



International Tax Europe and Africa March 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 March and 31 March 2016**.

Africa	EU	Latvia	Romania	United Kingdom
Albania	France	Luxembourg	Senegal	Ukraine
Austria	Germany	Netherlands	Serbia	
Belgium	Iceland	Nigeria	Slovakia	
Bulgaria	Italy	Poland	South Africa	
Czech Republic	Kosovo	Portugal	Switzerland	

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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>)
Africa			
KPMG publications	Indirect taxes	2016	KPMG's 2016 Africa Indirect Tax Country Guide is a summary of the indirect tax regimes of 23 countries in Africa. Read more

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Albania			
Tax legislation	Indirect taxes /	2016	Tax law changes in Albania, effective 2016, concern certain "national" taxes, excise taxes, and social insurance

adopted and regulatory update	Individual taxation		contributions. Read more
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Austria			
Tax legislation adopted and regulatory update	Various tax areas	2016	<p>KPMG in Austria prepared a report that briefly, among other, the following topics:</p> <ul style="list-style-type: none"> — tax payments are required to be electronically, as from 1 April 2016 — possible withholding tax liability for dividends paid abroad if appropriate forms not filed — draft guidance on corporate reorganizations, effects of accumulate profits and losses — judicial action in a case addressing goodwill depreciation — treatment of an accounting error found during the course of a tax audit — court case concerning the 75 percent limit on tax loss carry forwards. <p>Read more</p>

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Belgium			
Tax legislation adopted and regulatory update	Anti-avoidance	10 March 2016	<p>A Royal Decree revises the list of “tax haven” jurisdictions for purposes of the dividends received deduction (DRD). Under Belgian tax law, dividends received from participations in companies that are considered to be located in “tax haven” jurisdictions cannot benefit from the DRD.</p> <p>Read more</p>
	WHT	March 2016	<p>Guidance from the tax administration updates the prior treatment concerning the withholding tax on interest and capital gains realized with respect to dispositions of shares of an investment fund when such shares were acquired either before 1 July 2005 or before 1 July 2008.</p> <p>Read more</p>
Administrative and case law	VAT	March 2016	<p>A judgment of the Court of Justice of the European Union (CJEU) concerning the VAT treatment of insurance claims-handling services is expected to have substantial implications for insurance businesses in Belgium.</p> <p>Read more</p>

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Bulgaria			
Administrative and case law	VAT	March 2016	<p>Bulgaria's tax authorities have been requesting information from companies concerning tax issues relating to the personal use of company assets. Companies have been required to clarify the VAT treatment of the goods used and the services provided for the personal use of the company owners and employees or for purposes other than those related to the economic activity of the business.</p> <p>Read more</p>

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Czech Republic			
Proposed legislation	Various tax areas	March 2016	<p>The Ministry of Finance released for public comments draft tax legislation. The draft legislative proposals contain fewer than 200 amended provisions. Among the proposals are measures that would:</p> <ul style="list-style-type: none">— limit the value-related tax exemption of income for the sale of securities by individuals when an annual threshold of CZK 100,000 is not exceeded— limit the applicability of rules allowing for no taxation of revenue associated with non-deductible expenses— require that interest actually be paid in order to allow for the deduction of the interest as an expense— recognize as a new legal entity for VAT purposes both unit funds and investment fund sub funds. <p>Read more</p>

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EU			
Administrative and case law	Customs	1 May 2016	<p>Customs authorities will be conducting re-assessments of all holders of AEO (authorized economic operator) certificates and any other customs authorizations that were issued prior to 1 May 2016, because a new customs law will be effective in the EU.</p> <p>Read more</p>

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France

Administrative and case law	VAT	March 2016	A court in France determined that a company operating a website that allows customers to compare the rates of various car rental companies, to reserve vehicles, and to receive information and advice about car rentals was providing “travel agent” services and as such was subject to the special VAT regime under the “margin scheme.” The case is: <i>Holiday Autos UK</i> . Read more
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Germany			
Tax legislation adopted and regulatory update	Various tax areas	March 2016	<p>KPMG in Germany has prepared a report including, among other, the following developments and topics:</p> <ul style="list-style-type: none"> — The Federal Constitutional Court issued a decision finding that a provision of German tax law is compatible with the German Constitution, despite the fact that the tax law provision has an overriding effect over tax treaty provisions — The General Court of the European Union issued a judgment in February 2016 that dismissed two actions brought against the EC’s decision to qualify the “turnaround exemption clause” in German corporate income tax law—i.e. the clause that provides for an exemption from the loss limitation rules in instances of detrimental change in ownership—as “inadmissible state aid.” — The Federal Tax Court referred a question to the Federal Constitutional Court as to whether the earnings stripping rules are constitutional. — The government adopted general administrative guidance on the application of corporate income tax concerning third-country mergers and the scope of tax groups. — New tax treaties that have entered into force are applicable since 1 January 2016 include the treaty with the Philippines, with France, with the United Kingdom, with Ireland. The tax treaty with China is pending the exchange of the instruments of ratification, and a Protocol to amend the tax treaty with the Netherlands was signed in January 2016. <p>Read more</p>

