



Flash Alert

Monthly Summary (July 2018)

Flash Alerts (July)
Publications, Videos & Webinars

| Flash Alerts | |
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| Australia | <p><u>New Financial Year Update</u> As of July 1, 2018, Australia’s final round of legislative changes went into effect under the Temporary Skill Shortage (TSS) visa program, the Labor Market Testing (LMT) requirements, and the Skilling Australia Fund (SAF) implementation. Additionally, the Department of Home Affairs (Home Affairs) has increased their fees and the Global Talent Scheme (GTS) has begun.</p> |
| Australia | <p><u>Individual Tax Residency Rules: Change Is Coming</u> In Australia, a Board of Taxation review has called for changes to the residency rules. The Board broadly envisages that there would be a pair of two-stage tests, one each for individuals becoming resident and ceasing to be resident. Also the Federal Court of Australia in a recent case it considered, decided that a taxpayer continued to be a tax resident of Australia because he did not have a permanent place of abode outside of Australia. These two developments serve to help clarify the unpredictability taxpayers departing Australia face when interpreting and applying the current “qualitative” individual tax residency rules.</p> |
| Brazil | <p><u>Government Announces Entry into Force of Social Security Agreement with U.S.</u> The agreement on social security entered</p> |

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| | <p>into between Brazil and the U.S. has been enacted by the president of Brazil, Mr. Michel Temer. The agreement will allow assignees from one country to the other to be exempt from the obligation to contribute to the social security system of the other (host) country for a maximum of five (5) years, thereby potentially avoiding double social security contributions. Also, assignees between the two countries may add (or “totalize”) the periods of coverage in both countries in order to meet the minimum period of coverage required to help them acquire entitlement to retirement due to old age and disability, and to death pension.</p> |
| European Union | <p><u>Revision of Coordination Rules on Social Security</u></p> <p>On June 21, 2018, the European Council agreed on a general approach to coordinating social security systems through a revision of EU Regulations 883/2004 and 987/2009. This article focuses on the amending regulation addressing coordination rules for posted and multi-state workers and unemployment benefits.</p> |
| Hong Kong | <p><u>Transfer Pricing Legislation Introduces Changes to Salaries Tax Relief</u></p> <p>A new transfer pricing regime has introduced an amendment to the existing double taxation relief mechanism for Hong Kong Salaries Tax. In respect of Salaries Tax, an amendment was made to the exemption allowed under section 8(1A)(c) IRO for income for services rendered in another territory, which is also subject to tax in that other territory. The amendment may have an impact on mobile employees who are subject to Salaries Tax and who render services, and are subject to tax, in territories with which Hong Kong has a comprehensive double taxation agreement (“CDTA”).</p> |
| Lithuania | <p><u>Individual Tax Reform Sees Burden Shifted to Employees</u></p> <p>As of January 1, 2019, Lithuania’s individual income tax reforms will take effect. Employer social security contributions for the most part, will be shifted to employees. The gross salary will be recalculated by 28.9 percent to compensate employees for this shift in the tax burden. In addition, the government’s plans include introducing greater progressivity in the personal income tax system and ceilings for social security contributions.</p> |
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| <p>People's Republic of China</p> | <p><u>Proposed Amendments of Individual Income Tax Released</u></p> <p>The Minister of Finance of the People's Republic of China ("China" or "PRC") has outlined the proposed amendments to the PRC Individual Income Tax law (IIT), including changes to the tax brackets, residency determination, and the deductions individual can claim. This marks an important step forward in reforming the PRC IIT law.</p> |
| <p>People's Republic of China</p> | <p><u>Public Consultation Sought on Amendments to IIT</u></p> <p>On June 29, 2018, the National People's Congress of the People's Republic of China ("PRC" or "China") released the full text of the draft amendments to the PRC Individual Income Tax (IIT) law on its official web site. With changes in determining residency, tax brackets, allowable personal deductions and itemized deductions and, IIT reform will mean significant changes to China's individual income tax system. This consultation, which closes soon, is an opportunity for interested parties to weigh in on the proposed amendments.</p> |
| <p>United Kingdom</p> | <p><u>White Paper Takes Further Steps to Clarify Post-Brexit Relationship</u></p> <p>There have been some recent Brexit-related developments in the United Kingdom. The prime minister's Chequers statement from 6 July 2018, set out that the U.K. will end free movement, giving back control to the U.K. over how many people enter the country and the inclusion of a mobility framework so that U.K. and EU citizens can continue to travel to each other's territories, and apply for study and work. On 12 July 2018, the U.K. government published its White Paper, "The future relationship between the United Kingdom and the European Union." The document sets out the U.K.'s vision for areas such as goods and services, law enforcement, security, data protection, and mobility. The U.K. government will seek reciprocal arrangements that allow U.K. nationals to visit the EU without a visa for short-term business reasons and equivalent arrangements for EU citizens coming to the United Kingdom. Work would be permitted in limited and clearly defined circumstances and in line with current business visa policy.</p> |
| <p>United States</p> | <p><u>Covered Employees and the New 21% Excise Tax</u></p> <p>This report examines new U.S. Internal Revenue Code section 4960, which imposes a 21-percent excise tax on remuneration paid</p> |

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| | <p>in excess of \$1 million to “covered employees.” by a tax-exempt organization to certain employees. Also, it looks at the 21-percent excise tax on “excess parachute payments” a tax-exempt organization pays to any covered employee.</p> |
| United States | <p><u>IRS Accepting Renewal Applications for Expiring ITINs</u></p> <p>On June 27, 2018, the U.S. Internal Revenue Service (IRS) issued a “Tax Tip” to advise taxpayers that renewal applications for Individual Taxpayer Identification Numbers (ITINs) that expire at the end of 2018 are being accepted now. Any ITIN not used on a U.S. federal income tax return at least once in the last three consecutive years will expire on December 31, 2018. The IRS Tax Tip provides guidance for renewing ITINs that have expired, or are set to expire, based on the expiration schedule included in the PATH Act. Renewal notices will be sent to affected taxpayers later this summer.</p> |

| Publications, Videos & Webinars | |
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| Global – Mobility Consulting Services | <p>There is still time to participate in the Global Mobility Services’ (GMS) 2018 Global Assignment Policies and Practices (GAPP) survey. This year we have updated the Data & Analytics section of the survey to further expand our benchmarking into the use of artificial intelligence, data visualization, automation and robotics by global mobility program teams. Highlights of the 2018 survey results will be released in October. Please click here to access the 2018 GAPP survey website page on www.KPMG.com.</p> |
| Global – GMS | <p>See the GMS-themed and -authored article, “Easier Moves, Tighter Rules: Deeper Scrutiny Multiplies Risk for Business Travelers,” (p. 20) in KPMG’s Frontiers in Finance (Issue no. 59) that focuses on the changes leading organizations to prioritize the management of their business traveler and remote worker risks.</p> |
| United States – GMS | <p>See the new article “When Home is Where the Visa Is, Don’t Forget Taxes Are Global,” by Deepa Venkatraghvan, KPMG LLP (United States), published in the GMS practice’s Mobility Matters publication. In this article, the author considers the tax and other challenges that companies face when handling employee relocations in light of visa renewal and change of visa status</p> |

applications, and what “red flags” and options program managers can consider when offering such relocations.

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KPMG LLP, 3 Chestnut Ridge Road Montvale, New Jersey 07645

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