



International Tax Europe and Africa November 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 November and 30 November 2017**.

Austria	Finland	Netherlands	United Kingdom
Belgium	France	Nigeria	Zambia
Czech Republic	Germany	Romania	
Egypt	Hungary	Serbia	
European Union	Italy	Switzerland	

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To contact the International Tax Team email internationaltax@kpmg.com.

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	Tax area concerned	Relevant date	Description of measures and publication link
Austria			
Administrative and case law	Corporate income tax	20 November 2017	Austria's Administrative Supreme Court issued a decision that addresses the ability to use loss carry forwards when there is a change of indirect shareholder(s). Read more.

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Belgium			
Tax legislation approved and	Corporate income tax /	6 November 2017	The European Commission announced the "prolongation" of approval of various Belgian tax measures under European Union ("EU") state aid

regulatory update	Shipping regime		rules. The regime has approval through 2022. Read more.
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Czech Republic

Administrative and case law	R&D / Tax incentives	9 November 2017	The Czech tax authority issued guidelines summarizing court decisions that address research and development (R&D) projects and claims for the R&D tax deduction. Read more.
	VAT	November 2017	The tax authority sent to selected payers of VAT notices that set out recommended “preventive measures” to address “potential risks.” These notices are the first releases by the tax administrator giving VAT payers some indications as to how to assess “risky transactions.” Read more.

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Egypt

Tax legislation approved and regulatory update	Capital gains / Stamp tax	November 2017	KPMG in Egypt provides an overview of significant changes to Egypt’s tax laws, including new capital gains tax rules and changes to the stamp tax law. Read more.
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European Union

Proposed legislation	VAT	30 November 2017	The European Commission unveiled new measures intended to make the EU’s value added tax system more fraud-proof and to close loopholes that may lead to large-scale VAT fraud. Read more.
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Finland

Administrative and case law	Capital gains	23 November 2017	The Court of Justice of the European Union (CJEU) issued a judgment in a case concerning the immediate taxation in Finland of the unrealized gains of a permanent establishment upon its transfer to a company, when both are located in another EU
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			Member State. The case is: <i>C-292/16, A Oy.</i> Read more.
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France			
Proposed legislation	Corporate income tax	2 November 2017	The French government announced details of proposed “exceptional surcharges” to corporate income tax that would be intended at partly offsetting an estimated EUR10 billion in lost revenue as a result of a decision of the French Constitutional Court that held the 3 percent tax on distributions was unconstitutional. Read more.
	Various tax areas	15 November 2017	The French government released a draft “corrective” finance bill for 2017 that includes a certain number of tax technical measures involving: <ul style="list-style-type: none"> — cross-border mergers — foreign tax credits — reduced rate of interest for late payments of tax — measures addressing tax fraud and evasion — deferral of taxation of certain interim transactions — delayed effective date of PAYE withholding system. Read more.
Administrative and case law	Capital gains / Merger directive	15 November 2017	The Advocate General of the CJEU published his Opinion in two individual income tax cases. Both cases – which were dealt with jointly – deal with the compatibility the Merger Directive with a national rule providing for the deferral of taxation of capital gains in the case of an exchange of shares falling within the scope of the Merger Directive. The cases are: <i>C-327/16 and C-421/16.</i> Read more.

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Germany			
Administrative and case law	VAT	27 November 2017	The CJEU issued a judgment in a case concerning the distinction between the supply of services and the supply of goods with respect to leasing operations. The case is: <i>C-164/16, Mercedes-Benz Financial Services UK.</i> Read more.

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Hungary			
Tax legislation approved and regulatory update	Various tax areas	14 November 2017	<p>The Hungarian Parliament approved a package of tax legislation, concerning:</p> <ul style="list-style-type: none">— revised rules on tax audits— corporate income tax treatment of a “development” tax allowance and a “tax donation”— local business tax and the definition of sales revenue— reduced VAT rates, including a new 5 percent rate of VAT on internet access and certain foods (reduced from 18 percent or 27 percent)— revised rates of social security tax and healthcare charges. <p>Read more.</p>

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Italy			
Proposed legislation	Capital gains	1 January 2019	<p>The draft budget law 2018 (expected to be approved by the end of 2017) proposes an increase in taxes applicable to gains realized on the disposal of “qualifying shares” of Italian companies. If approved, the provision would be effective as of 1 January 2019 and would specifically affect non-resident entities.</p> <p>Read more.</p>
	Reorganizations	2018	<p>The draft budget law 2018 includes a proposal aimed at deterring the Italian tax authorities from imposing “registration tax” on certain business reorganizations.</p> <p>Read more.</p>
	VAT	2019 / 2020	<p>The draft budget law 2018 includes measures that would gradually increase the VAT rates beginning in 2019.</p> <p>Read more.</p>
Administrative and case law	Carried interest	20 November 2017	<p>The Italian tax authority issued guidance that addresses the tax treatment of “carried interest” — generally amounts representing remuneration attributed to managers and employees holding shares, quotas or financial instruments with “strengthened” economic rights. The guidance clarifies that carried interest will be treated as</p>

			capital income, and not employment income, if certain requirements are satisfied. Read more.
Treaties	Country-by-country reporting	27 September 2017	Representatives of Italy and the United States signed a bilateral competent authority agreement, providing for the automatic exchange of country-by-country reports between the competent authorities of the two countries. Read more.

