



GMS Flash Alert



Flash Alert

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Flash Alerts

Brazil	<p><u>“Early Withdrawal” Possibilities for Inactive FGTS Accounts</u></p> <p>The Brazilian federal government has promulgated Provisional Measure no 763/16 to allow employees who have resigned or have their employment contract terminated for just cause prior to December 31, 2015, to withdraw their FGTS (Government Severance Indemnity Fund for Employees) amounts before the end of a “three-years of inactivity in the fund” wait period. These changes apply to employees who were not dismissed by the company (in other words, if they retire, have their employment contract terminated for just cause, or their international assignment comes to an end).</p>
Belgium	<p><u>Adjustments to the Overseas Social Security Scheme</u></p> <p>The Belgian Overseas Social Security Scheme has undergone some changes that take effect on April 1, 2017, and include the application of gender-neutral mortality tables and an increase of the monthly minimum and maximum premium that can be contributed into the system by the employer or employee – this is tied to a decrease in the interest rate for pension accrual from 3.75 percent to 2 percent.</p>
Chile	<p><u>Tax Treatment of Stock Options Much Changed under New Rules</u></p> <p>New rules which considerably alter the tax treatment of stock options in Chile came into effect on January 1, 2017. As a result, the recipient of the stock option will be deemed to have compensation regardless</p>

	<p>of whether the option is exercised. Following on a July 2016 Circular which outlined certain aspects of the tax law changes and also defined an “option” as the right to acquire a certain number of shares in the future, the stock option recipient will be subject to Chilean tax upon the acquisition of the option. Furthermore, if the option is sold by the recipient, the eventual sales proceeds will also be taxable.</p>
Colombia	<p><u>Tax Reform Law Brings Considerable Changes to Taxation of Individuals</u> Colombia’s Law 1819, part of the government’s tax reform plan, contains provisions on new methods for assessing individual income tax for residents and a new income tax structure. From FY 2017 (returns which will be filed in 2018), income received by individuals should be separated into “baskets” depending on the type of income. In addition, new progressive tax rates apply for the groups of baskets.</p>
Finland	<p><u>Government Proposals on Changes to Tax Administration, Personal Taxation</u> The Finnish government has presented a governmental proposal on legislative changes concerning tax procedure rules, largely centering on the use of the Internet and fulfilling compliance obligations electronically. There have also been some changes to the taxation rules in respect of gift and inheritance taxes, mortgage interest, and the household deduction.</p>
France	<p><u>Modifications to Tax and Social Charges of Free Shares</u> The 2017 French Finance Act amends the income tax and social security regime applicable to free share grants authorized by a shareholders’ meeting that occurs after the publication of the law (i.e., after December 30, 2016). The new rules usher in potentially slightly higher taxation for employers and employees (with gains at vesting in excess of EUR 300,000).</p>
Hong Kong	<p><u>Budget Offers One-Off Relief on Salaries Tax</u> The recently presented Hong Kong Budget, which contained measures affecting individuals – including those on international assignment – and their employers, featured a reduction of Salaries Tax, Profits Tax, and tax under personal assessment payable for 2016-17 by 75 percent, subject to a ceiling of HKD 20,000. There were also measures pertaining to contributions to recognized retirement schemes and home mortgage interest.</p>
Ireland	<p><u>Article 50 Triggered, Impact on Ireland-U.K. Immigration</u></p>