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Iceland

KPMG publications	Tax card	2016	KPMG in Iceland prepared a report about the Icelandic tax system for 2016. The discussion addresses the taxation of corporations, individuals, and non-residents, and includes information about other taxes including the real estate tax and the VAT regime. Read more
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Italy

Proposed legislation	PE	February 2016	The Italian revenue agency issued a draft decree for implementing Italy's new "branch exemption" regime. Under the regime, resident enterprises may elect different treatment of the profits and losses of their foreign permanent establishments (PEs) as an alternative to the standard tax treatment with tax credits. Read more
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Kosovo

Tax legislation adopted and regulatory update	Corporate income tax / Individual taxation	March 2016	The Ministry of Finance issued guidance for implementing corporate and individual (personal) income tax law changes enacted in 2015. Read more
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Latvia, Lithuania, Estonia

KPMG publications	Tax card	2016	KPMG has prepared "tax cards" that set out corporate and individual tax rates and other tax information for use by taxpayers in Latvia, Lithuania, and Estonia for 2016. Read more
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Luxembourg

Tax legislation adopted and regulatory update	VAT	March 2016	The VAT treatment of fees paid to company directors has been unsettled, but recent statements from tax authorities appear to indicate some resolution of the issue may be forthcoming. Read more
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Proposed legislation	Various tax areas	29 February 2016 / 2017	The Luxembourg government on 29 February 2016 released an outline of the proposals for tax reform in 2017. Read more
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Netherlands			
Administrative and case law	Dividend WHT	4 March 2016	The Dutch Supreme Court issued judgments in cases concerning the Dutch dividend withholding tax as imposed on foreign shareholders. The Dutch high court reached a favorable conclusion for dividends distributed to foreign individuals, finding that the imposition of the withholding tax on these dividend distributions was a restriction on the free movement of capital. However, the court found no similar violation with respect to the withholding tax imposed on dividends distributed to a foreign company. Read more
	Individual taxation	4 March 2016	The Dutch Supreme Court issued a decision, concluding that the 150-kilometer criterion in the “30 percent ruling” is not contrary to EU law. This judgment means that employees who resided more than 150 kilometers from the Dutch border, during at least two-thirds of the 24 months preceding the commencement of their employment in the Netherlands, are eligible for the benefit referred to as the “30 percent ruling.” Read more
	VAT	March 2016	A case concerning VAT deductions that is currently pending before the Court of Justice of the European Union could have implications for Dutch holding companies that are actively involved in the management of participations within a group. Read more
			The Dutch Supreme Court held that a business subject VAT can deduct the amount of VAT charged on the costs incurred for the management and the business activities of its own company pension fund. Read more
		17 March 2016	The Court of Justice of the European Union issued a judgment concerning application of the VAT exemption for insurance claims-handling services. The CJEU concluded that insurance claim-handling services are subject to VAT if performed by a party that: (1) does not assume the insured risk; and (2) is not acting as an intermediary. The case is: <i>Aspiro SA</i> . Read more

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Nigeria			
Pending legislation	Service tax	March 2016	Pending legislation in Nigeria would impose a “communication service tax” at a rate of 9 percent on users of electronic communication services. Read more
Administrative and case law	VAT	March 2016	The Tax Appeal Tribunal held that VAT applies to satellite-network bandwidth capacities provided to the Nigerian taxpayer from outside Nigeria by a Netherlands-based non-resident company. The tribunal concluded that bandwidth capacities were not specifically exempted from VAT under the Nigerian VAT law. Read more

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Poland			
Tax legislation adopted and regulatory update	R&D	April 2016	The next round of grants for research and development (R&D) projects will begin in April 2016 and continue through July 2016. The grants for R&D activities are also directed to companies operating in special economic zones. Read more
	Tax compliance	1 July 2016	Poland’s Ministry of Finance published a statement concerning implementation of and schedule for the “standard audit file.” A provision of the tax law in Poland requiring that a standard audit file be implemented was enacted in 2015, and is effective 1 July 2016. Read more
			The Ministry of Finance published final guidelines and a list of “frequently asked questions” (FAQs) concerning the implementation of the “standard audit file”—a process that the tax authorities will follow in conducting tax audits—regarding electronic versions of tax books and accounting documents. Read more
Proposed legislation	Corporate income tax / Individual taxation	1 January 2017	The Ministry of Finance issued drafts of amendments to the corporate income tax law and to the individual (personal) income tax law that would be effective as of 1 January 2017. Read more

