



Tax Alert

Issue 25 | October 2016

In this Issue, we bring you our Quarterly Global Tax Disputes Update (September 2016 edition) highlighting the latest news in tax controversy around the world.

With tax audit and disputes activity rising in almost every country, keeping up with trends and developments is more important than ever. In this edition, you'll find briefings on key news, events and thought leadership submitted by Global Tax Dispute Resolution & Controversy professionals in KPMG member firms worldwide. Staying informed can be a crucial first line of defense as you manage your disputes around the globe.

You may view our past issues of the Global Tax Disputes Update [here](#).

In this issue:

Global highlight:

Webcast series: Around the world with KPMG's Global Tax Dispute Resolution & Controversy Network

Today's fast-paced tax landscape is making it more challenging for global organizations to protect against, prepare for, and resolve disputes with tax authorities. KPMG Disputes experts have presented five webcasts discussing global disputes developments in a number of jurisdictions. [Click here](#) for the final webcast in this year's series, in which we focus on the latest developments in Ireland, Luxembourg and Switzerland, as well as view past and upcoming webcasts from this series.

Other insights from around the world:

Click on the links below to find out more about country and region specific updates:

[Argentina](#) [Australia](#) [Bahamas](#) [Brazil](#) [Cambodia](#)
[Canada](#) [Costa Rica](#) [Czech Republic](#) [Dominican Republic](#) [European Union](#)

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Tax
KPMG in Singapore

Asia Tax Firm of the Year; Asia International Tax Firm; Asia Indirect Tax Firm; Asia Global Executive Mobility Firm and National Firm for Transfer Pricing in Singapore - ITR Asia Tax Awards 2016. Ranked Tier 1 Firm for Tax Advisory – International Tax Review 2016

For more details of our tax services, please click [here](#).

Argentina

Introducing tax amnesty and repeal of 10 percent dividend withholding tax

Argentinian tax legislation puts forward a proposal to repeal the 10 percent withholding tax on dividend distribution and a tax amnesty program. These measures would affect existing cross-border transactions and structures and tax planning by multinationals with operations or investments in Argentina.

Read the [article](#).



Australia

ATO focuses on R&D tax offset claims

The Australian Taxation Office (ATO) appears to be focusing on R&D activities, particularly the refundable R&D tax offset, in light of concerns about the merit of some claims. KPMG in Australia's Joanne Gagliardi and Alex Demetriou describe this recent development.

Read the [article](#).

Changes to the Reportable Tax Position Schedule

Following the pilot launch of The Reportable Taxation Position (RTP) Schedule in 2011, the ATO has carried out a consultation on its plans to formalize the RTP schedule and introduce two tranches of changes. Ross Hocking, Director of Tax Law with KPMG in Australia, explains the changes.

Read the [article](#).

ATO's increasing appetite for R&D Tax Incentives on feedstock

The Australian Taxation Office (ATO) is taking an increasing interest in the R&D Tax Incentive program, including a new compliance assurance process termed a 'Request for Information' (RFI). James Edwards and Brendan Giles, R&D Specialists, discuss the ATO initiative, currently focused on feedstock.

Read the [article](#).

Federal Court rules on D Marks Partnership case

In June 2016, the Full Federal Court ruled on the D Marks Partnership case, concluding that the partnership was not a limited partnership and that redeemable shares issued were debt interests for tax purposes. Jenny Wong of KPMG in Australia, analyses the decision.

Read the [article](#).

Amnesty for voluntary disclosure of offshore hub tax risks

The Australian Taxation Office (ATO) is offering administrative concessions regarding penalties and interest on historical positions to taxpayers who proactively disclose their tax risks from offshore hubs and are prepared to restructure their arrangements. Taxpayers should consider the tax risks associated with their position in light of the ATO's draft "Practical Compliance Guideline."

Read the [article](#).

Unintended consequences of MAAL on indirect tax compliance

As some taxpayers have restructured their arrangements to simplify compliance with Multinational Anti-Avoidance Law (MAAL), some unintended consequences relating to the application of Australian goods and service tax (GST) have surfaced. KPMG in Australia's Nick Kallinikios examines the issue and the response by the ATO.

