

Flash Alert

Monthly Summary (March 2016)

Flash Alerts	
Australia	<p><u>New Procedures for 2016 Employee Share Scheme Reporting Obligations</u></p> <p>Under new procedures announced by the Australian Taxation Office (ATO), employers will need to change the way they manage their FY16 Employee Share Scheme (ESS) reporting obligations if they have internationally mobile employees participating in an ESS; and/or they previously relied on paper lodgments or the ATO Bulk Load Excel Spreadsheet to lodge reports.</p>
Canada	<p><u>Electronic Travel Authorization Mandatory for Some from March 15</u></p> <p>As of March 15, 2016, an electronic Travel Authorization (eTA) is required for certain foreign nationals to travel to Canada by air. Airlines may deny foreign nationals without an eTA from boarding their flight. However, Immigration, Refugees, and Citizenship Canada has released guidance that could mean a liberal application of this rule at least until sometime in autumn 2016.</p>
Canada	<p><u>Government's 2016 Immigration Levels Plan Released</u></p> <p>On March 8, 2016, Immigration, Refugee and Citizenship Canada released details on the federal government's 2016 Immigration Levels Plan. Among other things, the plan includes pledges on the new permanent residents to be admitted to Canada in 2016, a significant policy shift toward family reunifications, and accepting fewer "economic" immigrants under various worker programs.</p>
Germany	<p><u>Constitutional Court Comes to Decision about Treaty Override</u></p> <p>The German Constitutional Court decided that unilateral treaty overrides are not unconstitutional. The Court held that double taxation treaties have the same rank as statutory federal law and do not rank above it. In other words, double taxation treaties can be superseded by later federal statutes that are in contradiction to them.</p>

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India	<p><u>2016 Budget – Tax Proposals – Tax on Retirals</u> India's budget for 2016-17 was recently announced and is making its way through India's Parliament. Once enacted, the budget will make a number of changes of interest to those on international assignments, including an increase to the tax surcharge rate and imposition of a tax on employer contributions to Recognised Provident Funds (RPFs), and on certain distributions from RPFs.</p>
South Africa	<p><u>Special Voluntary Disclosure Programme Announced in Budget 2016</u> South Africa's finance minister announced a Special Voluntary Disclosure Programme (SVDP) concerning the regularization of offshore assets. Individuals subject to South African taxation have been provided a once-off six month window to regularize their tax defaults with the authorities.</p>
Switzerland	<p><u>Government Submits Commentary on Totalization Agreement with China</u> The Swiss federal government submitted its commentary on the Social Security Agreement (SSA) between the People's Republic of China and Switzerland to parliament on February 3, 2016. This is an important step in the legislative and ratification process from a Swiss perspective. It is not expected that the SSA will encounter any major opposition; therefore ratification of the SSA is expected in 2016 and the agreement may be in force in January 2017.</p>
Switzerland	<p><u>New Tax Treatment for Commuting Costs</u> Switzerland has put in place new caps and restrictions regarding the tax treatment of commuting costs. Commuting costs for employees driving to work by car are capped, on the federal level, at CHF 3,000 as of January 1, 2016. Drivers of company cars must include their commuting expenses over and above the federal cap of CHF 3,000 as a taxable benefit-in-kind in their tax returns. Cantonal differences may apply.</p>
United Kingdom	<p><u>Impact of Rise in Visa, Other Fees on Global Business</u> New fees for visa, immigration, and nationality applications in the United Kingdom recently came into effect. Also, on February 26, 2016, the Home Office laid further legislation before the U.K. Parliament which, amongst other things, sets out maximum levels on the amount the Home Office can charge for visa applications.</p>
United Kingdom	<p><u>Budget 2016 Contains a Few Surprises</u> On March 16, 2016, the Chancellor of the Exchequer presented the U.K.'s 2016 Budget Statement, which, amongst other things, reiterated some previously-announced measures, tightened</p>

