In this issue:

Colombia enacts extensive tax reform

On 29 December 2016, Colombia's government enacted a structural tax reform that makes extensive changes to the tax treatment of companies, individuals and nonprofit entities, as well as changes to withholding taxes, VAT and other indirect taxes and tax administration (for prior coverage, see *World Tax Advisor*, 11 November 2016). Unless otherwise stated, the new rules generally apply as from 1 January 2017.
URL: http://newsletters.usdbriefs.com/2016/Tax/WTA/161111_3.html

Income tax for companies

Tax rates: The income tax for equality (CREE) (9% for 2016) and the CREE surtax (6% on net income exceeding COP 800 million for 2016) are eliminated. In conjunction with this change, the corporate income tax is modified to account for the elimination of the CREE, and the effective tax rate will be reduced as from 2018.

The standard corporate income tax rate, which was 25% for 2016 (not including the CREE and CREE surtax; the effective rate including the CREE and surtax was 40%), is 34% for taxable year 2017, reducing to 33% as from 2018. A temporary income tax surcharge will be levied for taxable years 2017 and 2018, at a rate of 6% for 2017 and 4% for 2018 on net income exceeding COP 800 million. These changes are summarized below:

- **Total effective tax rate for 2017:** 40% (34% income tax + 6% income tax surcharge);
- **Total effective tax rate for 2018:** 37% (33% income tax + 4% income tax surcharge); and
- **Total effective tax rate for 2019 and subsequent years:** 33% income tax (no income tax surcharge).

Two annual advance payments of the income tax surcharge will be required in an amount equal to 100% of its value, calculated based on the taxable base for the income tax in the previous year.

Additionally, the income tax rate for companies operating in free trade zones is increased to 20% (15% in 2016).

Presumptive minimum income base: The presumptive minimum income calculated annually for income tax purposes is increased from 3% to 3.5% of a company's net tax equity.

Dividends and income from profit participations: Dividends and income from profit participations received by Colombian companies will be considered taxable income, regardless of whether they are paid out of profits that have been taxed at the level of the distributing company (previously, dividends paid from previously-taxed profits were exempt).

Dividends and income from profit participations received by nonresidents (companies, other entities and individuals) from profits that have not been taxed at the corporate level will be subject to a 35% withholding tax, plus a special rate of 5% (i.e. a total effective tax rate of 40%). If the dividends are paid from profits taxed at the corporate level, they will be subject only to the 5% rate. (Previously, dividends paid from profits that had not been taxed at the corporate level were subject to a 33% rate, while dividends paid from previously-taxed profits were exempt.)

Controlled foreign companies (CFCs): The tax reform introduces a CFC regime. Under the regime, a Colombian tax resident that owns a direct or indirect participation of at least 10% in a foreign entity that is considered a CFC will be taxed currently on its proportionate share of the CFC's income (including passive income), costs, expenses and deductions. A foreign entity will be considered a CFC if it qualifies as a subordinated or controlled company according to the commercial regulations and is considered a foreign related party of the Colombian resident.

Deductions: Certain deduction limitations and other modifications are introduced for corporate income tax purposes:

- Payments between related parties regarding intangibles created in Colombia are not deductible.
- Intangible assets acquired (independently or as part of a business or businesses) between related companies cannot be amortized.
- A specific rule applies for amortizing investments related to the exploration, development and construction of mines, wells and oil and gas fields.
- The deduction for gifts and entertainment expenses (e.g. for parties, meetings and celebrations) in relation to customers, suppliers and employees is limited to 1% of the company's accrued net taxable income.
- Donations made to nonprofit entities and entities that are considered "non-income taxpayers" may be deducted from the income tax base, but the deduction cannot exceed 25% of the value of the donation.
- For the deduction of costs and expenses related to the import of technology contracts to be accepted, the taxpayer must register the contract with the tax administration within six months after the contract is signed, and must register any modifications to the contract within three months after the modification is made.
- Goodwill generated after 31 December 2016 will not be amortizable.

Payments to low or no-tax jurisdictions: For a taxpayer to deduct costs and expenses associated with payments to companies, entities or individuals located or incorporated in low or no-tax jurisdictions, or to entities benefiting from a preferential tax regime, tax must be withheld on the payment (if applicable) and the taxpayer must comply with the transfer pricing and foreign exchange rules. However, these rules do not apply to payments related to certain transactions registered with the central bank.

Other changes affecting companies:

- Some income tax exemptions are eliminated.
- The exchange rate regime is modified. Previously, adjustments for exchange rate differences generated on the recording of assets/liabilities in foreign currency were calculated and treated as revenue or an expense for tax purposes at the end of the taxable year. The new law provides that revenues, costs, deductions, assets and liabilities in foreign currencies must be recorded at the time of initial recognition at the representative market rate. Exchange rate differences will be recorded only when the liabilities are paid or liquidated or the assets are disposed of or credited to an account. Only realized exchange differences will be recognized for tax purposes.
- Companies may use the US dollar or other exchange currencies as their functional currency. However, since the currency accepted for tax purposes is the Colombian peso (COP), such companies will need to maintain a multi-currency registration system.
- If a collaboration agreement establishes a guaranteed return on investment for any of the parties, the contribution made by that party cannot be treated merely as a contribution, but must be treated as the provision of services or a sale.
- Certain changes are made in relation to the tax accounting for inventory.