Read the [article](#).



Bahamas

Dealing with tax disputes in the Bahamas

Jane Adams of KPMG in the Bahamas describes the appeal mechanisms under Bahamian tax laws for taxpayers who disagree with an assessment. She outlines the processes and timelines, as well as taxpayers' rights and obligations.

Read the [article](#).



Brazil

Measures for automatic exchange of country-by-country reports

Measures published in August 2016 allow for the exchange of country-by-country (CbC) reports of multinational groups with business operations in Brazil. The exchange of administrative rulings issued by tax authorities that grant special tax treatment to taxpayers will also come into force.

Read the [article](#).



Cambodia

Tax department to collect VAT and other data from enterprises

Beginning in August 2016, Cambodia's tax department and municipal officials will start collecting certain tax data from enterprises to determine how many enterprises are not registered for the VAT. Data includes recent patent and VAT certificates, recent tax payment receipts and utility invoices.

Read the [article](#).



Canada

CRA rule may trigger anti-avoidance rule on inter-company dividends

Many corporations may be adversely affected by recent Canada Revenue Agency (CRA) guidance regarding an expanded anti-avoidance rule. Canadian corporations that receive dividends from other Canadian corporations may be impacted by this rule that re-characterizes certain otherwise tax-free inter-company dividends as capital gains, subject to tax.

Read the [article](#).

Draft legislation released as follow up to 2016 Federal Budget

The Department of Finance has released draft legislation to act on outstanding measures that were previously announced in the 2016 Federal Budget. The proposals include changes to small business, international and personal taxation, as well as country-by-country reporting, common reporting standard and administrative, alternative arguments.

Read the [article](#).



Costa Rica

Tax payments no longer required for administrative review

Taxpayers must no longer pay the amount of a tax assessment before challenging the adjustment before tax authorities. Costa Rica's Constitutional Court found that such requirements were unconstitutional.

Read the [article](#).



Czech Republic

Regional courts reject transfer pricing assessments

As a result of recent transfer pricing inspections, regional courts in the Czech Republic have questioned the way tax authorities assessed additional taxes based on the taxpayer's functional and risk profile. Taxpayers may consider challenging an incorrect approach by the tax officials to transfer pricing.

Read the [article](#).

Introducing automatic exchange of APAs and CbC reporting

The Czech Republic is moving forward with a law to reflect an EC Directive on the mandatory automatic exchange of information in the field of taxation. This will involve the automatic exchange of information regarding APAs as well as implementation of country-by-country (CbC) reporting.

Read the [article](#).



Dominican Republic

Panama Papers prompt stronger focus on tax evasion

Following the release of the “Panama Papers,” authorities in the Dominican Republic will begin a criminal investigation to identify offenders within the leaked documents, take steps to address tax evasion, and focus on developing an anti-tax haven policy.

Read the [article](#).



European Union

Amending Directive 2011/16/EU re. automatic information exchanges

The European Council amended Directive 2011/16/EU to introduce country-by-country reporting to European law, as recommended by the OECD under the BEPS Action Plan. Learn about the Directive’s scope, highlights, timeline and technical issues.

Read the [article](#).

EU votes to pass corporate tax avoidance directive

The EU Parliament voted to pass a resolution to introduce an EU anti-tax avoidance directive. The directive contains proposals on key areas connected with aggressive tax planning and defines terms that were often open to interpretation amongst Member States.

Read the [article](#).

EU States agree on new tax avoidance rules

EU Member States have agreed to new rules to eliminate certain corporate tax avoidance practices often practiced by large multinationals. Adoption of the binding directive will potentially have a significant impact on multinationals operating in the EU.

Read the [article](#).

EU takes steps to boost tax transparency

The European Commission is taking steps to increase tax transparency, and address tax evasion and avoidance in the EU, as follow up to the revelations made by the “Panama Papers.” A recent communique outlines its priorities and key actions.

Read the [article](#).

Proposals unveiled to tackle terrorism financing and money laundering

In July the European Commission released its latest proposals to confront financing of terrorism and money laundering, as well as the next steps to tackle tax avoidance. Review the background of these proposals, details of the tax transparency package and next steps towards adoption.

