



International Tax Europe and Africa February 2016

This e-newsletter gives you an overview of international tax developments being reported globally by KPMG member firms in the Europe and Africa regions between **1 February and 29 February 2016**.

Africa	Botswana	Bulgaria	Czech Republic	EU
France	Germany	Hungary	Italy	Kenya
Luxembourg	Netherlands	Nigeria	Poland	Russia
Senegal	Serbia	South Africa	Switzerland	UK

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	Tax area concerned	Relevant date / Case reference	Description of measures and publication link (<i>Considerations in italic where necessary</i>)
Africa			
Proposed legislation	BEPS	February 2016	The Organisation for Economic Cooperation and Development (OECD) reported on the regional network meeting on the BEPS project. This BEPS meeting was convened in Dakar, Senegal and focused on the BEPS reports and on the "inclusive framework" previously announced. Read more

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Botswana			
Proposed legislation	Corporate income tax / Individual tax	February 2016	The Minister of Finance and Development Planning in presented the budget proposals for the 2016-2017 year to the National Assembly. The

			budget includes provisions related to income taxation of businesses and individuals. Read more
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Bulgaria			
Tax legislation adopted and regulatory update	Tax compliance	1 May 2016	Persons in Bulgaria must maintain and store electronically certain information and documents. The new rules will be effective 1 May 2016. Read more

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Czech Republic			
Tax legislation adopted and regulatory update	VAT	1 February 2016	With respect to the VAT rules, there is a new provision that allows buyers and sellers to agree to an allocation of the reverse charge mechanism, without regard to the value of the goods. This amendment is effective beginning 1 February 2016. Read more

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EU			
Tax legislation adopted and regulatory update	Customs / First sale for export	1 May 2016	The new EU customs regulation —effective 1 May 2016—includes a change to customs valuation rules, and specifically a change to the “first sale for export” concept. Up until 30 April 2016, EU importers can use the “first sale for export” concept if certain conditions are satisfied. However, if an EU importer fulfills a strict set of conditions, it may invoke the “sunset clause” until 31 December 2017. Read more
	VAT	4 February 2016 / 2017	The European Commission provided explanatory notes regarding the rules for the location where VAT would be imposed on the supply of services connected with immovable property, effective in 2017. Read more
		February 2016	A pilot project in the European Union allows taxable persons to obtain advance rulings on the VAT treatment of complex cross-border transactions. The project began in June 2013, and is now scheduled to continue until 30 September 2018. Read more

Proposed legislation	Dispute resolution	16 February 2016	The European Commission launched a public consultation to help identify ways to facilitate dispute resolution for businesses experiencing problems with double taxation in the EU. Read more
Treaties	Exchange of information	12 February 2016	The European Union and Andorra signed a new tax transparency agreement that is intended to address situations when EU citizens attempt to hide undeclared income in financial institutions in Andorra. Read more
		22 February 2016 / 1 January 2017	The European Union and Monaco initialed a new tax transparency agreement. Under the agreement, Monaco and EU Member States will automatically exchange information on the financial accounts of one another's residents from 2018. The information will start being collected from 1 January 2017. Read more
	Free trade agreement	1 February 2016	The European Commission published the text of a free trade agreement between the EU and Vietnam. The free trade agreement is expected to enter into force by the end of 2017 or in early 2018. Read more

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France			
Proposed legislation	Corporate income tax	February 2016	The “exceptional depreciation” currently applies to certain equipment and similar assets acquired or manufactured between 15 April 2015 and 14 April 2016. This provision allows companies to deduct 40 percent of the original value of eligible assets from the taxable base. According to reports in the press, the French government is considering extending this deduction until the end of 2016. Read more
Administrative and case law	VAT	February 2016	A judgment of the Versailles Administrative Court of Appeals concerns the ability of holding companies to deduct, for VAT purposes, the “recharging” of acquisition costs—specifically in this case, consultancy fees paid on the acquisition of shareholdings held by its subsidiaries. Read more