Income tax for individuals

Taxable base and rates: The maximum income tax rate for individuals is increased from 33% to 35%. Additionally, the calculation of income tax payable for individuals is modified – it must be computed by separating the income received from different sources (employment income, pensions, royalties, other non-employment income and dividends and profit participations), and aggregating the tax payable for each source of income. Special rules apply to stock-based compensation.

Alternative income tax computation systems, such as the national minimum alternative tax and the simple minimum alternative tax are abolished.

Dividends: If a Colombian resident individual receives dividends from profits that were not subject to tax at the corporate level, the dividends will be taxed at a rate of 35% plus a special rate ranging from 0% to 10%, depending on the amount of dividend income derived. If the profits from which the dividends are paid were taxed at the corporate level, the dividends will be subject only to the 0%-10% rate.

Simplified income tax for small businesses

An optional, simplified tax regime that replaces the national income tax and also covers certain social contributions is available to qualifying small businesses operated by individuals.

Special tax regime for nonprofit entities

Nonprofit entities now are considered income tax payers, subject to the same rules applicable to companies. To be considered eligible for the special tax regime for nonprofits, a nonprofit will have to request that status from Colombia's tax administration and meet specific requirements.

Withholding tax rates

The withholding tax rates for payments to nonresident companies are as follows:

- Dividends: See under "Income tax for companies," above;
- Payments for interest, commissions, fees, royalties, leasing or professional services: 15% (previously, the rate on interest was 14% or 33% and 10% on the other payments);
- Consulting, technical assistance and technical service fees: 15% (previously 10%);
- Administrative services: 15% (previously 0% or 33%);

- International transportation services: 5% (previously 3%); and
- Other cases not otherwise regulated: 15% (previously 14%).

Indirect taxes

Value added tax (VAT):

- The standard VAT rate is increased from 16% to 19%.
- The taxable events for VAT purposes have been modified:
  - The sale or transfer of rights over intangible assets associated with industrial property will be subject to VAT at a 19% rate.
  - The provision of services (including the acquisition or the exploitation of intangibles from abroad in Colombia) will be subject to VAT regardless of whether services are rendered within the Colombian territory or overseas, as long as the beneficiary of the services is located in Colombia (previously, only services provided in Colombia were subject to VAT). The Colombian beneficiary will have to account for the VAT under the reverse-charge mechanism and pay the amount of VAT due.
- Annual VAT returns are eliminated; instead, VAT payers are required to file bimonthly or quarterly returns.
- The credit of two percentage points of VAT is eliminated as a tax discount on the importation of capital goods.

Other indirect taxes:

- The financial transactions levy is extended permanently, at the current tax rate of 0.4%.
- A national carbon tax is introduced, which is levied based on the carbon content of all fossil fuels, including all derivatives of petroleum that are used for energy purposes.
- New rules are provided for the municipal industry and commerce tax, including changes affecting the procedures for filing and payment and new rules to establish territoriality of the tax that will be effective as from 1 January 2018.

Tax administration

Provisional tax calculation: A "provisional tax calculation" is introduced to identify taxes that have been inaccurately reported or that have not been reported by the taxpayer, as well as omitted or improperly computed penalties payable due to noncompliance with formal obligations. The Colombian tax authorities will determine the tax due. The statute of limitations for returns amended or filed with respect to the provisional calculation will be six months from the date of filing or correction.

Statute of limitations: The general statute of limitations for tax returns is increased from two to three years from the due date to file the return or the application for a refund. Additionally, new provisions regarding the statute of limitations for returns that generate a tax loss and returns of taxpayers that are subject to the transfer pricing regime make the period six years from the filing due date or the actual filing date.

Jail for tax evaders: A taxpayer that: (i) intentionally omits assets, presents inaccurate information in relation to assets or declares nonexistent liabilities of a value equal to or greater than 7,250 minimum monthly legal salaries; and (ii) adjusts its income tax and social contributions, or the balance in favor of any of these taxes accordingly, may be punished by imprisonment of four to nine years and a fine of 20% of the asset value omitted.

Abuse in tax matters: The tax administration is authorized to recast or recharacterize transactions involving the use or implementation of one or more artificial legal acts or structures/transactions that have no apparent economic and/or commercial purpose, to recalculate taxable income. The authorities are not required to demonstrate any additional subjective intent regarding tax abuse.

The mandatory disclosure regime for aggressive tax planning strategies that was proposed in the tax reform bill was not included in the final version of the law.

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Croatia:
2017 tax reform enacted

Tax reform legislation for 2017, approved by the Croatian parliament on 2 December 2016 and published in the official gazette on 9 December 2016, includes new rules that generally reduce the overall tax burden for both individuals and companies, and may be viewed as a step toward improving the country's general business environment.

Unless otherwise noted, the changes apply as from 1 January 2017.

