities.

Members of CSA who are engaged in VAT exempt activities do not incur non-deductible VAT on the purchase of services from other group members or the CSA itself.

Recently, the European Commission observed that Belgium CSA exemption is not in line with EU directive and hence has modified the Belgium VAT Act to align it with the EU directive.

Effective date: 1 July 2016

Supreme Court Rules on Gratuitous Benefits Tax

According to the recent Supreme Court case law, if a company receives an abnormal or gratuitous benefit from its related company, then such benefit should be taxed without offsetting it against any loss or any deductions.

Hence, we can conclude that if a loss making company receives such benefit from its related party, then it will be taxed on such benefit.

EU VAT treatment on gift vouchers and discount vouchers

The European Council has amended the VAT directive to make changes on VAT treatment of gift vouchers and discount vouchers. Earlier there were no common EU rules on how the voucher transaction is taxed when it is issued in one member state and used in another.

According to the new rules, Single Purpose Vouchers (SPV) will be subject to VAT at the time of sale and Multi Purpose Vouchers (MPV) will be subject to VAT at the time of redemption. The Member States have to include this VAT directive into their Act by 2018.

Effective date: 1 July 2019

Czech Republic

Disclosure of non-financial information

The proposed change to the Czech Republic accounting law concerning the non-financial reporting has been submitted to the parliament.

According to the EU Directive 2014/95/EU, certain 'large entities' and groups are required to disclose non-financial information for the accounting period beginning on or after 1 January 2017.

The non-financial reporting disclosure would include information about the business and its measures, implemented policies and procedures and their outcomes, company's principal risks and key non-financial performance indicators.

Local sales and purchase reporting

As per the recent update, the tax administration of Czech Republic has released a contact form to report issues related to the local purchases/sales report. The form is available on the Tax Administration website. This form will enable the VAT payers to submit their comments regarding errors of tax administrators and other issues. Tax administration will review the individual's suggestions.

Denmark

Residence and work permits

Recently, the Danish Parliament has passed two bills, which will increase the salary threshold under the pay limit scheme and the repeal of the green card scheme.

There are special schemes called the pay limit scheme and the green card scheme to acquire residence and work permits. Foreign nationals who are not EU citizens

require residence and work permits to reside and work in Denmark.

- The first bill is passed to increase the salary threshold under the pay limit scheme from DKK 375,000 to DKK 400,000.
- The second bill is passed to repeal the green card scheme.

Effective Date: 10 June 2016.

For further information, please refer the link below:

[Pay-limit-scheme](#)

[Green card-scheme](#)

Time limit for filing dividend withholding tax refund claims

According to the recently passed administrative guidance by the Danish tax authorities, Danish dividend withholding refund claims limitation will be reduced from five years to three years with effect from 13 September 2016.

- Claims filed before 13 September 2016 will be subject to a five-year statute of limitation.
- Claims filed after 13 September 2016 will be subject to a three-year statute of limitations.

New employee share schemes: section 7P

Recently, the Danish Parliament has passed a bill introducing section 7P to the Danish Tax Assessment Act. The section will apply on shares, conditional share awards, stock options and warrants granted to employees under employee share plan.

According to the section, employers can distribute shares up to a value of 10% of annual salary of employee if certain conditions are met. It also defers the point of taxation to the date when an individual sells the shares. The employer is required to report the grant of all the awards under this section to the Danish tax authorities.

The shares issued by companies under this section will not be eligible for tax deduction. However, payroll tax will not be payable on these share awards.

Effective date: 1 July 2016

France

Contribution to social dialogue (previously titled employer contribution to the financing of trade unions)

The rate for the contribution to social dialogue is fixed at 0.016%. This contribution is payable by employers in terms of private law.

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

Germany

Adoption of the Draft Bill on 'Temporary employees' by Federal Cabinet

The Federal Cabinet has adopted a Draft Law on the new regulation of temporary work on 1 June 2016. The changes according to the draft law are:

- **The introduction of a maximum hiring period of 18 months:** Temporary employees can work with the same hirer for a maximum period of 18 months. The same agency worker may not be hired by the same user company for more than 18 consecutive months.
- **Statutory definition of the term Employee:** The term employee will be defined, although the assessment criteria and benchmarks are not to be changed.
- **Equal pay after nine months:** An agency worker will the same pay as an equivalent member of regular workforce at a User Company (borrower) after nine months. If a collective agreement provides for top-up wages after a maximum of six weeks, equal pay has to be granted no later than after an assignment of 15 months.
- **Chain hiring:** Employees may only be hired out by their contractual employer as an agency. Thus, chain, intermediate or sub-hirings will be prohibited
- **Anticipatory license:** Supply of temporary agency staff has to be explicitly described as such in the contract, and agency worker's identity has to be specified.

Effective date: 1 January 2017

Increase in minimum wage by 4% in 2017

From 1 January 2017, the German minimum wages will increase from EUR 8.50 per hour to EUR 8.84 per hour. This increase is equivalent to a 4% wage increase.

Ireland

Change of Company Name requirement

Most of the private limited companies which were in existence on 1 June 2015 are required to convert to one of the two new types of private limited companies by the end of the transition period (i.e. before 30 November 2016).

The types of private limited companies are:

- The private company limited by shares (the LTD)
- The Designated Activity Company (the DAC)

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

Guidance issued by Irish authorities on bilateral APA program

Recently, the Irish Revenue has issued a manual to provide guidance about the bilateral Advance Pricing Agreement (APA) program. A formal bilateral APA has introduced in Ireland with effect from 1 July 2016. The APA was launched in response to the action of Base Erosion and Profit Shifting (BEPS) to provide certainty to taxpayers regarding taxation of cross-border transactions.

