



# International Tax Europe and Africa October 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 October and 31 October 2017**.

<a href="#">Austria</a>	<a href="#">Germany</a>	<a href="#">Netherlands</a>	<a href="#">Switzerland</a>
<a href="#">Belgium</a>	<a href="#">Hungary</a>	<a href="#">Norway</a>	<a href="#">Turkey</a>
<a href="#">Czech Republic</a>	<a href="#">Ireland</a>	<a href="#">OECD</a>	<a href="#">United Kingdom</a>
<a href="#">Denmark</a>	<a href="#">Italy</a>	<a href="#">Poland</a>	
<a href="#">European Union</a>	<a href="#">Luxembourg</a>	<a href="#">Romania</a>	
<a href="#">France</a>	<a href="#">Malta</a>	<a href="#">Serbia</a>	

For a full summary of global tax developments, visit [kpmg.com/TaxNewsFlash](http://kpmg.com/TaxNewsFlash).

To contact the International Tax Team email [internationaltax@kpmg.com](mailto:internationaltax@kpmg.com).

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	Tax area concerned	Relevant date	Description of measures and publication link
<b>Austria</b>			
Tax legislation approved and regulatory update	Various tax areas	October 2017	KPMG in Austria prepared a summary of the latest tax developments. These include a decree published on capital repayment and internal financing that concerns the requirements for capital repayment and distribution of profits. <a href="#">Read more.</a>

[Back to top](#)

**Belgium**

Proposed legislation	Corporate income tax	October 2017	<p>The Belgian government has reached an agreement on legislation for implementing corporate tax reform. The corporate tax reform would take place in two phases: in 2018 and 2020. Under the tax reform, the rate of corporate income tax for “large companies” would be:</p> <ul style="list-style-type: none"> <li>— 29 percent as from income 2018 (assessment year 2019)</li> <li>— 25 percent as from income 2020 (assessment year 2021)</li> </ul> <p>The crisis contribution (currently at 3 percent) would also be reduced in two steps:</p> <ul style="list-style-type: none"> <li>— 2 percent as from 2018</li> <li>— 0 percent as from 2020</li> </ul> <p><a href="#">Read more</a></p>
Administrative and case law	Corporate income tax	26 October 2017	<p>The Court of Justice of the European Union (CJEU) on issued a judgment concerning the compatibility of Belgian rules under EU Parent-Subsidiary-Directive (90/435/EEC). The case is: <i>Argenta Spaarbank NV v Belgische Staat</i>, C-39/16.</p> <p><a href="#">Read more</a></p>

[Back to top](#)

#### Czech Republic

Proposed legislation	VAT	31 December 2017	<p>In response to a decision of the Constitutional Court, an amendment was passed by the chamber of deputies of the Czech Republic, stating that within VAT ledger statements, the Czech tax administration generally may not request data not stipulated under the law.</p> <p><a href="#">Read more.</a></p>
Administrative and case law	Dividend distribution	16 October 2017	<p>A distribution of shares of profit disproportionate to the relevant share percentage of ownership in the registered capital of a corporation is subject to the standard tax regime and, thus, to withholding tax at a rate of 15 percent, according to a discussion paper authored in part by the tax administration.</p> <p><a href="#">Read more.</a></p>

[Back to top](#)

#### Denmark

Treaties	Double tax treaties	11 October 2017	<p>Representatives of the governments of Japan and Denmark signed a new income tax treaty. The new tax treaty generally follows the OECD Model Tax</p>
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			Convention and the Multilateral Instrument. Once the new income tax treaty is ratified by both countries and then enters into force, it will replace the existing tax treaty between Japan and Denmark that entered into force in 1968. <a href="#">Read more.</a>
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[Back to top](#)

European Union			
Tax legislation approved and regulatory update	Customs duty	1 January 2018	The European Commission announced the publication of the latest version of the Combined Nomenclature applicable as from 1 January 2018. <a href="#">Read more.</a>
	Tax disputes	10 October 2017	The European Commission announced that the EU Member States have given a “green light” for new rules to “better resolve tax disputes”. The decision taken by EU finance ministers at the ECOFIN Council meeting in Luxembourg is intended to allow businesses and individuals to resolve disputes related to the interpretation of tax treaties more swiftly and effectively. <a href="#">Read more.</a>
Proposed legislation	VAT	4 October 2017	The European Commission announced a proposal for reforming the VAT rules in the EU. <a href="#">Read more.</a>
Administrative and case law	Various tax areas	October 2017	A summary of recent Court of Justice of the European Union (“CJEU”) judgments, infringement procedures and referrals to CJEU. <a href="#">Read more.</a>

[Back to top](#)

