

International Tax - Europe and Africa Newsletter

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 28 February 2014**.

Albania	Germany	OECD	Spain
Austria	Hungary	Poland	Turkey
Belgium	Iceland	Portugal	Ukraine
Bulgaria	Lithuania	Romania	United Kingdom
Cyprus	Luxembourg	Russia	Zambia
Czech Republic	Malta	Serbia	
European Union	Netherlands	Slovakia	
France	Nigeria	South Africa	

To contact the International Tax Group in Russia and the CIS go to the [Contacts section](#).

	Tax area concerned	Relevant date	Description of measures and publication link (<i>Considerations in italic where necessary</i>)
Albania			
Treaties	DTT	February 2014	An income tax treaty between Albania and the United Kingdom has been ratified by the parliaments of both countries. Read more

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Austria			
Proposed legislation	Various tax issues	29 January 2014	Changes to the Austrian tax rules concerning group taxation, capital duty, and the tax deductibility of certain business expenses were passed on 29 January 2014 by the Austrian Council of Ministers. It is now expected that a government bill with these proposals will be presented and adopted within the next few weeks. Read more

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Belgium			
Tax legislation adopted and regulatory update	Reporting obligations	1 December 2013	Under Belgian law requiring reporting of payments made into “tax haven” jurisdictions, Belgium’s Minister of Finance stated that payments made to Luxembourg, Cyprus, the British Virgin Islands, and the Seychelles must be reported for each tax period beginning as from 1 December 2013. Read more
	Rules for employee dismissals	1 April 2014	A “framework” concerning the rules for workers dismissed from an employment situation aims to address the uncertainty associated with the distinct treatment of “blue collar” workers from the treatment of “white collar” workers. Read more

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Bulgaria			
Tax legislation adopted and regulatory update	VAT	1 January 2014	Changes to the VAT rules in Bulgaria, effective beginning 1 January 2014, include provisions: <ul style="list-style-type: none">• describing what documents are required for registration and de-registration under the cash accounting regime• concerning the reverse-charge mechanism for local supplies• listing the documents required to support a zero VAT rate. Read more
	Indirect taxes	1 January 2014	Indirect tax changes in Bulgaria, effective 1 January 2014, include: <ul style="list-style-type: none">• changes to the excise tax rates for certain energy products—i.e., the rates for natural gas for business use, heavy fuel oils, and natural gas used as motor fuel—and reduced rate for gas / oil used primarily in agricultural production• provisions reducing the security deposit to be provided by authorized warehouse keepers for goods maintains under a customs duty suspension arrangement. Read more
Administrative and case law	Settlement of tax & social security liabilities	Decision No. 2 (4 February 2014) under constitutional	Bulgaria’s constitutional court issued a decision holding as unconstitutional, a provision of the tax and social security procedure law that provided that tax and social security liabilities were to be

	case No. 3/2013	settled in the order in which they arose. Read more
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Cyprus			
Tax legislation adopted and regulatory update	VAT	13 January 2014	<p>The rates of VAT in Cyprus are:</p> <ul style="list-style-type: none"> • The “standard” VAT rate is 19 percent (increased from 18 percent) effective 13 January 2014 • The “reduced” VAT rate is 9 percent (increased from 8 percent) effective 13 January 2014. <p>Read more</p>
KPMG publications	Various tax areas	2014	<p>A “tax guide” for 2014 provides an overview of the tax system in Cyprus and information for non-resident investors and corporations in Cyprus.</p> <p>Read more</p>

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Czech Republic			
Proposed legislation	Individual & corporate income tax	2014	<p>The coalition agreement establishing the new government in the Czech Republic indicates that there are no plans to raise either individual or corporate income taxes.</p> <p>Read more</p>

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European Union			
Tax legislation adopted and regulatory update	Transfer pricing	January 2014	<p>The European Commission announced that the EU Joint Transfer Pricing Forum adopted a report on compensating adjustments.</p> <p>Read more</p>
	VAT	12 February 2014	<p>The European Commission adopted two reports concerning issues relating to VAT fraud within the EU.</p> <p>Read more</p>
		7 February 2014	<p>The European Commission launched a webpage concerning the VAT rules that apply with respect to telecommunications, broadcasting, and electronic services within the EU.</p> <p>Read more</p>
Proposed legislation	Exchange of information	September 2014	<p>The European Commission issued a statement in support of an agreement by the G20 Finance Ministers on a new global standard to counter tax evasion and to improve tax transparency</p>

			worldwide. Read more
Treaties	Administrative cooperation agreements	February 2014	The European Commission announced an intention to enter into negotiations with Russia and Norway for administrative cooperation agreements with respect to VAT. Read more