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Germany

Proposed legislation	Corporate income tax / WHT	February 2016	The Federal Ministry of Finance in December 2015 proposed legislative changes that would reform the taxation of investment income. Certain measures would be effective beginning in 2016, and others in 2018. It is still early in the legislative process. Read more
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Hungary			
Proposed legislation	Corporate income tax	February 2016	A new draft law has been submitted to the Hungarian Parliament that, if enacted, would amend the Hungarian corporate income tax law regarding certain donations. The draft law provides that companies making donations towards the preparation of an offer to host the Olympic Games in Budapest would be able to qualify for a tax allowance. Read more
Administrative and case law	Benefits in kind	23 February 2016	The Court of Justice of the European Union issued a judgment finding that certain aspects of leisure-card and meal-voucher plans—under which employers in Hungary may provide their employees with benefits in-kind under favorable tax conditions—are incompatible with EU law. The case identifying information is: Commission v. Hungary, C-179/14. Read more

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Italy			
Tax legislation adopted and regulatory update	Various tax areas	1 January 2016 / 2017	Italy's 2016 budget law includes changes to the tax law, with these tax measures generally being effective 1 January 2016. Among the tax changes affecting business taxation are the following: <ul style="list-style-type: none"> — a reduction in the rate of the corporate income tax beginning in 2017—the rate will be reduced to 24 percent — a corresponding reduced rate of withholding tax on outbound dividends — effectively no changes to the rate of corporate income tax for credit and financial institutions — an additional 40 percent increase in depreciation available for certain tangible assets

			<ul style="list-style-type: none"> — a reduced amortization period of five years for goodwill and trademarks in certain business reorganizations — repeal of the “black list” cost rules for intercompany transactions, meaning that the costs may be fully deductible if shown to be at arm’s length — changes to the controlled foreign corporation regime — country-by-country reporting implementation rules — measures to address international tax avoidance — amendments to the patent box regime, intended to broaden its scope — a step-up basis of business assets for Italian entities that adopt domestic GAAP. <p>Read more</p>
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Kenya			
Treaties	OECD / Mutual administrative assistance	February 2016	<p>The OECD announced that Kenya has signed the “Multilateral Convention on Mutual Administrative Assistance in Tax Matters.”</p> <p>Read more</p>
Other	Capital gains tax	February 2016	<p>Capital gains tax was re-introduced in Kenya with an effective date of 1 January 2015. The re-introduction of the capital gains tax regime in Kenya has been expected to increase tax revenue collection for the government.</p> <p>Read more</p>
	Various tax areas	February 2016	<p>New business laws in Kenya are expected to spur economic growth. The new business laws in Kenya are expected to enhance Kenya’s attractiveness as destination for foreign direct investment. The new laws include the Companies Act, the Special Economic Zones Act, the Business Registration Service Act, the Insolvency Act, and the Finance Act 2015.</p> <p>Read more</p>

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Luxembourg

Proposed legislation	R&D	February 2016	With repeal of the Luxembourg intellectual property regime, businesses and international investors have been eagerly awaiting news about what the future would hold for research and development activities. Luxembourg's Finance Minister revealed his plans for a "new-look regime," and confirmed that the Luxembourg government is already working on the finer details of an alternative IP measure. Read more
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Netherlands			
Proposed legislation	Employment law	February 2016	In the Netherlands, a new bill on the employment conditions of seconded employees in the European Union is intended to implement the European enforcement directive into Dutch law. Read more
	Payroll tax / Social security contributions	February 2016	Pending legislation in the Netherlands would, under certain circumstances, waive the rules with respect to withholding of payroll tax and social security contributions by principals on remuneration paid to "contracted parties." Read more
	Tax compliance / Anti-avoidance	10 February 2016	The Minister of Finance sent a letter to the Lower House about the implementation of the "ultimate beneficial owner" register. Pursuant to the fourth European Anti-Money Laundering Directive, the Netherlands must have this register ready no later than 26 June 2017. Read more
Administrative and case law	Crisis levy	29 January 2016	The Dutch Supreme Court issued a judgment in a test case concerning the validity of the "crisis levy" imposed in 2013 and 2014. According to the Supreme Court, the crisis levy did not violate the right to property as protected under Article 1 of Protocol No. 1 to the European Convention of Human Rights and Fundamental Freedoms. Read more

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Nigeria			
Administrative and case law	Petroleum profits tax	February 2016	The Tax Appeal Tribunal, Lagos, addressed what was the appropriate pricing mechanism for determining the value of crude oil for purposes of the petroleum profits tax when there had been a memorandum of understanding between Nigeria's

			federal government and international oil companies. Read more
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Poland			
Tax legislation adopted and regulatory update	Tax on financial institutions	1 February 2016	A new law effective provides for a tax on banks, lending institutions, and insurance companies. Because of the expanded scope of the legislation, certain entities that conduct lending activities—even to a marginal degree—will be subject to the financial institutions tax. Read more