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Netherlands

Proposed legislation	Withholding tax	November 2017	The Deputy Minister of Finance addressed concerns of certain members of the Lower House of the Dutch Parliament about a dividend withholding tax proposal. Thus, it is expected that the parliamentary debate on the proposal would continue, with the dividend withholding tax anticipated to be repealed as of 1 January 2020, except in certain cases. Read more.
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Nigeria

Administrative and case law	Administration of taxes	6 November 2017	The Lagos state government announced that its revenue agencies were being directed to focus on enforcement of the tax laws, the prompt payment of taxes by taxpayers, and recovery of outstanding taxes. Taxpayers residing or operating in Lagos that have unresolved tax liabilities may consider a voluntary assets and income declaration scheme. Read more.
	Pension funds	16 November 2017	Nigeria's National Pension Commission issued guidance for pension fund administrators and pension fund custodians about withdrawals from voluntary contributions to pension plans. Read more.

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Romania

Tax legislation approved and	Corporate income tax /	1 January 2018	An ordinance amends the Romanian tax law. The new law includes:
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regulatory update	Individual taxation		<ul style="list-style-type: none"> — revisions to the corporate income tax, including changes that limit the deductibility of interest and debt-related costs — imposing an “exit tax” when there is a transfer of assets, tax residency, or the economic activity of a permanent establishment if such transfer causes Romania to lose the right to tax — an income tax rate reduction to 10 percent for individuals, but increased social security contributions for employees (effectively because the social security contributions are transferred from employers to employees). <p>Read more.</p>
Tax legislation approved and regulatory update	Tax evasion	1 January 2018	<p>The Romanian government has adopted an ordinance that amends the tax rules that are intended to address tax evasion. The ordinance introduces specific provisions for taxation in situations when taxpayers make transfers of assets or businesses to locations outside of Romania.</p> <p>Read more.</p>

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Serbia

Tax legislation approved and regulatory update	VAT	1 July 2018	<p>The Serbian Ministry of Finance announced that application of the new “rulebook” for VAT records and calculations is postponed.</p> <p>Read more.</p>
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Switzerland

Proposed legislation	Corporate income tax	1 January 2019	<p>Legislative plans for the canton of Vaud include a reduced corporate tax rate of 13.79 percent (from 20.95 percent) to be effective 1 January 2019—and without regard to the current corporate tax reform under way at the federal level.</p> <p>Read more.</p>
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United Kingdom

Tax legislation approved and	Finance (No.2) Act 2017	16 November 2017	<p>Following the journey through the House of Lords, Finance (No.2) Bill 2017 received Royal Assent, and was</p>
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regulatory update			<p>enacted as Finance (No.2) Act 2017. The measures implement:</p> <ul style="list-style-type: none"> — the new corporate interest restriction regime (start date 1 April 2017) — reforms to the use of corporation tax losses (start date 1 April 2017) — hybrid and other mismatches (start date 1 January 2017) — deemed domicile changes (start date 6 April 2017) — employment income provided through third parties (start date 5 April 2019). <p>Read more.</p>
Tax legislation approved and regulatory update	Tax compliance	1 April 2019	<p>New regulations introduce the new quarterly instalment payments regime for very large businesses.</p> <p>Read more.</p>
Proposed legislation	Autumn Budget	November 2017	<p>KPMG in the UK prepared a series of press releases including reactions and insight into Philip Hammond's Autumn Budget statement.</p> <p>Read more.</p> <p>KPMG in the UK prepared an overview of the main measures from the Autumn Budget 2017.</p> <p>Read more.</p>
	Corporate loss relief reform	5 January 2018	<p>HMRC have published their second tranche of guidance on the reform to the corporate loss relief reform. This tranche of the guidance focuses on group relief for carried forward losses and the relaxation of carried-forward non-trade losses.</p> <p>Read more.</p>
Other	Webinar – Autumn Budget	22 November 2017	<p>KPMG in the UK held a webinar covering the measures included in the Autumn Budget.</p> <p>Read more.</p>

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Zambia

Proposed legislation	Various tax areas	2018	<p>The 2018 budget in Zambia includes, among other, the following tax provisions:</p> <ul style="list-style-type: none">— the introduction of a property transfer tax at a rate of 5 percent on intellectual property and value attributable to a Zambian asset in situations when indirect ownership or control changes outside the country— the introduction of a levy at a rate of 15 percent on all imports (except those identified as “petty”) that are not accompanied by corresponding proof of payment through the banking system— repeal of a monthly deduction from employee salaries used to provide relief for pension contributions. <p>Read more.</p>
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