Corporate income tax

Amendments to the corporate income tax act aim to more equitably distribute the tax burden by reducing the general tax rate and eliminating certain tax benefits. The following are some of the more important measures:

- The standard corporate income tax rate is reduced from 20% to 18%, and a further reduced rate of 12% applies to small enterprises (i.e. enterprises with annual revenue not exceeding HRK 3 million).
- Small enterprises and taxpayers that fall within the scope of the cash accounting VAT scheme may opt to pay corporate income tax based on cash flow, instead of under the accrual system.
- Fifty percent of entertainment expenses is tax deductible (previously 30%).
- A taxpayer may elect to calculate interest deductions on related-party loans based on the arm's length principle or the rate announced by the Minister of Finance based on the rate prescribed by the National Bank.
- As from taxable year 2016, a write-off of receivables may be tax deductible if the taxpayer can demonstrate that the related collection expenses exceed the write-off amount, or if future collection is deemed impossible after legal proceedings have been initiated.
- Relief for "reinvested profits" (which was introduced in 2012 and allowed enterprises meeting specific criteria a deduction for reinvested profits) is abolished, but taxpayers that applied the relief in earlier periods must continue to meet the qualifying criteria to avoid recapture of previously granted benefits.
- An advance pricing agreement (APA) program is introduced (although it is unclear whether unilateral or bilateral APAs, or both, will be allowed).

Personal income tax

The following changes affect individuals:

- The number of progressive tax rates is reduced from three to two; as a result, a 24% rate applies to monthly income up to HRK 17,500 and income above HRK 17,500 is taxed at a 36% rate.
- The standard monthly tax-free allowance is increased from HRK 2,600 to HRK 3,800 for all taxpayers, as are tax benefits for certain individuals (retirees, dependents, etc.).
- The social security contribution exemption for author and artist income, as well as retiree casual work or other income, is abolished and social security contributions on such income are payable at reduced rates.
- Advance tax on "other income" (i.e. income that is not employment income, income from self-employment, income from property or capital income) is payable at a 24% rate (reduced from 25%). However, the new law taxes other income at the annual progressive tax rates of 24% and 36% (upcoming regulations are expected to clarify some aspects of the new rules).

Value added tax

Changes to the VAT Act will become effective in three stages; most of the changes apply as from 1 January 2017, but others will apply from 1 January 2018 or 1 January 2019.

- The standard VAT rate remains at 25% and no changes are made to the application of the reduced 5% rate. Restaurant and catering services also will be subject to the 25% rate (previously 13%). A 13% rate will apply to electricity, certain agricultural supplies and animal food (except pet food), the public service of municipal waste collection, urns and coffins and child car seats.
- The VAT registration threshold will increase from HRK 230,000 to HRK 300,000 on 1 January 2018.

- New rules affecting the tax treatment of gift cards, coupons and vouchers issued by Croatian taxpayers will apply as from 1 January 2019 (these rules will implement the EU directive on vouchers).

Other measures

- The real estate transfer tax is reduced from 5% to 4%.
- The statute of limitations rules are amended to provide for a general six-year statute of limitations. The tax authorities still have three years to initiate a tax audit, although, in certain cases (e.g. possible abuse of law, etc.), the six-year period will apply.

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European Union: CJEU rules Danish interest exemption rules violate EU law

The Court of Justice of the European Union (CJEU) issued its decision in the Masco Denmark case on 21 December 2016, concluding that certain Danish rules on the tax treatment of interest income are incompatible with the freedom of establishment provision in the Treaty on the Functioning of the European Union (TFEU). Under Danish corporate law, a tax exemption is granted for interest received on a loan granted by a Danish company to its Danish affiliate if a corresponding interest deduction is denied at the level of the debtor as a result of the application of the thin capitalization rules. Notably, the CJEU declined to follow the opinion of Advocate General (AG) Kokott issued on 12 May 2016.

Background

Damixa ApS, a Danish company that held 100% of the shares of its German subsidiary, granted substantial loans to the subsidiary in 2005 and 2006 to assist the subsidiary, which was in financial distress. Damixa ApS received interest income on the loans. The German subsidiary was not allowed to deduct the interest it paid to its Danish parent due to the application of Germany’s thin capitalization rules. The corresponding interest income was taxed at the level of Damixa ApS in Denmark.

According to Danish law, if interest is not deductible by the payer due to limits under the thin capitalization rules, the interest income is tax-exempt in the hands of the recipient. In the instant case, the Danish tax authorities took the position that this provision applies only to debtor companies that are resident in Denmark and, therefore, denied the exemption for the interest income Damixa ApS received from its German subsidiary. Damixa ApS appealed the decision of the tax authorities, arguing that disallowing the exemption violated the freedom of establishment in the TFEU, since the exemption was denied only because the interest was received from a subsidiary resident in another EU member state. The Danish High Court requested a preliminary ruling from the CJEU in 2014.

AG Kokott, in her May 2016 opinion, concluded that Denmark’s rules did not restrict the freedom of establishment, and even if the difference in treatment between resident and nonresident companies did constitute a restriction, the restriction could be justified based on the balanced allocation of taxing rights and the coherence of the tax system.