Read the [article](#).

TAXE 2 Committee aims to make corporate tax fairer, clearer

In July 2016, the European Parliament approved a report by the Special Committee on Tax Rulings and Other Measures Similar in Nature or Effect (TAXE2) to make corporate taxation fairer and clearer and to address tax evasion and aggressive tax planning.

Read the [article](#).

EU and Monaco sign tax transparency accord

The European Union and Monaco have signed a new tax transparency agreement to enable the automatic exchange of information on the financial accounts of each other's residents starting in 2018.

Read the [article](#).

Guide to EU country-by-country reporting launched

KPMG's European member firms and KPMG's EU Tax Centre have released a report that provides step-by-step, comparative guidance to the EU country-by-country reporting initiatives.

Read the [article](#).



Finland

Interest expenses allocated to branches ruled non-deductible

A Supreme Administrative Court ruling raises questions for taxpayers who are planning corporate restructurings and structuring acquisitions. The Court held that a branch has no right to deduct the interest expenses in a debt-funded acquisition structure, when the shares of a Finnish group company are acquired in the name of a foreign company's branch registered in Finland.

Read the [article](#).



France

No VAT break for moviegoers with unused/non-refundable tickets

France's high court decided that non-refundable and unused multiple-entry movie theatre cards and books of tickets are subject to VAT. The Council of State interpreted the concept of "supply of services" so that VAT must be paid on these ticket purchases, even if they are unused.

Read the [article](#).

Court questions validity of 3 percent tax on dividends

The Conseil d'Etat issued four decisions in June 2016 that refer

questions to the French Constitutional Court for judgment. France's high tax court questioned whether, under French law, a 3 percent surtax on dividends paid by French companies to their foreign parent company was compatible with EU law.

Read the [article](#).



Germany

Rulings on profit participation certificates, binding ruling fees and expense allocation

Tax-related rulings have come down in recent months including an administrative guideline by a regional tax office concerning the treatment of profit participation certificates for corporate income tax purposes. The federal tax court also decided on the conditions for binding ruling fees and on the attribution of business expenses to the foreign income of a domestic business of mutual insurance companies.

Read the [article](#)

Questioning loan guarantees by German parent companies for foreign subsidiaries

A German court has asked the Court of Justice of the European Union to review the application of German transfer pricing rules regarding loan guarantees made by German parent companies on behalf of their foreign subsidiaries and whether they are compatible with the freedom of establishment under EU law.

Read the [article](#)

Developments on “negative goodwill,” shareholding percentages and currency losses

In recent months, German courts have issued decisions on the treatment of “negative goodwill,” the determination of percentage of shareholding, and currency and interest losses from the sale of investments. A KPMG report summarizes these developments and provides an update on court proceedings to review German rules that require transfer pricing adjustments for certain cross-border arrangements.

Read the [article](#)

Cross-border transfer pricing adjustments sent to CJEU

The Court of Justice of the European Union (CJEU) has been asked by a German court to review whether certain provisions in German law requiring a transfer pricing adjustment for transactions involving German and foreign parties are compatible with EU law while transactions solely between German entities require no adjustment.

Read the [article](#)



Hong Kong

Revenue officials challenge transfer pricing arrangements

The Inland Revenue Department is scrutinizing transfer pricing

arrangements relating to management fee or head office recharges and tax authorities are requesting more information on such cost-recharge arrangements. Many companies may have to reconsider their allocation model from a number of perspectives.

Read the [article](#).



India

Rulings on PE of US companies, deductions and currency-related losses

Indian courts ruled on a number of key tax matters including deciding that Indian subsidiaries of a US company do not satisfy grounds as permanent establishment (PE). While tax withholding deductions will not be required for some employee per diem travel allowances, and home loan interest is not eligible for double deduction, losses from foreign currency fluctuations will be considered an accrued and subsisting liability.

Read the [article](#).