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France			
Tax legislation adopted and regulatory update	APAs / MAPs	February 2014	The French tax authorities announced the creation of a new program that will be responsible for both APAs and mutual agreement procedures. Read more
Treaties	DTT	1 January 2015	An income tax treaty, and Protocol, between France and China was signed in late November 2013. Read more

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Germany			
Administrative and case law	Exit taxation	C-164/12 (23 January 2014)	In a recent judgment, the Court of Justice of the European Union (CJEU) addressed the effect of the German exit taxation provisions on reorganizations and the compatibility of exit taxation with EU law. Read more
	VAT	February 2014	In response to a submission from the German federal tax court, the CJEU issued a judgment stating its position on the reduction of the taxable amount on intermediary services when discounts are granted to end-customers. Read more

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Hungary			
Tax legislation adopted and regulatory update	Tax accounting	February 2014	Provisions of Hungary's "branch office law" and "company law" apply to Hungarian branch offices of foreign enterprises. For Hungarian branch offices established by certain entities (e.g., credit institutions, insurance companies), the provisions of other laws also must be taken into account. Read more
Administrative and case law	Group taxation	<i>Hervis Sport-és Divatke</i>	The CJEU considered whether Hungarian tax law—that serves to disadvantage undertakings

		<p><i>resked elmi Kft. v. Nemzeti Adó - és Vámhivatal Közép-dunántúli Regionális Adó Foigazgatósága, C-385/12 (5 February 2014)</i></p>	<p>linked, within a taxpayer group, to companies established in another EU Member State—constitutes an indirect discrimination on the basis of the location of the registered offices of the companies.</p> <p>Read more</p>
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Iceland			
Tax legislation adopted and regulatory update	Transfer pricing	1 January 2014	<p>Legislation passed by Iceland's parliament introduces a transfer pricing regime in Iceland. The effective date is 1 January 2014.</p> <p>Read more</p>

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Lithuania			
Tax legislation adopted and regulatory update	Corporate income tax	Beginning in 2014	<p>Beginning in 2014, the ability of corporations to carry forward tax losses, for corporate income tax purposes, is limited in Lithuania.</p> <p>Read more</p>

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Luxembourg			
Tax legislation adopted and regulatory update	Taxation of impatriate workers	1 January 2014	<p>Luxembourg's tax authorities issued guidance amending the tax rules that apply for foreigners working in Luxembourg (i.e., "impatriate" workers).</p> <p>Read more</p>
	VAT	2015	<p>The Luxembourg Finance Minister announced a planned increase in the VAT rates.</p> <p>Read more</p>
Administrative and case law	VAT	February 2014	<p>The European Commission announced it is referring Luxembourg to the CJEU for the VAT treatment of independent groups of persons under Luxembourg VAT law.</p> <p>Read more</p>

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Malta			
Proposed legislation	Income tax	January 2014	Legislation in Malta is intended to amend the rules that apply with respect to the taxation (and withholding tax) on amounts distributed by corporations from profits. Read more
	Budget	2014	Legislation has been presented to the parliament, to implement measures that were presented in the government's budget for 2014. Read more

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Netherlands			
Administrative and case law	Taxation of games of chance	January 2014	The Advocate General (attached to the Supreme Court) issued an "independent opinion" with respect to a case concerning the taxation of games of chance. At issue was whether the government, by introducing a tax on games of chance on slot machines, had violated the right to property. Read more
	Dividend withholding tax	February 2014	The Advocate General of the CJEU issued an opinion in two joined cases that involve profit distributions made by Dutch companies to their parent companies that are residents of Curaçao. Read more
	Corporate income tax	7 February 2014	The Supreme Court on 7 February 2014 issued decisions in two cases concerning whether a payment would be regarded as interest on a loan or as a participation dividend paid on a share capital investment. Read more
	Group taxation	<i>SCA Group Holding</i> , C-39/13, C-40/13, and C-41/13 (27 February 2014)	The Advocate General of the CJEU released an opinion in consolidated cases, concluding that Dutch law that denies tax consolidation when either a parent company or sister company is a foreign entity is in breach of EU law. Read more

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Nigeria			
Tax legislation adopted and regulatory update	Transfer pricing	February 2014	When Nigeria's tax authority published the transfer pricing regulations, taxpayers celebrated the inclusion of safe harbor provisions. Unfortunately, the safe harbor in the transfer pricing regulations might not be as safe as many

originally thought.

