

## International Tax - Europe & 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 2015**.

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

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	Tax area concerned	Relevant date/case reference	Description of measures and publication link ( <i>Considerations in italic where necessary</i> )
<b>Belgium</b>			
Administrative and case law	Corporate tax	7 January 2015	The European Commission announced it has opened an in-depth investigation into a Belgian tax procedure that allows group companies to substantially reduce their corporation tax liability in Belgium on the basis of "excess profit" tax rulings. The opening of an in-depth investigation gives interested third parties an opportunity to submit comments, and does not indicate a pre-judgment of the outcome of the investigation. <a href="#">Read more</a>

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<b>Botswana</b>			
Proposed legislation	Various tax areas	2 February 2015	Budget proposals for the 2015-2016 year were presented to the National Assembly on 2 February 2015. With this budget, the government has adopted a "cluster development" approach, and the

four identified clusters are the diamond, tourism, cattle and mining (other minerals except diamonds).

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### Channel Islands

Tax legislation adopted and regulatory update	FATCA	February 2015	The Guernsey Tax Office's online reporting software, the Information Gateway Online Reporter (IGOR), is available for those required to report under the FATCA regime. <a href="#">Read more</a>
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### Estonia

Tax legislation adopted and regulatory update	Tax compliance/Individual income tax	31 March 2015	The final due date for individual income tax returns in Estonia, for the 2014 tax year, is 31 March 2015. Resident individuals must file a tax return for the income earned in the previous calendar year; and this also applies to income earned and/or taxed abroad. The main new features this year include the following: <ul style="list-style-type: none"> <li>• the deadline for paying tax on income earned abroad is 1 October 2015 (instead of the previous date of 1 July)</li> <li>• in cases when no amendments have to be made to the income tax return, it can be submitted by "one click"</li> <li>• taxpayers are notified of the tax return by an e-mail sent to their personal e-mail address.</li> </ul> <a href="#">Read more</a>
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### European Union

Tax legislation adopted and regulatory update	Excise duties	1 January 2015	The European Commission provided a report listed the excise duty (tax) rates applicable for tobacco products in EU Member States, effective 1 January 2015. <a href="#">Read more</a>
	VAT	February 2015	The European Commission announced the release of new guidelines for the VAT mini one-stop shop rules. <a href="#">Read more</a>

Proposed legislation	Anti-avoidance/ Transparency	18 February 2015	The European Commission announced the launch of a project to agenda to address tax avoidance and aggressive tax planning, with first orientation debate on possible key actions for a fairer and more transparent approach to taxation in the EU. <a href="#">Read more</a>
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France			
Administrative and case law	Tonnage tax	5 February 2015	The European Commission announced that it was closing an investigation of the French tax rules for maritime companies. There had been concerns that France gave favorable fiscal benefits to certain vessels sailing under non-EU flags—treatment that was counter the objectives of EU maritime transport policy. France has committed to a policy that payers of French tonnage tax would “flag” at least 25 percent of their tonnage in the EEA—a commitment that addressed the EC concerns. <a href="#">Read more</a>
	VAT	27 January 2015	French court considered services rendered by a French branch to its foreign head office are to be characterized as “out-of-scope transactions,” in respect of which VAT is not deductible. The decision was issued by the Administrative Court of Appeals of Versailles in the <i>Morgan Stanley</i> case. <a href="#">Read more</a>
		4 February 2015	The Advocate General of the Court of Justice of the European Union (CJEU) issued an opinion in a French case concerning whether the payment of a predetermined (fixed) amount in exchange for the provision of a warranty for a particular period to cover the cost of repairing defects in used cars, must be regarded as an insurance premium for the purposes of the VAT. <a href="#">Read more</a>

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Germany			
Tax legislation adopted and regulatory update	Various tax areas	30 December 2014	New law in Germany (“2015 Tax Act”) was enacted 30 December 2014, to align German tax law to the European measures. Among the provisions are measures: <ul style="list-style-type: none"> <li>extending denial of a partial deduction concerning shareholder loans and securities to a corporation</li> </ul>

			<ul style="list-style-type: none"> <li>• rewording of the “business relationship” definition</li> <li>• addressing the treatment of benefits afforded to employees at company events</li> <li>• providing a tax exemption for venture capital</li> <li>• concerning tax identification number</li> <li>• concerning VAT.</li> </ul> <p><a href="#">Read more</a></p>
Administrative and case law	VAT		<p>Decisions concerning indirect tax or VAT from Germany’s federal tax court concern the following topics:</p> <ul style="list-style-type: none"> <li>• input tax deduction in the event of a total loss of invoices</li> <li>• information included on invoices for zero-rated intra-community supplies of goods.</li> </ul> <p><a href="#">Read more</a></p>