Updates on oil installation facilities, PE profits, withholding tax provisions and the KKC

Taxpayers should take note of recent court decisions, including a ruling that payments for crude oil “single point mooring” installation is not taxable as a royalty, as well as a decision that most sales functions were conducted by the taxpayer’s permanent establishment. Frequently asked questions have also been issued on the newly introduced tax withholding provisions, as well as guidance on the Krishi Kalyan Cess.

Read the [article](#).

Tribunal questions inconsistent TP positions by authorities

Upon reviewing the tax treatment of the wholly owned subsidiary of a US company, the Ahmedabad Bench of the Income-tax Appellate Tribunal found that tax authorities had incorrectly taken inconsistent positions in separate years on the same international transaction agreement.

Read the [article](#).

Draft guidance released on Authorized Economic Operator regime

A new Authorized Economic Operator (AEO) regime is in the works, as outlined in draft guidance issued by India’s Central Board of Excise and Customs (CBEC). AEO benefits include a higher facilitation level, reduced bank guarantees, expedited investigations and paperless declarations.

Read the [article](#).

Amendments to expenses relating to exempt income and general anti-avoidance rules

Tax authorities provided clarity on a number of tax issues, including amendments by the Central Board of Direct Taxes (CBDT) to rules concerning expenditures relating to exempt income and general anti-avoidance rules. Tax courts also held on a no-override on treaty provisions and scientific research deductions, while the Ministry of Finance offered guidance on Krishi Kalyan Cess and an exemption from the cess for invoices up to 31 May 2016.

Read the [article](#).

Prior MAP acceptance does not justify proposed transfer pricing adjustments

A Delhi tribunal held that a taxpayer's action in a prior year, to accept the comparables in a mutual agreement procedure (MAP), is not to be considered consent of the taxpayer for the adjustments proposed in another year under examination.

Read the [article](#).

Decision on software-related royalty; CBDT issues central action plan

The Central Board of Direct Taxes (CBDT) issued its central action plan for FY 2016-17 including tax department targets, new rules on allowance of foreign tax credit, and draft rules on fair market value if assets and reporting for a foreign company. Tax courts also ruled that income from sale of software is not a royalty relating to an India-Netherlands income tax treaty and also that stamp duty payment is allowed as a revenue expenditure by the taxpayer.

Read the [article](#).

Court finds no license agreement with US company and rejects proposed TP adjustment

In the case of Page Industries Ltd. V. DCIT, the Bangalore Bench of the Income-tax Appellate Tribunal concluded that there was no license agreement of a brand-name and that the taxpayer and the US entity were not related parties, and as a result rejected the transfer pricing adjustment proposed by the taxpayer.

Read the [article](#).

Taxpayer must have opportunity to cross-examine personnel of comparable companies

A taxpayer must have the opportunity to cross-examine personnel of comparable companies that were selected by the Transfer Pricing Officer to arrive at a transfer pricing adjustment, according to the Delhi High Court.

Read the [article](#).

Transfer Pricing Officers have authority on arm's length price

Regarding the case of Nikon India Pvt. Ltd. V. DCIT, the Delhi Bench of Income-tax Appellate Tribunal held that Transfer Pricing Officers have the authority to set the arm's length price of any international transaction that comes to their attention, regardless of whether the transaction is the result of a referral from the Assessing Officer.

Read the [article](#).

Court permits taxpayer move from TNMM to CUP

Following administrative appeals by a distributor sales company in South Asia, a tribunal determined that the taxpayer was justified in moving to the CUP method for transfer pricing procedures rather than the Transactional Net Margin Method (TNMM).

Read the [article](#).

Clarifying process in TP referrals for international transactions

India's High Court clarified the process regarding "international transactions" to ensure that taxpayer claims are heard, as required

by law. The court declared that, when a taxpayer objects to a determination that “international transactions” exist, the Assessing Officer must address the objection before referring the case to the Transfer Pricing Officer.

Read the [article](#).



Ireland

Air travel tax constitutes state aid, opines CJEU

After previous rulings by the European Commission regarding the Irish air travel tax, the Advocate General of the Court of Justice of the European Union (CJEU) concluded that the excise duty on air passenger transport does constitute state aid and provided guidance on the recovery calculations.