	<p>some reliefs for certain benefits and pensions, and lowered capital gains tax for disposals made on or after April 6, 2016. In addition, the Budget introduces a “Lifetime ISA” to help individuals save for buying a home and/or retirement. No changes were announced to the income tax rates and thresholds which were already planned to apply from April 6, 2016.</p>
United Kingdom	<p><u>PBS Calculator Removal and Changes to the Tier 2 Rules Surrounding Sponsorship</u> The U.K. government has recently announced that it is making significant changes to the U.K. Immigration Rules, which will come into effect on April 6, 2016, including removal of the Points Based Calculator tool on the U.K. Home Office’s Web site, and changes to the monthly allocation process of Restricted Certificates of Sponsorship for Tier 2 (General) migrants coming to the United Kingdom for the first time.</p>
United Kingdom	<p><u>Finance (No. 2) Bill Is Published</u> The U.K. government’s Finance (No. 2) Bill 2016 was published on March 24, 2016. The Bill includes the increases to the personal allowance (nil-rate band) and higher-rate tax threshold (in effect from 2017/18), the draft legislation on the Apprenticeship Levy, changes to the deemed domicile rules, and a restriction on tax relief for pension contributions for taxpayers with income over GBP 150,000 (to be introduced from April 2016).</p>
United Kingdom	<p><u>Government Communicates Plans Regarding MAC Review of Visa System</u> The U.K. government has now evaluated the Migration Advisory Committee’s report “Review of Tier 2” and has published a list of changes, which will be implemented throughout 2016 and 2017. Among other plans announced, Tier 2 (ICT) migrants and their dependants will be required to pay the Immigration Health Surcharge at £200 per person per year of the visa. The upshot of the changes planned is that U.K. businesses may feel obliged to consider taking steps to reduce their reliance on non-European Economic Area (EEA) migrants to fill vacancies in their U.K. operations.</p>
United States	<p><u>New Rules Remove Foreign Tax Credit Restriction for Cuba</u> The U.S. Internal Revenue Service (IRS) will allow U.S. taxpayers to claim a foreign tax credit for foreign income taxes paid to Cuba as of December 21, 2015. According to an advanced version of Revenue Ruling 2016-8, released by the IRS on March 1, 2016, Cuba is no longer a country to which Internal Revenue Code section 901(j)(2) applies.</p>

United States	<p><u>New 2016 Adjusted Sec. 911-Related Housing Cost Limitations</u></p> <p>The U.S. Internal Revenue Service has released the list of foreign locations with high housing costs relative to the United States. This list is used for individuals living in foreign locations and claiming the foreign housing cost exclusion on their U.S. income tax returns under section 911 of the U.S. Internal Revenue Code.</p>
United States	<p><u>IRS Guidance on Section 911 for Burundi</u></p> <p>The U.S. Internal Revenue Service released an advanced copy of Rev. Proc. 2016-21 on March 17, 2016, which provides that for tax year 2015, the Treasury Department, in consultation with the Department of State, has determined that war, civil unrest, or similar adverse conditions precluded the normal conduct of business in Burundi. This concerns the application of section 911(d)(1) by taxpayers for the 2015 tax year.</p>
United States	<p><u>New Rules Covering STEM-OPT Extension</u></p> <p>On May 10, 2016, F-1 visa students with Science, Technology, Engineering, and Mathematics ("STEM") degrees may be eligible to extend their initial post-completion Optional Practical Training ("OPT") for an additional period of 24 months. While U.S. employers will enjoy additional benefits for hiring foreign students under amended regulations, they must also meet stringent obligations.</p>

Videos	
United States	<p><u>With Numbers of Expatriators on the Rise: A Reminder of the Tax Implications</u></p> <p>In this recently-filmed GMS video, we focus on what it means to be an "expatriator" and the tax implications especially for international assignees who have come to the U.S., have become long-term residents, and then decide they wish to return to their home countries and cease to be lawful permanent residents by either relinquishing their green cards or claiming the benefit of the tie-breaker provision of an income tax treaty. With Numbers of Expatriators on the Rise: A Reminder of the Tax Implications – (app. 7-1/2 minutes)</p>

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