CJEU decision

The CJEU disagreed with AG Kokott’s assessment and found that the Danish legislation does constitute a restriction on the freedom of establishment, since the tax exemption is available only for interest income received from other Danish group companies. The rules make it less attractive for a Danish parent to have subsidiaries in other EU member states, as opposed to having Danish subsidiaries. Such a difference in treatment is permissible only if it relates to situations that are not comparable or that can be justified by an overriding reason in the public interest. The CJEU examined whether either of these justifications were present.

With respect to comparability (comparing a cross-border situation with a domestic situation with regard to the aim pursued by the relevant national provisions), the CJEU concluded that a situation in which a resident parent company grants a loan to a resident subsidiary that is subject to the Danish thin capitalization rules and a situation in which a resident parent company grants a loan to a nonresident subsidiary that is subject to the thin capitalization rules in its member state of residence are objectively comparable. In each case, the interest income received by the parent is liable to be subject to economic double taxation or to a series of charges, which is what the Danish legislation aims to avoid.

The CJEU then examined whether the Danish restriction could be justified based on an overriding reason in the public interest, specifically, the need to safeguard the balanced allocation of taxation powers between the member states and/or the need to prevent tax avoidance. The court held that, in theory, the Danish rules satisfy the need for a balanced allocation of taxing rights because Denmark, which has no influence on the thin capitalization rules in other member states, otherwise would have to forego its right to tax the income on activities carried out within its territory depending on how the companies are arranged on a consolidated basis. However, according to the CJEU, the Danish rules exceed what is necessary to safeguard the balanced allocation of taxing powers. The rules could achieve the same objective by allowing a tax exemption only for the portion of the interest that would be exempt if the debtor company were resident in Denmark and subject to the Danish thin capitalization rules.

The CJEU also rejected Denmark's assertion that the purpose of the rule is to prevent tax avoidance, noting that this argument can prevail only when the specific purpose of the provision is to prevent wholly artificial arrangements. The court found that since the denial of the tax exemption applies to any nonresident company, regardless of the reason for the loan, the rules do not meet this criterion.

Comments

The CJEU's conclusion that the Danish rules contradict EU law raises the possibility for taxpayers to claim refunds of tax as from tax year 2013 (and possibly as far back as tax year 2005, the first year under review in these proceedings). The Danish tax authorities are expected to issue binding instructions to clarify the rules and procedures applicable to refund requests resulting from this decision. However, it is recommended that refund requests should be made by 21 June 2017, which is the deadline for refund requests relating to changes in assessments where special statutory requirements are met.

The Danish rules must be amended to bring them in line with EU law. Although it currently is unclear what changes will be made, it is possible that the rules will be revised according to the CJEU's recommendation, so that a tax exemption would be granted for interest income derived from nonresident companies to the extent the interest expense would have been reduced by the Danish thin capitalization rules.

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India: Introduction of GST delayed until July 2017

India's GST Council, consisting of the Union Finance Minister and the various state finance ministers, met on 16 January 2017 to discuss the key issues that affect the introduction of goods and services tax (GST). The council decided that the introduction of GST, slated for 1 April 2017 (for prior coverage, see *World Tax Advisor*, 23 September 2016), should be delayed until 1 July 2017 to ensure sufficient time for trade and industry to prepare for the new indirect tax regime.
URL: http://newsletters.usdbriefs.com/2016/Tax/WTA/160923_ib.html

In particular, there are issues relating to dual control of the assessment and administration of GST by the central and the state governments, and how (or whether) a state would be able to levy GST on transactions undertaken in the territorial waters of India.

The council reached a consensus that the administration and assessment of taxpayers with GST turnover exceeding INR 15 million will be shared equally between the central and state governments. However, for taxpayers with GST turnover up to (and including) INR 15 million, the administration (with respect to examinations and audits) will be allocated 90% to the state government and 10% to the central government.

The council also reached a decision on territorial waters. Although the right to levy taxes on transactions within India's territorial waters constitutionally belongs to the central government, the coastal states will be allowed to levy tax on any economic activity carried out within 12 nautical miles.

The Union Finance Minister mentioned that the above decisions will have to be "firmed up" in the existing model central GST, state GST and integrated GST laws, as well as in the compensation law (i.e. the law that will compensate the state governments for a period of five years for any losses arising as a result of the introduction of GST). The council will reconvene on 18 February 2017 to discuss and finalize the draft laws. Once finalized, the central and integrated GST laws will be introduced into parliament, and the state GST laws in the respective state legislative assemblies.

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Singapore:
New protocol to tax treaty with India provides for source-based taxation of gains on shares

On 30 December 2016, Singapore and India announced the signing of a third protocol to the 1994 tax treaty, which will allow India to tax capital gains on investments routed through Singapore. The amendments to the treaty have been expected since India amended its tax treaties with Mauritius (for prior coverage, see *World Tax Advisor*, 27 May 2016) and Cyprus (for prior coverage, see *World Tax Advisor*, 22 July 2016) in April 2016 and November 2016, respectively, to prevent the "round tripping" of funds. Singapore's treaty with India contains a provision that the capital gains benefit will apply only as long as the capital gains benefit continues under the India-Mauritius treaty.
URL: http://newsletters.usdbriefs.com/2016/Tax/WTA/160527_1.html
URL: http://newsletters.usdbriefs.com/2016/Tax/WTA/160722_4.html

The Singapore-India treaty currently provides for residence-based taxation of capital gains derived from the sale of shares in a company. The third protocol, which is expected to take effect no later than 1 April 2017, will provide for source-based taxation of such gains, with a concessional tax rate applying for all shares acquired on or after 1 April 2017 and sold by 31 March 2019.