France			
Administrative and case law	Dividend distribution tax	6 October 2017	The French Constitutional Court issued a decision holding that the 3 percent tax imposed on distributions of dividends is unconstitutional. The case is: <i>N° 2017-660</i> . <a href="#">Read more.</a>
	VAT	October 2017	The German tax authorities historically have considered movements of goods from an EU country into a German consignment stock to be an intra-Community movement, within the trader’s own business. As a result, the foreign trader was required to register for VAT purposes. The German Ministry of

			Finance has revised its position on such VAT registration, based upon recent case law from the German federal tax court. <a href="#">Read more.</a>
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[Back to top](#)

Germany			
Administrative and case law	Corporate income tax	October 2017	Courts have issued decisions in cases that concern German taxation of companies, including corporate participations, unused losses and deductible expenses. <a href="#">Read more.</a>

[Back to top](#)

Hungary			
Administrative and case law	Motor vehicle tax	19 October 2017	The CJEU held that a Hungarian motor vehicle tax constitutes a charge equivalent to a customs duty that is prohibited under an agreement between the European Economic Community and Turkey. <i>The case is: Istanbul Lojistik Ltd, C-65/16.</i> <a href="#">Read more.</a>

[Back to top](#)

Ireland			
Proposed legislation	Various tax areas	October 2017	Ireland's government announced the details of the budget 2018. <a href="#">Read more.</a>
			KPMG in Ireland set up a site that will be updated with commentary and analysis throughout the various stages of the Bill until signed into law by the President in late December 2017. <a href="#">Read more.</a>

[Back to top](#)

Italy			
Tax legislation approved and regulatory update	VAT	1 January 2018	A law was published, including provisions for the extension of the VAT split-payment regime and relating to changes to the rate of VAT. <a href="#">Read more.</a>

[Back to top](#)

Luxembourg			
Proposed legislation	Various tax areas	1 January 2018	<p>The budget law 2018 includes several tax measures, including:</p> <ul style="list-style-type: none"><li>— changes to the taxation of individuals—in particular, changes that would affect non-resident taxpayers</li><li>— a new investment tax credit for software acquisitions for corporate taxpayers</li><li>— a VAT exemption for the management of specific types of insurance funds</li><li>— a right for taxpayers to file a claim with Luxembourg courts to contest information orders from the Luxembourg tax authorities.</li></ul> <p><a href="#">Read more.</a></p>
Administrative and case law	Individual taxation	October 2017	<p>As an update to Luxembourg's 2018 tax reform measures, the tax authorities released guidance regarding an option for individual taxpayers to elect for full individual taxation, individual taxation with reallocation of income for resident and non-resident taxpayers and joint taxation.</p> <p><a href="#">Read more.</a></p>

[Back to top](#)

Malta			
Proposed legislation	VAT	2018	<p>The budget for 2018 includes several tax measures, including VAT grouping for regulated groups active in financial services and gaming sectors.</p> <p><a href="#">Read more.</a></p>

[Back to top](#)

Netherlands			
Proposed legislation	Corporate income tax / VAT	2019	<p>A coalition agreement reflects measures the new Cabinet intends to implement. These include:</p> <ul style="list-style-type: none"><li>— reduce the corporate income tax rates</li><li>— limit the interest deduction for corporate income tax purposes</li><li>— reduce or scale back loss set-offs</li><li>— increase the rate of the "innovation box" regime to 7 percent</li></ul>

			<ul style="list-style-type: none"> <li>— repeal in part the dividend withholding tax</li> <li>— introduce measures for partial withholding tax on interest and royalties</li> <li>— increase the “reduced” or “low” value added tax (VAT) rate to 9 percent (up from 6 percent).</li> </ul> <a href="#">Read more.</a>
	Withholding tax	2020 / 2023	<p>A coalition agreement includes measures for the partial repeal of the Dutch dividend withholding tax and the introduction of a partial interest and royalty withholding tax.</p> <a href="#">Read more.</a>
Administrative and case law	Corporate income tax	25 October 2017	<p>The Advocate General of the CJEU issued an opinion referred to the CJEU from the Dutch Supreme Court concerning a corporate income tax issue—whether taxpayers, despite being unable to enter into a fiscal unity with subsidiaries established elsewhere in the EU, are nevertheless eligible for benefits from certain separate elements of the fiscal unity regime as if there were the ability to enter into a fiscal unity with foreign subsidiaries (the “per element” approach).</p>
	VAT	2 October 2017	<p>The CJEU has cases pending before it concerning, in one case, whether the VAT on professional services is deductible if the proposed takeover of a participation is ultimately unsuccessful and in another case, whether VAT on due diligence that is performed for a proposed, but ultimately unrealized, sale of shares in a subsidiary is deductible.</p> <a href="#">Read more.</a>

[Back to top](#)

