



International Tax Europe and Africa April 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 April and 30 April 2016**.

Bulgaria	Cyprus	Czech Republic	EU	Germany
Gibraltar	Italy	Latvia	Luxembourg	Netherlands
Nigeria	OECD	Poland	South Africa	Spain
Sub-Saharan Africa	UK			

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To contact the International Tax Team email internationaltax@kpmg.com.

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	Tax area concerned	Relevant date/Case reference	Description of measures and publication link (<i>Considerations in italic where necessary</i>)
Bulgaria			
Tax legislation adopted and regulatory update	Tax compliance	April 2016	New legislation in Bulgaria implements the requirements of EU Directive 2013/34 and, among other measures, introduces new mandatory reporting obligations of certain entities (typically, large enterprises). Read more

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Cyprus			
KPMG publications	Tax card	2016	KPMG in Cyprus has prepared a "tax card" that sets forth for 2016, the rates that apply for the individual (personal) income tax, corporate tax, capital gains

			tax, and immovable property tax. The tax card also includes the VAT rates and the land transfer fees. Read more
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Czech Republic			
Proposed legislation	VAT	1 January 2017	A draft amendment to VAT law in the Czech Republic would make changes to the VAT rules. If enacted, the measures would be effective beginning 1 January 2017. Read more

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EU			
Tax legislation adopted and regulatory update	Customs duties	8 April 2016	The European Commission released updated Authorized Economic Operator (AEO) guidelines. Read more
Proposed legislation	Customs duties	April 2016	The European Commission has issued updated draft guidance clarifying that a “domestic sale” is not to be considered when establishing the customs value of imported goods. Read more
	VAT	7 April 2016	The European Commission presented an “action plan” for changes to the VAT system. Read more
Administrative and case law	State aid	28 April 2016	The Court of Justice of the European Union (CJEU) issued a judgment finding that the maximum annual amount of free allowances for greenhouse gas emissions, as determined by the European Commission for the period 2013-2020, is invalid. The CJEU’s judgment allows the EC more time—10 months—in which to establish a new amount. Read more
Treaties	Trade agreement	1 July 2016	Under a new trade agreement—expected to enter into force 1 July 2016—consumer and professional electronic products currently subject to customs duties upon import into the European Union and other jurisdictions will no longer be subject to import duties. Read more

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Germany			
Other	Group tax exemption	April 2016	There is uncertainty concerning the group tax exemption from Germany's real estate transfer tax because it is not known whether the German government submitted to the European Commission a request for authorization that this group exemption from the transfer tax complies the EU state aid rules. Read more

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Gibraltar			
Tax legislation adopted and regulatory update	Tax compliance	April 2016	All companies registered in Gibraltar—that is, those registered with Companies House—must file a tax return. Under prior rules, only those companies with income assessable under Gibraltar income tax law were required to file a return. Read more

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Italy			
Tax legislation adopted and regulatory update	Customs duties	April 2016	The EU's new customs code—the Union Customs Code—is effective beginning 1 May 2016. The Italian customs agency has issued operating instructions and procedures with respect to implementing the Union Customs Code in Italy. Read more
Administrative and case law	CFC	April 2016	Tax professionals in Italy have filed a complaint with the European Commission asserting that the Italian controlled foreign company (CFC) regime—in particular, provisions applicable to CFCs that are not located in “black list” countries—is contrary to standards under the EU Treaty. Read more

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Latvia

Treaties	Double tax treaties	13 April 2016	<p>Representatives of the governments of Hong Kong and Latvia on 13 April 2016 concluded an income tax treaty.</p> <ul style="list-style-type: none"> — the treaty provides for reduced rates of withholding tax on dividends (either 0 percent or 10 percent), interest (either 0 percent or 10 percent), and royalties (3 percent) — it also includes provisions concerning the taxation of active income and passive income — the treaty effectively removes Hong Kong from Latvia's list of "low tax" jurisdictions. <p>The treaty will enter into force once it is ratified by each jurisdiction.</p> <p>Read more</p>
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Luxembourg			
Proposed legislation	Corporate income tax / Tax incentives	2017	<p>Luxembourg's prime minister highlighted some of the proposed changes to the Luxembourg tax system to be implemented in 2017. Changes include:</p> <ul style="list-style-type: none"> — a progressive decrease of the rate of corporate income tax, from 21 percent to 18 percent (resulting in a "global" tax rate of approximately 26 percent in 2018) — an increase in investment tax credit rates by one percentage point — tax losses incurred as from the tax year 2017 would only be offset against 75 percent of the annual taxable profit realized in future years, and the carry forward period would be limited to 17 years. <p>Read more</p>