To provide certainty to investors, the two governments agreed that all investments in shares made before 1 April 2017 will be "grandfathered." However, the grandfathering treatment (i.e. taxation only in Singapore of gains derived by a Singapore resident) will apply only if the Singapore resident satisfies the prescribed conditions in the limitations on benefits clause in the treaty.

With respect to shares of an Indian company acquired by a Singapore resident on or after 1 April 2017 and sold by 31 March 2019, a capital gains tax will be payable in India at 50% of the prevailing tax rate. The capital gains tax rate in India currently is 10% for long-term capital gains arising on the sale of shares of unlisted companies and 30% for short-term capital gains (i.e. shares of an unlisted company that are held for less than 24 months). This reduced taxation under the treaty will be applicable only if the conditions in the limitation on benefits clause are satisfied. Any capital gains arising from the sale of shares acquired on or after 1 April 2017 and sold on or after 1 April 2019 will be taxable in India at the prevailing tax rates.

The third protocol also inserts article 9(2) of the OECD model convention into the existing article 9 of the treaty. The new paragraph will facilitate the conclusion of bilateral advance pricing arrangements between the two countries and eliminate double taxation arising from adjustments made pursuant to transfer pricing or related party transactions.

This new paragraph is included to implement the BEPS standards relating to the mutual agreement procedure in transfer pricing cases.

Comments

Although the amendments to the Singapore-India treaty were anticipated, the general expectation of the investor community was that India would grant more beneficial treatment of capital gains to Singaporean investors, given that Singapore is one of India's larger trading partners. There also was an expectation that capital gains derived by small investors (i.e. those holding less than 10% of the capital in a company) would be exempt from Indian capital gains tax. Such changes, however, were not made to the treaty.

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United States:
IRS issues QI and FFI agreements and FATCA regulations

On 30 December 2016, the US Department of the Treasury and the Internal Revenue Service (IRS) issued two revenue procedures and four sets of regulations, which were published in the Federal Register on 6 January 2017. The revenue procedures provide final qualified intermediary (QI) and updated foreign financial institution (FFI) agreements; the regulations include two sets of final regulations and two sets of proposed regulations relating to the Foreign Account Tax Compliance Act (FATCA).

Revenue procedures

Revenue Procedure (Rev. Proc.) 2017-15 provides the final QI withholding agreement, which includes revisions made in response to comments received on the proposed QI agreement previously set forth in Notice 2016-42 (for prior coverage, see *World Tax Advisor*, 28 October 2016). The final agreement replaces the previous QI agreement (under Rev. Proc. 2014-39), which expired on 31 December 2016.
URL: http://newsletters.usdbriefs.com/2016/Tax/WTA/161028_ib.html

Rev. Proc. 2017-16 provides an updated FFI agreement to replace the agreement previously set forth in Rev. Proc. 2014-38, which expired on 31 December 2016.

Final regulations

Treasury Decision (TD) 9808 finalizes the 2014 temporary FATCA coordination regulations, which include minor revisions and clarifications to the temporary regulations, based on comments received. The decision also provides temporary "Chapter 3" (Withholding of Tax on Nonresident Aliens and Foreign Corporations) regulations affecting persons making payments of US-source income to foreign persons.

TD 9809 finalizes and amends the 2014 temporary FATCA regulations (including TD 9657, the July 2014 corrections and the November 2014 corrections). Temporary regulations revising certain sections of the 2013 final regulations also are provided in this decision.

Proposed regulations

Two sets of proposed regulations were issued:

- Proposed regulations that provide verification and certification requirements under FATCA, including events of default for entities agreeing to perform FATCA compliance requirements on behalf of certain FFIs and nonfinancial foreign entities, certification procedures for the IRS's review of certain entities, procedures for future modifications to the certification requirements and requirements for members of consolidated compliance groups; and

- Proposed regulations that provide cross-references to the temporary regulations of TD 9808 with respect to tax withholding on certain US-source income paid to foreign persons, as well as the requirements for certain claims for refund or credit.

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In brief

Bulgaria: As from 1 January 2018, companies will be required to file their annual tax returns electronically, and they will no longer be able to obtain a 5% discount from the tax liability for electronic filing. Contrary to an earlier proposal, individuals will continue to be able to file their returns in "hard copy." As from 1 January 2017, both companies and individuals will be permitted to file an amended tax return by 30 September of the year in which the annual tax return initially was filed.

Cyprus: As from 2 May 2017, the online submission of VAT returns will be mandatory for all VAT-registered companies and individuals. Taxable persons, therefore, should register on the TAXISnet system, the online platform that enables the electronic submission of VAT returns. The TAXISnet system for VAT is separate from the TAXISnet system for corporate/direct tax, and a separate application for registration is required for VAT purposes.