	<p>On 29 March 2017, the U.K. Prime Minister, Theresa May, triggered Article 50 of the Treaty on European Union commencing the U.K.'s withdrawal from the European Union (EU). Here are some key points in respect of this development: (1) the U.K. reaffirms its pledge for no return of "hard borders" between the U.K. and Ireland; (2) the European Council observes that EU law will continue to apply in the U.K. until the day it leaves the bloc; and (3) there is no immediate impact to the status of U.K. nationals resident in the EU and EU nationals resident in the United Kingdom.</p>
Mongolia	<p><u>Agreement with IMF Could Mean Higher Personal Taxes, Health Contributions</u> A recently-brokered agreement between Mongolia's government and the International Monetary Fund (IMF) features several tax measures, including changes to employer and employee Social Health Insurance contributions and personal income tax rates. Further details in the form of policy measures proposed or draft legislation are anticipated.</p>
Trinidad and Tobago	<p><u>Finance Act Measures Affecting Individuals</u> Recent measures contained in and subsequent to Trinidad and Tobago's Finance Act, 2016, have made the personal income tax system more progressive, reinstated Property Tax on residential property, and introduced an Online Purchase Tax on purchases made via the Internet and imported into Trinidad and Tobago by air.</p>
United Kingdom	<p><u>In Budget, Some New Measures, Some Previously-Announced</u> In the Spring Budget, announced by the U.K. Chancellor of the Exchequer on March 8, 2017, there were a few announcements on various measures affecting individuals, including, for example, on the treatment of non-domiciled individuals, National Insurance Contributions paid by employees and the self-employed, the tax-free dividend allowance, and foreign pensions. The announcements largely represent updates resulting from a number of ongoing consultations.</p>
United States	<p><u>Updated Travel Ban for Nationals Noted in New Executive Order</u> A revised Executive Order was signed by U.S. President Donald Trump on March 6, 2017, impacting travel to the U.S. for nationals of Sudan, Syria, Libya, Somalia, Iran, and Yemen. Iraq is not on the list. The new Executive Order was to be effective at 12:01am EST on March 16, 2017.</p>

United States	<p><i>Judge in Hawaii Blocks Entry into Force of New Travel Ban</i></p> <p>On March 15, 2017, a federal judge in Hawaii temporarily blocked U.S. President Donald Trump's revised Executive Order banning travel to the United States for nationals from Sudan, Syria, Libya, Somalia, Iran, and Yemen hours before it was to come into effect on Thursday, March 16. With the new temporary restraining order in place, foreign nationals from the six affected countries may continue to apply for visas and travel to the U.S. without restriction.</p>
United States	<p><i>IRS Releases Sec. 911-Related Housing Cost Limitations for 2017</i></p> <p>With the issuance of Notice 2017-21 on March 13, 2017, the U.S. Internal Revenue Service updated 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 Internal Revenue Code. While limitations in Europe generally decreased, it is notable that some locations within the U.K. decreased most significantly. The limitation was increased for a number of locations in Australia, Canada, Japan, and South Korea.</p>
United States	<p><i>IRS Guidance on Sec. 911 for South Sudan</i></p> <p>On March 13, 2017, the U.S. Internal Revenue Service released an advance copy of Rev. Proc. 2017-26, which concerns individuals who failed to meet the eligibility requirements of either the bona fide residence test or the physical presence test under U.S. Internal Revenue Code section 911(d)(1) – and thus may not exclude foreign earned income and housing cost amounts from gross income – because war, civil unrest, or similar adverse conditions in a foreign country precluded the individuals from satisfying these requirements for the 2016 tax year. The foreign country noted in Rev. Proc 2017-026 is South Sudan.</p>
United States	<p><i>Legislation Introduced to Repeal Affordable Care Act</i></p> <p>On March 6, 2017, legislation was introduced in the U.S. Congress to repeal and replace the 2010 Patient Protection and Affordable Care Act (“ACA”). Of interest to international assignees and their employers are proposed measures that would repeal certain health-related tax policy provisions including: the employer and individual mandate penalties; the additional 0.9-percent Medicare tax on earned income in excess of USD 200,000 (USD 250,000 for</p>

	joint filers); the 3.8-percent tax on net investment income; and the increase in the income threshold for the medical expense deduction (restoring the adjusted gross income percentage threshold from 10 percent to 7.5 percent for all taxpayers). The legislation never came up for a vote.
United States	<u>Temporary Suspension of Premium Processing for All H-1B Petitions</u> Starting April 3, 2017, United States Citizenship and Immigration Services will temporarily suspend premium processing for all H-1B petitions. This suspension may last up to six months.
United States	<u>New Social Security Totalization Agreement Signed with Slovenia</u> The U.S. Social Security Administration recently announced that the United States and Slovenia signed a Social Security Totalization Agreement to protect U.S. and Slovenian employers and workers from dual social security tax liability.