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Netherlands			
Administrative and case law	WHT	April 2016	<p>A policy statement from the Ministry of Finance clarifies how the Dutch tax authorities will deal with requests by non-resident shareholders for a refund of Dutch dividend withholding tax. In addition, non-resident individuals who own real estate in the Netherlands may also benefit from this treatment because they will now be entitled to the tax-free amount.</p>

			The policy statement provides the government's position following the Dutch Supreme Court's decision in the <i>Miljoen, X</i> , and <i>Société Générale</i> cases. Read more
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Nigeria			
Administrative and case law	Employment taxes	April 2016	The Tax Appeal Tribunal (Lagos) held that a company was not liable for "pay-as-you-earn" (PAYE)—i.e. employment taxes—for workers who were provided to it by another company during the years between 2005 and 2009. The case turned on the fact that the taxpayer had no employees of its own during the years at issue. The case is: <i>StarDeep Water Petroleum Ltd.</i> Read more

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OECD			
Proposed legislation	BEPS	April 2016	The Organization for Economic Cooperation and Development (OECD) released the public comments received with respect to a discussion draft on treaty entitlement of non-CIV funds. Read more

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Poland			
Proposed legislation	Tax incentives	April 2016	Draft legislation in Poland aims to develop the shipbuilding and related industries by providing various tax incentives. Read more
	VAT	April 2016	A draft amendment to Poland's VAT, as published, aims to limit certain VAT "abuses." Read more

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South Africa			
Tax legislation adopted and	Tax compliance	April 2016	Voluntary disclosure in South Africa often involves two processes. First, there is the voluntary disclosure

regulatory update			process related to tax defaults, and administered by the South African Revenue Service. The second concerns regularization of external control contraventions, as administered by the South African Reserve Bank's Financial Surveillance Department. Read more
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Spain			
Administrative and case law	State aid	April 2016	The CJEU issued a judgment in a case concerning the Spanish tax lease system as amended, and the CJEU upheld a prior determination that a challenge to this tax regime was unfounded. The case is: <i>Netherlands Maritime Technology Association v. Commission</i> , C-100/15. Read more

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Sub-Saharan Africa			
Tax legislation adopted and regulatory update	Regulatory aspects	April 2016	KPMG's network of regulatory professionals prepared a report that examines the evolving nature of the banking regulations in countries in sub-Saharan Africa. Read more

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UK			
Proposed legislation	Tax evasion	April 2016	HMRC have published a new consultation on the proposed corporate offence of failure to prevent the facilitation of tax evasion. Read more
Administrative and case law	Intra-group transfer	April 2016	HMRC have been successful in a case concerning intra-group transfer rule for derivatives and a procedural issue regarding closure notices. The Court of Appeal upheld an appeal by HMRC concerning the validity of closure notices favourable to the taxpayer which had been issued in error, and refused an appeal by the taxpayer in relation to an arrangement which was intended to generate a transitional advantage on the introduction of a new regime for the taxation of derivatives. The case is: <i>HM Revenue and</i>

			<i>Customs v Bristol and West Plc.</i> Read more
Treaties	Tax transparency / Exchange of information	April 2016	There have been further developments in the area of transparency concerning beneficial ownership registers. The increasing drive towards transparency of tax and beneficial ownership information continued this week. Further developments were announced regarding previously announced initiatives relating to the automatic exchange of beneficial ownership information for companies and trusts, adding over 20 new participating jurisdictions. Read more

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Designed by Evalueserve.
Publication Number: 133529B-G