Georgia: On 1 January 2017, Georgia moved to a new corporate income tax system under which only distributed profits are taxed (for prior coverage, see *World Tax Advisor*, 19 August 2016). The corporate income tax rate is unchanged at 15%, but it now applies only to profits that are distributed by the company. There is a two-year deferral of this new rule for certain companies in the financial sector.
URL: http://newsletters.usdbriefs.com/2016/Tax/WTA/160819_1.html

Italy: The introduction of VAT grouping is expected beginning as from 1 January 2018 (for prior coverage, see Italy tax alert, 23 December 2016). A draft law currently includes the following measures: (i) VAT grouping would be optional, and only the Italian head office or Italian establishment of an overseas legal entity would be eligible to join the group; (ii) all eligible members (connected by common control and having economic and organizational links) would have to opt to join the Italian VAT group for the group to be established; and (iii) supplies between Italian VAT group members would be disregarded. Further changes to the draft are expected before the law is approved.
URL: https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-alert-italy-23-december-2016.pdf

Luxembourg: The 2017 budget law published on 27 December 2016 reduces the corporate income tax rate to 19% (from 21%) as from 1 January 2017.

Malaysia: The Finance Bill 2016 was enacted with minor changes and gazetted as the Finance Act 2017 on 16 January 2017 (for prior coverage, see *World Tax Advisor*, 11 November 2016). The new law entered into force on 17 January 2017.
URL: http://newsletters.usdbriefs.com/2016/Tax/WTA/161111_5.html

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BEPS corner

In each issue that provides updates on developments in the OECD's BEPS initiative, World Tax Advisor includes a "BEPS corner" covering these developments.

Malaysia: Finance Act 2017 introduces CbC reporting in line with the OECD's recommendations under BEPS action 13 for financial years beginning on or after 1 January 2017 (for prior coverage, see *World Tax Advisor*, 11 November 2016.)
URL: http://newsletters.usdbriefs.com/2016/Tax/WTA/161111_5.html

Singapore-India: When in effect, a protocol to the treaty between Singapore and India implements the BEPS standards relating to the mutual agreement procedure in transfer pricing cases. See the article in this issue.
URL: http://newsletters.usdbriefs.com/2017/Tax/WTA/170127_5.html

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Tax treaty round up

At the end of each month, *World Tax Advisor* provides an update on recent tax treaty developments, with a focus on items that directly affect the withholding tax rates of the key jurisdictions covered by the Deloitte International Tax Source (DITS). Additional coverage may include stated negotiating priorities and other important tax treaty trends.
URL: http://www.dits.deloitte.com?id=us:em:na:wta:eng:tax

Unless otherwise noted, the developments discussed below are not yet in force.

Cyprus-India: The 2016 treaty to replace the 1994 treaty entered into force on 14 December 2016 and applies as from 1 January 2017 for Cyprus and as from 1 April 2017 for India. The treaty provides for a 10% withholding tax rate on dividends, interest and royalties, as well as on technical service fees; additionally, the treaty provides for the source-based taxation of capital gains arising from the alienation of a company's shares for investments undertaken on or after 1 April 2017. A press release issued by India's Ministry of Finance on 16 December 2016 states that the classification of Cyprus as a "notified jurisdictional area" has been rescinded with retroactive effect from 1 November 2013 (the date Cyprus was included on the relevant list).

Cyprus-Russia: The Ministry of Finance issued a press release on 29 December 2016 announcing that an agreement has been reached with the Russian authorities to postpone the application of the revised provisions of the capital gains article (article 13) in the Cyprus-Russia tax treaty. A protocol to the treaty, signed on 7 October 2010 and that was due to enter into effect on 1 January 2017, provides for the taxation of capital gains on the sale of shares of companies that derive more than 50% of their value from immovable property in the country where the immovable property is situated. An additional amending protocol is being finalized that would provide for the application of the revised provisions of article 13 to be deferred until similar provisions are introduced in Russia's tax treaties with other European countries.

Hong Kong-Belarus: When in effect, the tax agreement signed on 16 January 2017 provides for a 5% withholding tax rate on dividends and interest. A 3% rate will apply to royalties for the use of, or the right to use, aircraft; otherwise, the rate will be 5%.

Hungary-Iraq: When in effect, the treaty signed on 22 November 2016 provides for a 5% withholding tax rate on dividends. A 0% rate will apply to interest paid on loans or credit granted by a bank, or paid in connection with the sale of merchandise or equipment on credit; otherwise, the rate will be 5%. A 5% rate will apply to royalties.

Hungary-Luxembourg: The 2015 treaty to replace the 1990 treaty entered into force on 26 January 2017 and will apply as from 1 January 2018. When in effect, the new treaty provides for a 0% withholding tax rate on dividends paid to a company (other than a partnership that is not liable to tax) that holds directly at least 10% of the capital of the payer company; otherwise, the rate will be 10%. Interest and royalties will be taxable only in the state of residence of the recipient.

Hungary-Oman: When in effect, the treaty signed on 2 November 2016 provides for a 0% withholding tax rate on dividends (other than dividends paid to an individual resident of the other contracting state, which will be taxable at a 10% rate). Interest will be taxable only in the state of residence of the recipient. An 8% rate will apply to royalties.