Norway			
Tax legislation approved and regulatory update	WHT	2018	<p>New rules in Norway effective in 2018 concern the documentation requirements and approval processes for obtaining partial relief or a full exemption “at source” for the withholding tax on dividends.</p> <a href="#">Read more.</a>
Proposed legislation	Corporate income tax / Carry forward losses	2018	<p>Legislative measures proposed in the 2018 budget would allow taxpayers that are residents of the European Economic Area to carry forward losses incurred in Norway indefinitely, even if the taxable activity in Norway has ceased. Such losses could then be used by other Norwegian group companies through group contributions.</p> <a href="#">Read more.</a>

Administrative and case law update	VAT	October 2017	Tax auditors are expected to increase their focus on compliance with the “VAT on electronic services” scheme. <a href="#">Read more.</a>
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[Back to top](#)

#### OECD

Tax legislation approved and regulatory update	VAT	24 October	The Organization for Economic Cooperation and Development (OECD) announced the release of new implementation guidance to promote the effective collection of consumption taxes on cross-border sales. <a href="#">Read more.</a>
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[Back to top](#)

#### Poland

Proposed legislation	Corporate income tax / Tax planning	4 October 2017	A new version of a draft bill to amend Poland’s corporate income tax law was submitted to the parliament. A main objective of the bill is to “tighten” the corporate income tax system so that the tax paid by large multinational enterprises is connected or linked to the actual location where the profits are derived—in particular by addressing and preventing the use of “aggressive tax planning” mechanisms. <a href="#">Read more.</a>
Administrative and case law update	Transfer of registered office	25 October 2017	The Court of Justice of the European Union (CJEU) issued a judgment concluding that EU Member States cannot impose mandatory liquidation on companies that seek to transfer their registered office to another EU Member State. The case is: <i>Polbud – Wykonawstwo sp. z o.o.</i> , C-106/16. <a href="#">Read more.</a>

[Back to top](#)

#### Romania

Tax legislation approved and regulatory update	Excise duties	17 October 2017	An order changes the process for authorization of goods and products subject to “harmonized” excise (customs) duties. <a href="#">Read more.</a>
Proposed legislation	VAT	October 2017	KPMG in Romania prepared a summary of the recent discussions on the VAT split-payment mechanism. <a href="#">Read more.</a>

[Back to top](#)

Serbia			
Tax legislation approved and regulatory update	Excise duties	October 2017	KPMG in Serbia prepared a summary of the recent changes of the tax laws regulating excise duties. <a href="#">Read more.</a>
	VAT	1 January 2018	New guidelines on VAT were published. They concern recordkeeping for VAT purposes and VAT calculation. <a href="#">Read more.</a>

[Back to top](#)

Switzerland			
Proposed legislation	Withholding tax on employment income	2020	A draft that would completely revise the federal withholding tax law has been submitted to the Swiss national parliament for consultation. The draft version would redefine the requirements for non-resident taxpayers subject to Swiss source tax withholdings on their Swiss employment income to benefit from the possibility of filing an “ordinary” tax return in Switzerland. <a href="#">Read more.</a>

[Back to top](#)

Turkey			
Proposed legislation	Corporate income tax / Withholding tax	October 2017	A draft tax law is intended to increase revenue collected by the government. The intended changes include: <ul style="list-style-type: none"><li>— increase the dividend withholding tax rate on profit of corporate taxpayers to a proposed rate of 1 percent</li><li>— increase the rate of corporate tax on income of financial institutions (banks, Islamic finance houses, brokerage firms) to 22 percent</li><li>— authorized operators of mobile communication services would be required to pay 15 percent of monthly gross sales as a “Treasury share”</li><li>— a flat rate of tax under the special communications tax</li></ul>

			<p>— increase the rate of transfer tax to 20 percent under the rules regarding games of chance and betting.</p> <p><a href="#">Read more.</a></p>
Treaties	Double tax treaties	October 2017	<p>Guidance was published concerning Turkey's network of income tax treaties for the avoidance of double taxation. The guidance includes explanations on the tax rules with respect to individuals or legal entities that are residents of a treaty-contracting country, income from professional services, and other activities of an "independent character" in Turkey.</p> <p><a href="#">Read more.</a></p>

[Back to top](#)

United Kingdom			
Proposed legislation	Corporate income tax	October 2017	<p>KPMG in the UK has prepared a series of articles reflecting possible implications of the proposed corporate interest restriction rules.</p> <p><a href="#">Read more.</a></p>
Administrative and case law update	CFC	26 October 2017	<p>The European Commission announced it was opening an in-depth investigation into the UK group financing exemption scheme that allows certain transactions by multinational groups to be exempt from the otherwise applicable rules on controlled foreign corporations (CFC) that target tax avoidance.</p> <p><a href="#">Read more.</a></p>

[Back to top](#)

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