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Greece			
Other	Tax evasion	February 2015	<p>The new Greek government has announced that it will intensify its efforts to address tax evasion in order to secure additional revenues that will allow the realization of the commitments included in its election program. Among the areas of focus are:</p> <ul style="list-style-type: none"> <li>• tax audits and registration of wealth</li> <li>• the possibility of a tax amnesty</li> <li>• exchange of information on the basis of the income tax treaties</li> <li>• regularization of income and assets.</li> </ul> <p><a href="#">Read more</a></p>

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Ireland			
Administrative and case law	Air travel tax	5 February 2015	<p>The General Court of the European Union today partially annulled a decision of the European Commission, ordering Ireland to recover amounts of air travel tax at a fixed amount of EUR 8 per passenger.</p> <p><a href="#">Read more</a></p>
KPMG Publications	R&D	February 2015	<p>KPMG in Ireland prepared a report on “<i>Getting the most out of your R&amp;D Tax Credit Claim.</i>” Taxpayers that are already claiming the R&amp;D tax credit in Ireland (or considering their eligibility for the R&amp;D tax credit) need to keep in mind that R&amp;D does not just happen in the laboratory. Quite often, R&amp;D is</p>

the work that a company would consider to be a day-to-day activity.

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Italy			
Tax legislation adopted and regulatory update	Patent box	1 January 2015	The budget law for 2015 introduced a patent box regime that was subsequently amended by a January 2015 decree. The patent box regime is effective for tax years beginning after 31 December 2014 and, if elected, is applicable for a five-year period (not subject to revocation). <a href="#">Read more</a>
Administrative and case law	Energy industry surtax	11 February 2015	Italy's constitutional court has determined that a surcharge imposed on top of the ordinary corporate income tax, on certain taxpayers in the energy sector, violates certain constitutional principles. The constitutional court's judgment was issued 11 February 2015, but is not effective until the judgment is published in the official gazette. Accordingly, no refund may be claimed for years in which the surtax was paid, and at this time, it is not clear whether the judgment affects 2014 and tax years for which it is still possible to pay tax balances and submit tax returns. <a href="#">Read more</a>

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Latvia			
KPMG Publications	Various tax areas	2015	The KPMG member firm in Latvia has prepared a "tax card" that provides an easy-to-read overview of the tax system in Latvia for 2015. The KPMG tax card includes a review of Latvia's corporate income tax rates and rules, micro-enterprise tax, individual (personal) income tax, social security contributions, and VAT. <a href="#">Read more</a>

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Luxembourg			
Proposed legislation	FATCA	6 January 2015	Luxembourg's tax authorities on 6 January 2015 released a draft of the first administrative circular for purposes of implementing the Foreign Account Tax Compliance Act (FATCA) regime and the automatic exchange of information between the governments of Luxembourg and the United

			States. <a href="#">Read more</a>
Proposed legislation	FATCA	6 January 2015	Luxembourg's tax authorities on 6 January 2015 released a draft of the first administrative circular for purposes of implementing the Foreign Account Tax Compliance Act (FATCA) regime and the automatic exchange of information between the governments of Luxembourg and the United States. <a href="#">Read more</a>

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Netherlands			
Tax legislation adopted and regulatory update	WHT	3 February 2015	New regulations in the Netherlands revise the rules for obtaining a reduction or exemption from withholding tax on dividend payments when an income tax treaty is involved. <a href="#">Read more</a>
Administrative and case law	Captive insurance companies	February 2015	Lower courts in the Netherlands recently reached decisions holding for the Dutch tax authorities in cases concerning the tax treatment of certain captive insurance companies. <a href="#">Read more</a>
	Dividend WHT	February 2015	The Dutch Supreme Court ( <i>Hoge Raad</i> ) issued judgments in two cases involving profit distributions made by Dutch companies to their parent companies resident on Curaçao. The Supreme Court held that the 8.3 percent dividend withholding tax pursuant to the tax regulations for the Netherlands ( <i>Belastingregeling voor het Koninkrijk</i> ) is not contrary to EU law and therefore may be maintained. <a href="#">Read more</a>
	Tax incentives	24 February 2015	The Court of Justice of the European Union (CJEU) issued a judgment in a case concerning whether the 150-kilometer criterion in the Dutch 30 percent rule concerning tax incentives for certain foreign workers violates EU law. <a href="#">Read more</a>
	VAT	February 2015	The Dutch Ministry of Finance informally announced its position concerning the VAT implications of a judgment of the CJEU in the <i>Scandia America</i> case. The Dutch position is that the CJEU judgment will not apply in the Netherlands—either when a Dutch head office is part of a Dutch VAT group or when a Dutch fixed establishment is part of a Dutch VAT group. <a href="#">Read more</a>