Japan-Latvia: When in effect, the treaty signed on 18 January 2017 provides for a 10% withholding tax rate on dividends paid to an individual or where the payer company is entitled to a deduction for dividends paid in computing its taxable income; otherwise, the rate will be 0%. A 10% rate will apply to certain contingent interest and interest paid to an individual; otherwise, the rate will be 0%. Royalties will be taxable only in the state of residence of the recipient.

Luxembourg-Brunei: The 2015 treaty entered into force on 26 January 2017 and will apply as from 1 January 2018 for withholding tax purposes. The treaty provides for a 0% withholding tax rate on dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company; otherwise, the rate will be 10%. A 10% rate will apply to interest, royalties and technical fees.

Luxembourg-Uruguay: The 2015 treaty entered into force on 11 January 2017 and will apply as from 1 January 2018. The treaty provides for a 5% withholding tax rate on dividends paid to a company that holds at least 10% of the capital of the payer company; otherwise, the rate will be 15%. A 10% rate will apply to interest. A 5% rate will apply to royalties paid for the use of, or the right to use, industrial, commercial or scientific equipment; a 10% rate will apply to royalties paid for copyrights of literary, artistic or scientific works.

Singapore-India: See the article in this issue.
URL: http://newsletters.usdbriefs.com/2017/Tax/WTA/170127_5.html

Slovenia-Kazakhstan: When in effect, the treaty signed on 10 March 2016 provides for a 5% withholding tax rate on dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; otherwise, the rate will be 15%. The rate on interest and royalties will be 10%.

South Africa-Zimbabwe: The 2015 treaty to replace the 1965 treaty entered into force on 1 December 2016 and applies for withholding tax purposes as from 1 February 2017. The treaty provides for a 5% withholding tax rate on dividends paid to a company that holds directly at least 25% of the capital of the payer company; otherwise, the rate will be 10%. A 0% rate will apply to interest arising from a debt instrument listed on a recognized stock exchange; otherwise, the rate will be 5%. A 10% rate will apply to royalties.

United Kingdom-Estonia: On 18 January 2017, the UK tax authorities announced that, as a result of the application of a most favored nation clause, withholding tax no longer applies on royalties under the 1994 UK-Estonia tax treaty. Paragraph 7 of the exchange of notes between the treaty partners states that a lower withholding rate than that provided for in article 12 will apply if Estonia subsequently signs a treaty with another OECD member country that was a member when the 1994 treaty was signed that contains a lower withholding tax on royalties. A protocol to Estonia's treaty with Switzerland, which entered into force on 16 October 2015, provides for only residence-state taxation of royalties, thus triggering the most favored nation clause. As a result, as from 16 October 2015, no withholding tax on royalties may be imposed under the UK-Estonia treaty.

United States: Intergovernmental agreements to improve international tax compliance and to implement the Foreign Account Tax Compliance Act (FATCA) have been signed with Bahrain (dated 18 January 2017), Greece (dated 19 January 2017), Macao (dated 14 December 2016) and Taiwan (dated 22 December 2016).

Bilateral treaties and protocols for DITS countries that are in effect as from 1 January 2017: The following table reflects tax treaties and protocols that became effective on 1 January 2017 with respect to their provisions on withholding taxes. Rates shown are as provided in the treaty; the application of domestic law or EU directives may result in a lower rate. The table does not include standard exemptions or special rates, such as those typically provided for interest paid to government entities, government-related loans, etc.

Treaty	Dividends (%)	Interest (%)	Royalties (%)
Argentina-Chile	10/15	4/12/15	3/10/15
The 10% rate applies to dividends paid by an Argentina company to a Chile company that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 15%. A 4% rate applies to interest derived from the sale of machinery and equipment on credit by a recipient that is the seller of the machinery/equipment; a 12% rate applies to interest on loans granted by banks and insurance companies or from bonds or securities that are regularly and substantially traded on a recognized securities market; otherwise, the rate is 15%. A 3% rate applies to royalties paid for the use of, or the right to use, news. A 10% rate applies to royalties paid in respect of copyrights of literary, artistic or scientific work (excluding royalties for cinematograph films and works on film, tape or other means of reproduction for use in connection with television); a patent, trademark, design or model, plan, secret formula or process; industrial, commercial or scientific equipment; and information concerning industrial, commercial or scientific experience, as well as payments for technical assistance. Otherwise, the rate is 15%.			