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Russia			
Treaties	Double tax treaties	January 2016	Representatives of the governments of Hong Kong and Russia signed a new income tax treaty that allocates taxing rights between the two jurisdictions, provides for reduced withholding tax rates, and is intended to provide investors greater certainty on their potential tax liabilities arising from cross-border activities. Read more

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Senegal			
Treaties	Mutual administrative assistance / Exchange of information	4 February 2016	The OECD announced that Senegal has signed two tax agreements—(1) an agreement for mutual administrative assistance in tax matters, and (2) an agreement that will allow for the automatic exchange of country-by-country reports. Read more

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Serbia			
Tax legislation adopted and regulatory update	Individual income tax	1 January 2016 / 2017	New provisions under Serbia's individual (personal) income tax law are generally effective 1 January 2016; however, certain real estate-related tax provisions are not effective until 2017. Read more
		16 May 2016	Individual taxpayers who are required to file an income tax return in Serbia need to note the due date for the 2015 return is 16 May 2016. Read more

	WHT	1 March 2016	<p>Withholding tax applies on fees for services and amounts paid to non-resident legal entities, as follows:</p> <ul style="list-style-type: none"> — services provided by non-resident legal entities that will be rendered or are used in the territory of Serbia are subject to withholding tax at a rate of 20 percent, effective 1 March 2016 — services that are rendered from “tax haven” jurisdictions are subject to withholding tax at a rate of 25 percent. <p>Read more</p>
Treaties	Double tax treaties	1 January 2016	<p>KPMG in Serbia has prepared a report listing the network of income tax treaties to which Serbia is a treaty-partner.</p> <p>Read more</p>

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South Africa			
Tax legislation adopted and regulatory update	Corporate income tax	February 2016	<p>There are changes to the rules in South Africa with respect to the tax treatment of unrealized gains on foreign currency loans.</p> <p>Read more</p>
	Various tax areas	24 February 2016	<p>The Finance Minister delivered the budget for 2016. Among the tax provisions in the budget are measures concerning:</p> <ul style="list-style-type: none"> — capital gains tax—effective 1 March 2016, the rates will increase for individuals to 40 percent, and for companies and trusts to 80 percent — voluntary disclosure rules—effective 1 October 2016 and for a six-month period—for taxpayers to “regularize” their foreign assets and income — an anti-avoidance regime for corporate share disposals — business tax incentives including venture capital for small business, urban development zones, a three-year accelerated depreciation allowance for oil and gas refineries, research and development tax incentives. <p>Read more</p>

Proposed legislation	Tax and exchange control amnesty	24 February 2016	The Finance Minister announced that a special voluntary disclosure opportunity would be made available for taxpayers who have income tax and/or exchange control liabilities relating to holdings of unauthorized assets off-shore. Read more
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Switzerland			
Treaties	Exchange of information	February 2016	Canada has signed a joint declaration with Switzerland that expresses an intent of both countries to engage in the automatic exchange of financial account information as per the OECD's common reporting standard. Read more

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UK			
Tax legislation adopted and regulatory update	Tax compliance	6 April 2016 / 30 June 2016	The Department of Business, Innovation and Skills has published guidance on the Register of People with Significant Control for companies, Societates Europaeae (SEs) and Limited Liability Partnerships (LLPs). From 6 April 2016 most companies, LLPs and SEs will be required to keep a register of individuals or certain legal entities with significant control or influence over them, and from 30 June 2016 they will need to submit this information annually. Read more
Legislation	Income tax / Capital gains tax	February 2016/ 6 April 2017	HMRC have published draft legislation relating to income tax and capital gains tax. In essence, the draft legislation is largely as expected, and introduces a new concept of 'deemed domicile' in the UK for income tax and capital gains tax purposes with effect from 6 April 2017. Read more
Other	Anti-tax avoidance	February 2016	KPMG in the UK prepared a report regarding the UK perspective on the EC Anti-Tax Avoidance Package unveiled on 28 January. Read more
			HMRC have released two pieces of research into public attitudes towards tax avoidance and motives for engaging in tax avoidance. Read more

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