Publications, Videos & Webinars

U.S. – Global Incentive Compensation	<u>"T+2 and You: Considerations for the Equity Administrator."</u> a newsletter published by the KPMG International member firm in the United States, that discusses the Proposed Rule issued by the U.S. Securities and Exchange Commission that would change the settlement period for broker-dealer trades from three days from the trading date (T+3) to two days from the trading date (T+2) with a proposed effective date of September 5, 2017.
U.S. – Employment Tax	<u>"Mobile Workforce Bill Introduced in 115th Congress."</u> <i>in Payroll Insights</i> , examines the Mobile Workforce bill (currently legislation is under review in the House of Representatives and the Senate) which is intended to be a principal solution to the various differences in the treatment of state income tax withholding for mobile employees.
U.S. – Mobility Consulting Services	On February 24, 2017, the GMS practice hosted the Webcast: <i>Findings from the 2016 Global Assignment Policies and Practices Survey</i> . During this Webcast, KPMG professionals highlighted and discussed some of the key findings from the 2016 Global Assignment Policy and Practices (GAPP) Survey. The Webcast covered a broad range of relevant global mobility topics, including leading trends in policy approach and global mobility program management that were uncovered

	<p>by the survey results. To listen to it in play-back, click here.</p>
U.S. – GMS	<p>On March 9, 2017, the GMS practice hosted a TaxWatch Webcast: <i>The New Administration: What HR / Mobility Professionals Need to Consider</i>. The Webcast, which is part of KPMG's Tax Reform Thursdays Webcast series, focused on the potential legislative and regulatory changes that could affect compensation and benefits programs (including the ACA), immigration, mobile employees, and other areas of interest to the HR community. If you missed it, you can now listen to the recording in play-back by clicking here.</p>
U.K./Brexit	<p>On March 21, 2017, KPMG LLP (U.K.) hosted the Webcast: <i>Brexit Webcast: Prepare for What Comes Next</i>. Whether it's workforce planning, navigating regulatory issues, or understanding the economic and operational impacts on production and supply chains, how do you evaluate both the risks and opportunities of operating in a post-Brexit world? When do you really need to act? If you missed the Webcast, you can now listen to it in play-back (you will need to register first) by clicking here.</p>
U.S. – GMS/Tax	<p>U.S. Taxation of Americans Abroad (USTAA) This booklet is designed to help U.S. citizens and resident aliens who live or work abroad to understand their U.S. income tax obligations.</p>
U.S. – GMS/Tax	<p>U.S. Taxation of Foreign Citizens (USTFC) This booklet is designed to assist foreign citizens and nationals who work or live in the United States to understand U.S. tax law as it applies to them.</p>
U.S. – GMS/Tax	<p>"Tax Reform Is on the Agenda: What It May Mean for International Assignees" Under the new administration, there are several ideas and plans under discussion that touch upon individual taxation. While there is still much uncertainty, this article in The Expatriate Administrator examines the two major tax plans currently being discussed that may affect individuals and the potential impact on international assignees and their employers.</p>
U.S. – Compensation & Benefits Alert	<p>"BEPS Action 7, the Changing Definition of Permanent Establishment: A Guide for HR & Mobility Professionals" This article provides some general background on permanent establishment and how the changes in Action 7 can affect</p>

	the HR and Mobility functions.
U.S. – Compensation & Benefits Alert	<p>“Umbrella Section 162(m) Compensation Arrangements Provide Design Flexibility While Preserving Deductions”</p> <p>This article discusses the plan design of performance-based incentive compensation paid to covered employees of public corporations and how it can be challenging to accommodate flexibility in plan design while also preserving tax deductibility under Code Section 162(m).</p>

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