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Portugal			
Administrative and case law	WHT	17 March 2016	The Advocate General of the Court of Justice of the European Union rendered her opinion in a case concerning whether the Portuguese withholding tax on interest paid to

			non-resident financial institutions is contrary to EU law because it is imposed on the gross amount of the interest paid, whereas resident financial institutions are taxed on their net income. Read more
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Romania

Tax legislation adopted and regulatory update	VAT	March 2016	Guidelines from a judgment of the Court of Justice of the European Union concerning VAT exemptions for exports and intra-Community supplies were transposed into Romania's domestic indirect tax law. Read more
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Senegal

Treaties	Double tax treaties / BEPS	February 2016	Representatives of Senegal and Luxembourg in February 2016 signed an income and capital tax treaty that incorporates certain of the recommendations under BEPS project of the OECD. Read more
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Serbia

Tax legislation adopted and regulatory update	Tax compliance	16 May 2016	Guidance—referred to as a “rulebook” in Serbia—was published on and addresses the process for filing of an individual (personal) income tax return for 2015 either electronically or in hardcopy. Read more
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Slovakia

Tax legislation adopted and regulatory update	VAT	2016	New provisions in Slovakia concerning the VAT rules were effective beginning in 2016. Among the changes are measures concerning “excessive” VAT deduction. Read more
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South Africa

Other	Anti-avoidance	2016	The Minister of Finance in the 2016 budget speech reiterated South Africa's commitment to combating tax evasion on a global level. Read more
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Switzerland			
Tax legislation adopted and regulatory update	Various tax areas	March 2016	The Swiss National Council addressed draft legislation for corporate tax reform, known in English as "Corporate Tax Reform III." The National Council concluded by approving: <ul style="list-style-type: none"> — the introduction of a patent box regime, a research and development "super deduction," and the introduction of a notional interest deduction—all of which would result overall in a maximum rate reduction of 80 percent (giving cantons the opportunity to determine a lower limit) — a proposal to allow the cantons to allow a tax reduction based on patents and participations as well intercompany loans — transitional measures in connection with a step-up basis for tax purposes. Read more
Proposed legislation	Corporate income tax	20 March 2016 / 2019	Voters in the canton of Vaud voted in favor of a reduction to the corporate profit tax rate applicable for companies established in the canton of Vaud. The "Vaud Corporate Tax Reform III" would reduce the corporate tax rate, currently at 22.33 percent, to 13.79 percent. The rate reduction is expected to be effective by 2019. Read more
Other	Automatic exchange of information	2017	Switzerland is expected to continue efforts for the automatic exchange of information with 38 partner states beginning 2017. Read more

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United Kingdom			
Proposed legislation	Sugar tax	April 2018	The 2016 budget announces that the government will introduce a new tax or levy to be paid by producers and importers of soft drinks that contain high levels of added sugar. The levy will have an effective date in April 2018. Read more
	Various tax areas	16 March 2016	The Chancellor of the Exchequer presented the 2016 Budget. Among key features of the 2016 budget are the following:

			<ul style="list-style-type: none"> — corporation tax reduction – to 17 percent in 2020 — reductions in tax rates for oil and gas industry — changes to stamp duty land tax regime — reduction in capital gains tax. Read more
	Various tax areas	24 March 2016	<p>The UK government published Finance (No. 2) Bill 2016. The bill, once enacted, will implement tax changes announced at Budget 2016 as well as the Autumn Statement 2015 and Summer Budget 2015. The Finance Bill 2016 includes provisions to:</p> <ul style="list-style-type: none"> — reduce the corporation tax to 17 percent in 2020 — revise gas tax regime — counter tax avoidance by multinational enterprises by introducing new rules to address hybrid mismatch arrangements and determine that payments for the use of intellectual property based overseas are subject to tax — provide that profits from the development of UK property are always subject to UK tax — address VAT collection from overseas sellers and online marketplaces. Read more
	VAT	March 2016	<p>New authority being granted to HM Revenue & Customs is intended to protect the UK market from online competition from foreign traders that make supplies of goods in the UK to consumers, and then fail to comply with the requirement to register for UK VAT.</p> Read more

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Ukraine			
Tax legislation adopted and regulatory update	Tax compliance / VAT	March 2016	<p>KPMG in Ukraine prepared a report discussing developments under the following topics:</p> <ul style="list-style-type: none"> — tax clarification concerning certain VAT issues, including treatment of supply of software and retrospective price adjustments — approved procedure for VAT refunds — clarification on the use of facsimile signature in primary documents. Read more

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Designed by Evalueserve.
Publication Number: 133511C-G