Read the [article](#).

Ireland granted €13 billion in illegal tax benefits to MNC

After an in-depth investigation the European Commission concluded that Ireland granted substantial undue tax benefits to a US-based multinational corporation (MNC), valued at upwards of €13 billion, which was illegal under EU state aid rules.

Read the [article](#).



Italy

Guidance issued on tax ruling system for substantial investments

Following the announced creation of a new tax ruling regime in 2015, the Italian tax agency outlined the system of processes and procedures for enterprises that plan to make “substantial investments” in Italy. The Ministerial communication outlines eligibility, the application process and effects of the ruling on taxpayers.

Read the [article](#).

Italy implements “fast-track” tax ruling process

A “fast-track” advance ruling program is being rolled-out by the Ministry of Economy and Finance. This program aims to improve taxpayer certainty about tax issues or the appropriate approaches to a tax treatment.

Read the [article](#).



Kenya

Budget includes nominal tax increases, VAT and tax amnesty measures

Kenya’s 2016-17 budget included various “nominal” tax increases and offered tax relief for some corporate taxpayers including housing developers. The budget also proposed a tax amnesty

program for taxpayers to repatriate foreign assets and income and new exemptions from Kenya's VAT.

Read the [article](#).



Luxembourg

EC rules that Luxembourg misapplied tax treaty on state aid

The non-confidential version of a decision by the European Commission was published, revealing that the EC found the Luxembourg tax administration to have misapplied the concept of state aid in the case of a Luxembourg company and a US branch to which royalties were allocated.

Read the [article](#).

Comprehensive tax reform goes to Parliament

Significant tax reform measures impacting corporate and individual taxpayers are expected to enter into force from 1 January 2017 once the draft law passes through Parliament. Covering both direct and indirect taxes, these changes are designed to aid social fairness, competitiveness and employment, while also fortifying the fight against tax fraud and money laundering.

Read the [article](#).

Country-by-country reporting moves forward

The Luxembourg government lodged a draft law on 2 August 2016 to formalize a Council Directive and introduce the automatic exchange of country-by-country (CbC) reports between EU Member States. Review KPMG's commentary on the scope, requirements and timing of the Draft Law.

Read the [article](#).



Mexico

Judgments made on taxpayer electronic records

Following Mexican tax reform in 2014, Mexico's Supreme Court of Justice has issued judgments that offer guidance on the requirement that taxpayers maintain and file electronic accounting books and records with the tax administration.

Read the [article](#).

Tax legislation provides for transfer pricing queries

Provisions have been added to Mexican tax legislation regarding the submission of taxpayer queries to the tax administration regarding transfer pricing issues. These measures set out the tax administration's role in the process and its interactions with the taxpayer.

Read the [article](#).

Tax mailbox electronic audits begin September 2016

Beginning in September 2016, tax authorities begin performing audits and communicating with taxpayers via the tax mailbox

(buzon tributario). In July 2016, the Supreme Court decided that these procedures could be conducted, at least until it reaches a final decision on a constitutional challenge to such electronic reviews.

Read the [article](#).



Norway

Rapid roll-out of accounting system requirements for corporate taxpayers

All corporate entities in Norway must take steps to ensure they are prepared for the implementation of new “Standard Audit File – Tax” requirements effective 1 January 2017. The standard chart of accounts requires that Norwegian and foreign entities with a physical presence in Norway must be compliant with the proposed measures.

Read the [article](#).



OECD

Jamaica, Uruguay sign tax assistance convention, Brazil completes ratification

The OECD announced that Jamaica and Uruguay have joined the convention that provides administrative assistance in tax matters, including the automatic exchange of country-by-country reports for BEPS. Meanwhile, Brazil has deposited its instrument for ratification of the convention with the OCED, to enter into force 1 October 2016.

Read the [article](#).

OECD releases discussion draft on BEPS multilateral instrument

Targeting signature by 31 December 2016, the OECD released a discussion draft on BEPS Action 15, regarding a multilateral instrument to implement tax treaty-related BEPS measures. The draft summarizes the provisions and requests comments before the new instrument is finalized this year.

