



International Tax Europe and Africa April 2017

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 2017**.

Czech Republic	Germany	Kenya	Slovakia
European Union	Global	Luxembourg	Switzerland
France	Italy	Netherlands	United Kingdom

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	Tax area concerned	Relevant date	Description of measures and publication link
Czech Republic			
Administrative and case law	Anti-tax avoidance directive	13 Apr 2017	The Ministry of Finance released a discussion paper on implementing the EU Anti-Tax Avoidance Directive into Czech law. The paper focuses on new interest deduction limitations, exit taxation, controlled foreign companies and hybrid mismatches. Read more

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European Union			
Administrative and case law	Export to Canada	3 Apr 2017	The European Commission released instructions for EU exporters with respect to transactions and trade with Canada in preparation for implementation of a 'comprehensive economic and trade agreement' (CETA) between the EU and Canada, signed in October 2016. Read more
Other	Various	26 Apr 2017	KPMG's EU Tax Centre compiles a regular update on European Union (EU) direct tax developments that can have both a domestic and a cross-border impact.

			<p>This issue includes several discussions of permanent establishment as well as the Parent-Subsidiary directive.</p> <p>Read more</p>
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France			
Administrative and case law	VAT	7 Apr 2017	<p>Questions concerning the value added tax (VAT) rights of recovery by French branches of foreign companies have been referred to the Court of Justice of the European Union (CJEU). The French Supreme Administrative Court (<i>Conseil d'Etat</i>) on 29 March 2017 referred two questions to the CJEU in the <i>Morgan Stanley</i> case.</p> <p>Read more</p>

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Germany			
Administrative and case law	Various	3 Apr 2017	<p>A report prepared by the KPMG member firm in Germany discusses a recent court case regarding the deduction of refinancing costs as business expenses. The report also discusses a CJEU case concerning whether the so-called controlled foreign corporation (CFC) rules applicable to passive income with investment character in cases involving non-EU/EEA countries are compatible with the freedom of capital and new documentation requirements in the field of transfer pricing.</p> <p>Read more</p>
Administrative and case law	Triangular regulations	21 Apr 2017	<p>Questions put to the CJEU for preliminary rulings concern intra-Community chain transactions from Germany to Austria and from Germany to the Czech Republic. In both cases, the company in the middle of the chain used an Austrian value added tax (VAT) identification number. In addition, the CJEU has been asked whether only an EC sales list, timely submitted, determines application of the special triangular regulations, and thus exemption from taxation of the intra-Community acquisitions.</p> <p>Read more</p>

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Global			
KPMG publication	BEPS	19 Apr 2017	<p>This report discusses how the global M&A landscape is changing due to BEPS recommendations. It notes that with macroeconomic indicators pointing in the right direction following sustained global economic</p>

			<p>uncertainty, and initial fears over Brexit subsiding, there's optimism that global M&A activity will continue trending upward in 2017.</p> <p>Read more</p>
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Italy			
Administrative and case law	AEOI	21 Apr 2017	<p>A ministerial decree has added 11 countries and jurisdictions to the 'white list' of countries that allow an adequate exchange of information with Italy. This action brings the number of countries on the 'white list' to 134 jurisdictions. Italy maintains a 'white list' and a 'black list' of jurisdictions for purposes of cross-border payments of income. The 'white list' provides, for example, an exemption from tax on capital gains on non-qualifying shares in resident non-listed companies when the seller is a resident of a 'white list' country.</p> <p>Read more</p>

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Kenya			
Proposed legislation	Various	4 Apr 2017	<p>Kenya's budget was presented on 30 March 2017, proposing minimal tax increases for the 2017/2018 fiscal year but expanding 'pay as you earn' (PAYE) tax bands. Other proposed tax provisions include: (1) Investment incentives for developing marine fishing and special economic zones; (2) reduced corporate tax rate for motor vehicle assemblers; (3) value added tax (VAT) exemptions; and, (4) changes to customs and excise rates.</p> <p>Read more</p>

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Luxembourg			
Other	Patent Box rules	28 Apr 2017	<p>The Prime Minister delivered a speech in which he presented the government's policy plans including those concerning tax. The prime minister announced the introduction of a new intellectual property (IP) tax regime in 2018. This new IP (or patent box) regime would aim to reinforce research and development (R&D) activities in Luxembourg and stimulate the R&D spending of foreign investors in Luxembourg. It would need to be aligned with international tax standards as set by the EU and OECD (in particular, BEPS Action 5).</p> <p>Read more</p>

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Netherlands			
Proposed legislation	CbC reporting	21 Apr 2017	The Dutch Lower House on 18 April 2017 passed legislation to implement Country-by-Country (CbC) reporting. The bill must be passed by the Upper House. Assuming the legislative amendments are enacted, they would be effective for reporting of fiscal years commencing on or after 1 January 2016. The legislation addresses the 'secondary filing mechanism', clarifies that a permanent establishment situated in the Netherlands cannot act as the surrogate parent entity or the designated group entity and increases the penalty for noncompliance to EUR€20,000. Read more

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Slovakia			
Treaties	Double tax treaty	13 Apr 2017	The list of countries with which Slovakia concluded the double tax treaty was extended by Malaysia, Armenia and United Arab Emirates. The international double tax treaties are subject to approval (ratification) in accordance with the legal procedures of both contracting states and enter into force within the set deadline following the completion of the respective legal procedures. Read more

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Switzerland			
Other	Corporate rates	10 Apr 2017	Switzerland's corporate income tax rates have dropped on average over the past decade and continue to decrease. Following a moderate downward trend, the average top tax rates for individuals have remained fairly consistent over the past few years. The top income tax rates of most Swiss cantons fall in line with the European average. Read more

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United Kingdom			
KPMG publication	Hybrid rules	1 Apr 2017	The final article in our series on the new hybrid rules looks at how they may apply to the release of a loan that has a UK company borrower and a

			non-UK company lender. Read more
KPMG Publication	Hybrid mismatch	10 Apr 2017	This article highlights the main amendments to HMRC's updated draft guidance on the hybrid mismatch rules. It covers amendments related to foreign tax, quasi-payments, 'reasonable to suppose', 'just and reasonable', hybrid financial instruments, hybrid entity double deduction mismatches, and imported mismatches. Read more
KPMG Publication	Debt caps	24 Apr 2017	The KPMG member firm in the United Kingdom has prepared an article looking at the new corporate interest restriction regime which applies from 1 April 2017. This article looks at the debt cap when applying the fixed ratio method. Read more

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