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Nigeria			
Tax legislation adopted and regulatory update	Related parties	1 November 2014	The Nigerian Stock Exchange issued rules governing transactions with related parties or “interested persons” to guard against the risk that interested persons could influence an issuer, its subsidiaries or associated companies. <a href="#">Read more</a>
	Tax incentives	February 2015	The Nigerian Investment Promotion Council (NIPC) has reduced to three years, down from five years, the period available for tax-free treatment under the “Pioneer Status Incentive” program. <a href="#">Read more</a>
	WHT	1 January 2015	The rate of withholding tax applicable to all aspects of building, construction, and related activities (but excluding survey, design, and deliveries), is reduced to 2.5 percent (down from 5 percent). The effective date for the reduced rate of withholding tax is 1 January 2015. <a href="#">Read more</a>
Administrative and case law	Balancing charge on divestments	February 2015	The Tax Appeal Tribunal (TAT), sitting in Lagos, issued a decision in a case concerning the computation of the “balancing charge” with respect to divested oil assets. The taxpayer received consideration—consisting of both tangible and intangible elements—with respect to a divested oil asset. The tribunal held that the intangible portion of the consideration was not included for purposes of calculating the “balancing charge” because the taxpayer had not previously claimed capital allowances on it. <a href="#">Read more</a>

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OECD			
Proposed legislation	BEPS	6 February 2015	The Organization for Economic Cooperation and Development (OECD) announced that the OECD and G20 countries have reached an agreement concerning three key elements that will enable implementation of the base erosion and profit shifting (BEPS) project: <ul style="list-style-type: none"><li>• a mandate to launch negotiations on a multilateral instrument to streamline implementation of tax treaty-related BEPS measures</li></ul>

			<ul style="list-style-type: none"> <li>• an implementation package for country-by-country reporting in 2016 and a related government-to-government exchange mechanism to start in 2017</li> <li>• the criteria to assess whether preferential treatment regimes for intellectual property (patent boxes) are harmful or not.</li> </ul> <a href="#">Read more</a>
		11 February 2015	The OECD released the public comments that were received with respect to the BEPS Action 4 (interest deductions and other financial payments). <a href="#">Read more</a>
	VAT/GST	February 2015	The OECD in December 2014 invited comments on discussion drafts of two new elements of the OECD International VAT and goods and services tax (GST) guidelines. The OECD has released the comments received. <a href="#">Read more</a>

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<b>Poland</b>			
Tax legislation adopted and regulatory update	Binding rulings	1 January 2015	Entities seeking certainty of their tariff classifications may apply for a “binding excise information” ruling. The binding rulings are available effective 1 January 2015, and allows for classification of a product or passenger car pursuant to the Combined Nomenclature. <a href="#">Read more</a>
Administrative and case law	Excise duties	12 February 2015	The Court of Justice of the European Union (CJEU) on 12 February 2015, issued a judgment in the case concerning excise taxation of lubricant oils referred to the CJEU by the Supreme Administrative Court. The CJEU held that concerning Poland's excise tax (duty) suspension procedure, no discriminatory treatment occurs with regard to imported lubricant oils. <a href="#">Read more</a>

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<b>Romania</b>			
Tax legislation adopted and regulatory update	Customs	6 February 2015	An order, effective, amends simplified customs clearance procedures in Romania. <a href="#">Read more</a>
	WHT	January 2015	Romania's Ministry of Public Finance guidance addressed legislative changes in Austria that affect

the taxation of interest income paid to Austrian residents from Romanian sources. The guidance provides that Romania will impose a 3 percent WHT on interest income paid to by Austrian tax resident, under the terms of relevant double tax treaty.