Read the [article](#).

Dominican Republic and Nauru sign offshore tax evasion convention

The governments of Dominican Republic and Nauru signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. Aiming to create a more transparent environment, the convention supports automatic exchange of financial account information in tax matters.

Read the [article](#).

More countries sign on for mutual tax matter assistance

The OECD announced that more countries – Burkina Faso, Malaysia, Saint Kitts and Nevis, St Vincent and the Grenadines and Samoa - have signed the mutual administrative assistance

convention for tax matters. The convention will also enter into force in Andorra, Saint Kitts and Nevis and Senegal on 1 December 2016.

Read the [article](#).

OECD reports to G20 ministers on AEOI developments

At a recent meeting in Chengdu, China, the OECD presented a report to G20 finance ministers on the tax transparency standards for the automatic exchange of information (AEOI), noting that 135 countries have committed to the process and 83 countries and jurisdictions have signed the multilateral agreement.

Read the [article](#).



Panama

Panama signs on for mutual administrative assistance in tax matters

Panama joins the list of nearly 100 countries that have now signed the multilateral convention on mutual administrative assistance in tax matters. The OECD points to the agreement as a key instrument to address tax evasion and avoidance.

Read the [article](#).



Paraguay

Paraguay enlists for exchange of information for tax purposes

Paraguay has moved a step closer to implementing the standard of automatic exchange of financial account information. The OECD announced that the country has agreed to implement the international standard and work towards a practical timeframe for implementation.

Read the [article](#).



Poland

FAQs issued for 2017 VAT changes

To support the 1 January 2017 introduction of changes to VAT rules, the Polish Ministry of Finance released more frequently asked questions (FAQs) to clarify procedures and address administrative interpretations.

Read the [article](#).

Increasing number of transfer pricing audits credited to efficiencies

Polish tax auditors performed 36.6 percent more tax audits in the first half of 2016, imposing an additional PLN 9.5 billion in additional transfer pricing assessments from the previous year. A new strategy by tax authorities and more sophisticated audit tools help explain the rise.

Read the [article](#).

Authorities target fraud and close transfer pricing loopholes

The Ministry of Finance continues to focus on reducing tax fraud in the tax collection system, including schemes often used by multinational corporations and questionable activities regarding transfer pricing. A new competence center and anti-tax avoidance council will target these issues.

Read the [article](#).



Portugal

CJEU rules against withholding tax on interest payments

Portugal's withholding tax on interest paid to non-resident financial institutions is in conflict with EU law, according the Court of Justice of the European Union (CJEU). The court found that the Portuguese tax provision was unjust since it was imposed on the gross amount of interest paid for non-resident while resident financial institutions were taxed on their net income.

Read the [article](#).



South Africa

Special Voluntary Disclosure Program impacts South African residents of Australia

With a Special Voluntary Disclosure Program (SVDP) announced in South Africa's 2016 Budget Speech, non-compliant South African taxpayers have a last opportunity to reveal and regularize their offshore assets and income. Johan van der Walt, KPMG's Head of Tax Controversy in South Africa, describes the potential impacts upon South African residents of Australia.

Read the [article](#).

Finance Minister announces Special Voluntary Disclosure Program

Among the highlights of the February 2016 Budget Speech, a Special Voluntary Disclosure Program (SVDP) was announced, enabling taxpayers to regularize their offshore assets and income.

Read the [article](#).

New SVDP gaining clarity

Following an announcement in the 2016 Budget Speech, details are becoming clearer on the new South African Special Voluntary Disclosure Program (SVDP). A circular from the SA Reserve Bank, and draft legislation from the Finance department, offered key insights, as outlined by KPMG in South Africa's Johan van der Walt.

Read the [article](#).

Distinguishing voluntary disclosure by VDP or SVDP

With a new Special Voluntary Disclosure Program (SVDP) soon to be in place in South Africa, taxpayers should understand the

difference between this new measure and the VDP administered by SARS.

Read the [article](#).