However, the APA program is voluntary and therefore, taxpayers and Irish authorities can exit the program anytime.

Effective date: 1 July 2016

Netherland

New rules for the refund of dividend withholding tax for non-resident tax payers

The Government of the Netherlands has introduced new dividend withholding tax refund rules for non-residents. These new rules will regulate the Dutch dividend withholding tax refund requests filed by non-resident taxpayers for the years 2011-2016.

According to the new rules, the refund request will be assessed by comparing the tax burdens of the non-resident shareholder on the Dutch dividends against the tax burden on a hypothetical resident shareholder.

The Dutch dividend withholding tax will not be refunded if the dividend withholding tax is used by the recipient in his residence country by way of tax credits or excess credits to be carried forward.

Easy movement of employees for multinational firms from third countries to EU and within EU countries

According to the recent update, the Immigration minister has permitted an easy transfer of highly educated employees from third countries to a branch or subsidiary in the EU.

Easy movement of these highly educated employees is a possible by way of a special combined work and residence permit. This permit is valid for a maximum period of three years and for trainees the maximum period is one year.

For further information, click [here](#)

Poland

Poland introduces GAAR

The Polish government presented a Draft Bill to introduce General Anti-Avoidance Rule (GAAR) into the Polish tax law. According to the Draft Bill, GAAR shall apply to all types of taxes (apart from VAT) and shall preclude a taxpayer from obtaining a tax benefit as a result of artificial transactions.

Proposal for an Act on the Exchange of Tax Information in Poland

The Polish government published a Draft Law on the Exchange of Tax Information with other countries. The law will most likely enter into the force on 1 September 2016.

Romania

Romanian Employment Legislation changes

This is to update that Romanian- Law No. 1/2016 amends and modified the Law on Social Dialogue No. 62/2011. The major amendments are:

- The new law provides that the industries are divisions of national economy and the Tripartite National Council for Social Dialogue will now have the right to determine the sectors of activity to be approved by the government's decision.
- A collective agreement can be negotiated in each sector of activity. It means that the employer or the employers' organisation and the employees will be parties of the collective bargaining agreement through trade unions.
- The new law also changes some of the rules on determining workers' representativeness.

Accordingly, at the company level the employees are to be represented by the trade unions. In case the employees did not establish a trade union, the employees will be represented by elected employee representatives.

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

FATCA deadline extension

The Finance Ministry of Romania has extended FATCA reporting deadline to 31 August 2016.

Sweden

New agreement on non-compete clauses

A new collective bargaining agreement on non-compete clauses has been negotiated by the confederation of Swedish Enterprise and the Federation of Salaried Employees in Industry and Services.

The New Non-Compete agreement governs employers' use of non-compete clauses in employment contracts. For non-solicitation or confidentiality clauses, this agreement will not apply. Companies who rely on trade secrets can use the non-compete clause. Agreement gives the broad concept of trade secrets.

According to the rules, the restricted period may not exceed 18 months past the last day of employment. The compensation to employee for loss of income is capped at 60% of the employee's average monthly income.

Switzerland

Corporate tax reform III

On 17 June 2016, the Swiss Parliament approved the Swiss corporate tax reform III (CTR III). The corporate tax reforms are designed to increase the appeal of Switzerland as a tax location and to reinstate international acceptance. The Swiss tax reform takes into consideration the OECD's action plan to address base erosion and profit shifting (BEPS). The reforms are designed to eliminate the different taxation of domestic and foreign company profits by the cantons. To align and compete internationally, privileged taxation of royalties and increased deductions for research and development expenses will now be taken into account.

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

The UK

EVW scheme modified for travelling to the UK

An Electronic Visa Waiver (EVW) allows a passport holder from Oman, Qatar and the United Arab Emirates to travel to the UK for minimum six months without applying for a visa. The passport holders have to complete an online form at least 48 hours before departure.

Under this scheme, there is no need to give biometrics, attend a visa application centre or hand in passports in advance of travel. However, the scheme is now modified and now requires the passengers to upload a copy of their passport biographic data page to check the accuracy of details provided before they travel.

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

Universal Credit now replaces six benefits to all claimants in five regions

As per the recent update, Universal Credit is now combining following six benefits into one payment in regions like Bath, Newcastle, Bridgwater, Rugby and Lowestoft.

- Jobseeker's allowance
- Income support
- Employment and support allowance
- Working tax credit
- Child tax credits
- Housing benefits

Earlier the Universal credit was available to all single job seekers all across the country. However, now it is expanding to the regions mentioned earlier to jobseekers with families.

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

A DWP website launched to trace the lost pension savings

According to the recent update, to reduce the unclaimed pension savings the DWP website (Department for Works and Pension) is launched by the Pension Tracing service to locate the lost pension savings.

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

Introduction of FRS 102 'The Financial Reporting Standard'

The FRS 102 - The Financial Reporting Standard, has been introduced in the UK GAAP. The introduction of FRS 102 will change the company's tax system for recognition of statutory accounts and tax liabilities payable to the HMRC.

The introduction of FRS 102 may impact: Changes in accounting policies:

- Intangible assets
- Financial instruments
- The Loan Relationships and Derivative Contracts Regulations
- Intra-group loans
- Investment property
- Lease incentives
- Deferred tax
- Holiday accruals
- Disclosure requirements

For further 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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