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OECD			
Proposed legislation	BEPS	September 2014	The OECD released a revised timeline for action relating to BEPS discussion drafts and public consultations. Read more
		23 February 2014	The OECD on 30 January 2014 released an initial draft of revised guidance on transfer pricing documentation and country-by-country reporting pursuant to Action 13 under the BEPS Action Plan. Read more
	Exchange of information	13 February 2014	The OECD released a document—Standard for Automatic Exchange of Financial Account Information—that is the latest step towards automatic exchange of information globally about bank accounts and other financial assets held offshore. Read more

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Poland			
Tax legislation adopted and regulatory update	VAT	1 April 2014	New law in Poland concerns taxpayer claims for deductions of input VAT with respect to vehicles. The law is effective 1 April 2014. Read more

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Portugal			
Proposed legislation	Various tax areas	2014	In Portugal there are newly enacted corporate tax law changes and other tax law provisions part of the legislation enacting the 2014 budget measures. Read more

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Romania			
Tax legislation adopted and regulatory update	VAT	January 2014	Romania's Ministry of Finance issued an order concerning the procedures and conditions with respect to VAT warehouse authorization. Read more

	Various tax areas	February 2014	New law in Romania—a “government decision”—amending the tax code, was published in the official journal in February 2014. Read more
Administrative and case law	VAT	<i>SC Fatorie SRL</i> , C-424/12 (6 February 2014)	The CJEU issued a judgment in a case concerning whether a Romanian company could claim a VAT deduction using information from an “incorrect” invoice received from its Romanian supplier, although the taxpayer company was to have applied the reverse-charge mechanism. Read more

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Russia			
Tax legislation adopted and regulatory update	Foreign workers	10 January 2014	Legislation amending the rules for the employment of foreign workers—assigned to work in Russia by foreign commercial entities that are located in member states of the World Trade Organization—generally has an effective date of 10 January 2014. Read more

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Serbia			
Tax legislation adopted and regulatory update	Corporate income tax	2013	Serbia's Finance Minister approved new guidance for use in determining a taxpayer's corporate income tax. Read more
	Transfer pricing	2013	Serbia's Minister of Finance on 14 February 2014 adopted a “rulebook” with respect to arm's length interest rates. The rulebook provides the prescribed interest rates applicable to related-party financing arrangements, and is applicable for taxpayers with related-party financing during 2013—i.e., the rulebook affects transfer pricing documentation for 2013. Read more
			Amendments to Serbia's “rulebook” on transfer pricing concern transactions that, because of their value, are deemed as not having a material effect on the taxpayer's tax liability. Read more

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Slovakia

Tax legislation adopted and regulatory update	Corporate income tax	1 January 2014	Legislation passed by Slovakia's Parliament in December 2013 reduced the corporate income tax rate from 23 percent to 22 percent, effective 1 January 2014. Read more
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South Africa			
Proposed legislation	Budget	2014	South Africa's 2014 budget speech will be presented on 26 February 2014. Read more
	Transfer pricing	2014	Among the transfer pricing and cross-border tax provisions in the 2014 budget are the following measures: <ul style="list-style-type: none"> • secondary adjustment for transfer pricing • foreign dividends of CFCs owned by individuals • tax exemption for CFCs. Read more

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Spain			
Administrative and case law	Retail sales tax on diesel	<i>Transportes Jordi Besora SL v. Generalitat de Catalunya</i> , C-82/12 (27 February 2014)	The CJEU issued a judgment finding that the Spanish tax on retail sales of diesel and petrol is contrary to EU law. Read more

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Turkey			
KPMG publications	Transfer pricing	2007	Since the release of transfer pricing regulations in 2007, transfer pricing has been a focus for both corporate taxpayers and the tax authorities in Turkey. The APA program in Turkey is an important part of the transfer pricing regulations, in that the APA program is considered to offer a valuable solution and a proactive approach for addressing transfer pricing risks. KPMG in Turkey has prepared a 12-page report that examines the APA process in Turkey. Read more

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Ukraine			
Tax legislation adopted and regulatory update	Corporate income tax / VAT	January 2014	Corporate income tax rates in Ukraine are to be phased down beginning 1 January 2014, according to a rate-reduction schedule. VAT rates are to be reduced beginning 1 January 2015. Read more

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United Kingdom			
Tax legislation adopted and regulatory update	Tax compliance	February 2014	The Cabinet Office published a slightly revised version of the procurement policy note, with measures to promote tax compliance. Read more
	Tax evasion	February 2014	The United Kingdom government and HM Revenue & Customs continue to take action against tax evasion. Read more
Administrative and case law	Cross-border group losses	19 February 2014	The UK Supreme Court issued its judgment concerning three remaining issues in the Marks & Spencer case—i.e., the case addressing a cross-border group relief claim, and finding that the conditions of “no possibilities test” must be satisfied at the time the actual claim is made. Read more
KPMG publications	BEPS	February 2014	The KPMG member firm in the United Kingdom has prepared a report examining the OECD's discussion draft on transfer pricing documentation and country-by-country reporting, under the BEPS Action Plan. Read more

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Zambia			
Treaties	DTT	4 February 2014	Representatives of the governments of Zambia and the United Kingdom on 4 February 2014 signed a new income tax treaty. Read more

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Publication Number: 131098