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San Marino			
KPMG publications	Various tax areas	2015	<p>KPMG in Italy prepared a report which provides a country profile for San Marino, including information about:</p> <ul style="list-style-type: none"> <li>• how to set up a business</li> <li>• the main tax aspects</li> <li>• European and international tax agreement, and the income tax treaty network</li> <li>• labor costs, social security and pensions</li> <li>• industrial property.</li> </ul> <p><a href="#">Read more</a></p>

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Slovakia			
Proposed legislation	VAT	February 2105	<p>A proposal pending in the Slovak Republic would revise the time for determining when VAT is to be remitted, so that VAT would be due at the time when payment is received from the customer. This change also would affect when a claim for an input VAT deduction could be made.</p> <p><a href="#">Read more</a></p>

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South Africa			
Tax legislation adopted and regulatory update	Statute of limitation	February 2015	<p>Changes in South African tax law raise questions as to when the limitations period for a tax year is closed.</p> <p><a href="#">Read more</a></p>
	WHT	1 March 2015	<p>Withholding tax on certain interest payments is to be levied beginning 1 March 2015.</p> <p><a href="#">Read more</a></p>
Treaties	FATCA	February 2015	<p>The intergovernmental agreement between the governments of South Africa and the United States to improve international tax compliance and to implement the FATCA, which was signed on 9 June 2014, has now been ratified by South Africa's</p>

			Parliament. <a href="#">Read more</a>
	Income tax	2016	An income tax treaty between South Africa and Hong Kong is expected to be effective beginning in 2016, following the completion of the ratification procedures and the treaty's entry into force. <a href="#">Read more</a>
Other	Various tax areas	February 2015	In advance of the budget, KPMG in South Africa has prepared a series of brief videos setting forth certain tax-related options for this year's budget. <a href="#">Read more</a>

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Spain			
Tax legislation adopted and regulatory update	FATCA	23 December 2014	The Spanish Tax Authorities on 23 December 2014, released guidance on how to correctly submit Form 290, <i>FATCA Metadata XML Schema v1.0</i> . <a href="#">Read more</a>

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Sweden			
Tax legislation adopted and regulatory update	Tax compliance/Payroll taxes	February 2015	The Swedish tax authorities announced that a foreign employer deemed to have a permanent establishment in Sweden must, notwithstanding the possible application of an income tax treaty, withhold tax on the compensation paid to its employees. <a href="#">Read more</a>
Administrative and case law	Interest deduction	23 February 2015	Swedish Supreme Administrative Court ( <i>Högsta förvaltningsdomstolen</i> ) on 23 February 2015 issued decisions effectively dismissing five appeals relating to advance tax rulings that concerned the interest deduction restrictions. All the appealed advance rulings concerned the special exemption ( <i>ventilen</i> ). Two of the cases also concerned the restrictions adherence with EU law. <a href="#">Read more</a>
	Interest deduction	27 February	Sweden responded to the European Commission's letter of formal notice concerning Sweden's interest deduction limitation rules. Contrary to the EC's position, Sweden maintains that the Swedish interest deduction limitation rules are "EU compliant." <a href="#">Read more</a>

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Switzerland			
Other	VAT	February 2015	KPMG in Switzerland prepared a blog posting on <i>VAT and the financial industry – what gets forgotten in February?</i> <a href="#">Read more</a>

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Ukraine			
Tax legislation adopted and regulatory update	VAT	1 February 2015	Guidance in Ukraine concerning a uniform registry for VAT invoices was effective 1 February 2015. <a href="#">Read more</a>

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United Kingdom			
Tax legislation adopted and regulatory update	Corporate income tax	26 February 2015	Plant and machinery capital allowance anti-avoidance provision were announced with immediate effect on 26 February 2015. The provisions target structures in which a taxpayer could create a capital allowances entitlement without incurring either capital or revenue expenditure. <a href="#">Read more</a>
	VAT	February 2015	HM Revenue & Customs (HMRC) issued guidance concerning the grouping rules for purposes of VAT. The VAT grouping rules brief was issued in response to a judgment of the Court of Justice of the European Union (CJEU), and confirms that UK VAT accounting will be affected, with VAT due in certain circumstances. <a href="#">Read more</a>
Proposed legislation	Penalties	February 2015	HMRC published a discussion document concerning how HMRC currently applies penalties when taxpayers fail to meet their tax or entitlement obligations. HMRC stated it would prefer a more targeted and proportionate regime that encourages compliance and makes greater use of HMRC's digital capability. <a href="#">Read more</a>
Administrative and case law	Group relief	3 February 2015	Court of Justice of the European Union (CJEU) today issued a judgment, dismissing an EC challenge to the UK tax rules allowing cross-border group relief subject to certain conditions. <i>Commissioner v. United Kingdom, C-172/13.</i> <a href="#">Read more</a>

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Designed by Evalueserve.  
Publication Number: 132330-G