Spain

AG offers opinion on joined state aid cases

The Advocate General (AG) of the Court of Justice of the European Union (CJEU) offered a distinct opinion to the General Court in regards to state aid and its incompatibility with the common market. The joined cases Commission v. World Free Group and Commission v. Banco Santander and Santusa relate to Spanish provisions allowing tax resident companies in Spain to amortize good will resulting from the acquisitions in foreign companies.

Read the [article](#).



Sri Lanka

Committee created to interpret statutes

Under Section 208A of Sri Lanka's Income Tax Act, a committee can be appointed by the Commissioner General of Inland Revenue to interpret its various acts. While the law does not specify all details, such as who can request an interpretation, or the binding nature of rulings, the law requires committee determinations to occur within six months.

Contact [Suresh R I Perera](#) or [Rifka Ziyard](#) for more information.



Sweden

CJEU rules on withholding tax of Swedish resident pension funds

The Court of Justice of the European Union (CJEU) ruled in the case of Pensioenfonds Metaal en Techniek v. Skatteverket, resolving issues of taxation of income of pension funds, withholding taxes and comparability.

Read the [article](#).

Large companies to publically post tax policies

As an outcome of a government program to prevent tax evasion, the Swedish government has ordered its tax agency to consider future requirements for large companies to make their tax policies publically available. The Skatteverket was directed to report on its findings by 30 October 2016.

Read the [article](#).



Switzerland

Group requests offer access to foreign authorities

Foreign tax authorities can currently obtain client data on clients of Swiss banks, insurance companies or fiduciary firms by submitting a so-called group request. This measure is an alternative to Automatic Exchange of Information (AEOI), which is not yet in force in Switzerland.

Read the [article](#).



Turkey

New laws signed for tax amnesty, repatriation and account adjustments

Turkey's president signed into law a number of tax measures so that companies in Turkey can avoid potential tax audits by making voluntary disclosures. The law covers restructuring of outstanding taxes, repatriating certain assets under a voluntary disclosure program, and correcting accounts by paying a tax on balances that are subject to adjustment.

Read the [article](#).

Amnesty for restructuring customs duties, taxes and underpayment penalties

Turkey has introduced an amnesty program to enable taxpayers to restructure customs duties, taxes and assessments, including penalties and interest resulting from underpayments.

Read the [article](#).



United Kingdom

First decision comes down on Managed Service Company legislation

The first ever case on the Managed Service Company (MSC) legislation was heard by the First-tier Tribunal (FTT). In the case of *Christianuyi Ltd & Ors v. Revenue & Customs*, the FTT rejected the appeal by contractors, determining that they were not caught by the MSC legislation.

Read the [article](#).

Parliament publishes briefing on corporate tax reform

A comprehensive research briefing has been published on corporate tax (CT) reform, including the reform strategies of the past and current governments. The report discusses corporate rate setting approaches, profit shifting, recent cases and developments in UK corporate taxation.

Read the [article](#).

Court upholds taxpayers appeal regarding intra-group borrowings

In the case of *Greene King v. HMRC*, the Court of Appeal partially upheld the taxpayer's appeal in a case regarding the arrangement

intended to allow relief for interest payments on intra-group borrowings without material taxation of the corresponding receipts.

Read the [article](#).

HMRC suggests new tax avoidance sanctions and deterrents

The government has proposed a number of strategies to battle tax avoidance, by targeting those who design, market, facilitate and use such schemes. They include stronger penalties, naming and shaming and other behavioral change approaches. Responses to the consultation are due by 12 October 2016.

Read the [article](#).

RTC and Worldwide Disclosure Facility intensify scrutiny of offshore holdings

With the HMRC opening a consultation on a 'Requirement to Correct' (RTC), and the launch of a new Worldwide Disclosure Facility on 5 September 2016, UK taxpayers have gained a means to correct past irregularities or face potential new sanctions for tax irregularities related to their offshore interests.

Contact [Chris Davidson](#) or [Kevin Elliot](#) for more information.

Tax avoidance investigations draw billions in upfront payments

The British Treasury revealed in September 2016 that it has collected 3 billion pounds in upfront payments since 2014 from tax avoiders. Under the accelerated payment notices (APNs), designed to discourage tax avoidance, taxpayers must pay up front first and dispute later.

Contact [Chris Davidson](#) or [Kevin Elliot](#) for more information.

Parliament opens door to country-by-country reports

A brief amendment to the UK 2016 Finance Bill by Parliament clears the way for the Treasury department to begin requiring companies to perform public country-by-country reporting as part of their published tax strategies. With no timetable for implementation, this declaration of intent may shift focus upon other OECD countries to follow suit.

Contact [Chris Davidson](#) or [Kevin Elliot](#) for more information.

Report indicates fewer successful tax dispute resolutions

An annual report published by the UK Tax Assurance Commissioner in July 2016 indicates that fewer tax disputes are being resolved with the HMRC. The report cites a rising settlement proposal rejection rate and a drop in the number of referrals of taxpayer proposals to HMRC governance boards.

Read the [report](#).

HMRC transformation impacts taxpayers and tax disputes process

As part of HMRC's organizational transformation into a smaller, more modern operation, effective October 2016, Directorates will be reorganized and new customer and compliance groups will be formed. A new single compliance group, and a new Tax Assurance Commissioner, will oversee large tax disputes.

Contact [Chris Davidson](#) or [Kevin Elliot](#) for more information.



United States

Bad weather closure of tax offices justifies late petition delivery

In the case of *Guralnik v. Commissioner*, the US Tax Court concluded that when bad weather closes tax court offices, the taxpayer was justified in delivering their petition on the next business day when the court reopened.

Read the [article](#).

IRS releases practice units and training on FDAP payments

In light of the strategic importance of “fixed or determinable annual or periodical” (FDAP) payments, the IRS Large Business and International division today introduced two practice units, as part of a series of IRS examiner job aids. Topics covered include FDAP payments – source of income and FDAP withholding under chapter 3.

Read the [article](#).

Court rules on treatment of income from medical devices

The IRS issued an extensive opinion in the case of *Medtronic Inc. v. Commissioner* on the treatment of income from intercompany licenses from intangible property for the manufacture of certain medical devices.

Read the [article](#).

Fourth Circuit court rules on taxpayer’s FOIA following IRS audit

The US Court of Appeals for the Fourth Circuit issued its decision in favor of actions by the IRS to withhold or redact various documents following a taxpayer’s Freedom of Information Act (FOIA) request.

Read the [article](#).

IRS launches practice unit on corporate inversions

The IRS has released its latest series of training materials for IRS examiners focusing on corporate inversions. Developed by the IRS Business and International division, the unit details the background and measures to address the practice among US multinational companies.

Read the [article](#).

Newspaper’s motion to intervene in cost-sharing case held in abeyance

After a US affiliate of a British newspaper filed a motion to intervene in tax court proceedings, seeking to unseal trial records for an investigation into a taxpayer’s move to Luxembourg, the Tax Court has decided to hold the motion in abeyance until the parties have exercised their rights under a protective order. The IRS had determined that there were deficiencies by the taxpayer in its cost-sharing arrangement.

Read the [article](#).

IRS updates its 2016-17 priorities

The IRS has issued an updated priority guidance plan for 2016-17, as at 15 August 2016, to reflect additional items added to its priority list of tax issues to be addressed. The updated plan includes 281

guidance and regulatory projects.

Read the [article](#).

US Treasury outlines concerns with EU state aid investigations

Sparked by US efforts to curtail the erosion of corporate tax bases, US Treasury officials have published a white paper describing their concerns with the European Union's state aid investigations, which they say have major implications for the US.

Read the [article](#).

Changes expected to Compliance Assurance Process

With no new Compliance Assurance Process (CAP) program applications being accepted for 2017, the IRS Large Business and International division appears to be evaluating changes to the program. CAP was first piloted in 2005 to allow large corporate taxpayers to work collaboratively with the IRS to resolve issues before tax returns are filed.

Read the [article](#).



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Key links

- Learn more about the [Global Tax Dispute Resolution and Controversy network](#)
- Learn about the [KPMG LINK 360 Global Disputes Management Module](#)
- See past issues of our [Quarterly Global Tax Disputes Update](#)
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