Treaty	Dividends (%)	Interest (%)	Royalties (%)
Australia-Germany	0/5/15	0/10	5
The 0% rate applies to dividends paid to a company (other than a partnership) that holds at least 80% of the voting power of the payer company for a 12-month period ending on the date the dividend is declared, provided additional specified conditions are fulfilled; a 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the voting power of the payer company throughout a six-month period including the date of payment of the dividends; otherwise, the rate is 15%. A 0% rate applies to interest derived by unrelated financial institutions dealing wholly independently with the payer (other than as part of an arrangement involving back-to-back loans or the equivalent); otherwise, the rate is 10%.			
Austria-Turkmenistan	0/15	10	10
The 0% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 15%.			
Bulgaria-Romania	5/D	5	5
The 5% rate applies to dividends (except for dividends that are considered hidden profit distributions under Bulgarian domestic law or income assimilated to dividends for tax purposes under Romanian domestic law, which are subject to the domestic law of the relevant state).			
Canada-Israel	0/5/15	0/5/10	0/10
The 0% rate applies to dividends paid to (i) an organization that was constituted and is operated exclusively to administer or provide benefits primarily to Israeli-resident individuals under one or more pension plans, that holds the shares as an investment and is either generally exempt from, or not subject to, tax and does not hold, directly or indirectly, more than 10% of the capital or voting power of the payer company; or (ii) the Israeli government, any political subdivision or local authority thereof or the central bank of Israel where the recipient does not hold directly or indirectly more than 25% of the capital or voting power of the payer company. A 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 15%. A 0% rate applies to interest paid to an organization that was constituted and is operated exclusively to administer or provide benefits primarily to individuals under one or more pension plans, that holds the shares as an investment and is either generally exempt from, or not subject to, tax and that does not hold, directly or indirectly, more than 10% of the capital or voting power of the payer company; a 5% rate applies to interest paid on arm's length terms to a financial institution; otherwise, the rate is 10%. A 0% rate applies to (i) copyright royalties and other similar payments in respect of the production or reproduction of any literary, dramatic, musical or other artistic work (but excluding royalties in respect of motion picture films and royalties in respect of works on film, videotape or other means of reproduction for use in connection with television broadcasting); or (ii) royalties for the use of, or the right to use, computer software or a patent or for information concerning industrial, commercial or scientific experience (but not including any such royalty provided in connection with a rental or franchise agreement); otherwise, the rate is 10%.			
Canada-Taiwan	10/15	10	10
The 10% rate applies to dividends paid to a company that holds directly or indirectly at least 20% of the capital of the payer company; otherwise, the rate is 15%.			
Chile-Argentina	10/15/D	4/12/15	3/10/15
The 10% rate applies to dividends paid to a company that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 15%. As a result of special wording in the treaty, however, the reduced rates do not apply in Chile; dividends distributed from Chile are subject to the domestic withholding tax rate, with a credit for the corporate tax paid. A 4% rate applies to interest derived from the sale of machinery and equipment on credit by a recipient that is the seller of the machinery/equipment; a 12% rate applies to interest on loans granted by banks and insurance companies or from bonds or securities that are regularly and substantially traded on a recognized securities market; otherwise, the rate is 15%. A 3% rate applies to royalties paid for the use of, or the right to use, news. A 10% rate applies to royalties paid in respect of copyrights of literary, artistic or scientific work (excluding royalties for cinematograph films and works on film, tape or other means of reproduction for use in connection with television); a patent, trademark, design or model, plan, secret formula or process; industrial, commercial or scientific equipment; and information concerning industrial, commercial or scientific experience, as well as payments for technical assistance. Otherwise, the rate is 15%.			

Treaty	Dividends (%)	Interest (%)	Royalties (%)
Chile-China	10/D	4/10/15	2/10
As a result of special wording in the treaty, the 10% dividends rate does not apply in Chile; dividends distributed from Chile are subject to the domestic tax rate, but the corporate tax paid is creditable against the withholding tax on dividends. A 4% rate applies to interest derived from loans granted by banks, insurance companies and other financial institutions; otherwise, the rate is 15% for the first two years after the treaty enters into effect, reducing to 10% thereafter. A 2% rate applies to royalties paid for the use of, or the right to use, industrial, commercial or scientific equipment; otherwise, the rate is 10%.			
Chile-Italy	5/10/D	5/15	5/10
The 5% rate applies to dividends paid to a company that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 10%. However, as a result of special wording in the treaty, the reduced rates do not apply to limit the withholding tax payable on dividends distributed by a Chilean payer, which are subject to the domestic withholding tax rate, with credit for the corporate tax paid. A 5% rate applies to interest paid to a bank or an insurance company, on bonds or securities that are regularly and substantially traded on a recognized securities market or in respect of sales of machinery and equipment on credit; otherwise, the rate is 15%. A 5% rate applies to royalties paid for the use of, or the right to use, industrial, commercial, or scientific equipment; otherwise, the rate is 10%.			
Chile-Japan	0/5/15/20/D	4/10/15	2/10
The 0% rate applies to dividends paid to pension funds, provided the dividends are not derived from the carrying on of a business by the pension fund or through an associated enterprise; a 5% rate applies to dividends paid to a company that has owned directly, for a period of six months ending on the date on which entitlement to the dividends is determined, at least 25% of the voting power in the payer company; otherwise, the rate is 15%. However, as a result of special wording in the treaty, the reduced rates do not apply to limit the withholding tax payable on dividends distributed by a Chilean payer, which are subject to the domestic withholding tax rate, with credit for the corporate tax paid. If Chile's domestic additional withholding rate exceeds 35% or the corporate tax paid ceases to be fully creditable, the treaty provides for a maximum 20% rate to replace the 5% and 15% dividend rates. A 4% rate applies to interest paid to a bank, an insurance company or certain other companies primarily engaged in a lending or finance business; to an enterprise on a sale of machinery or equipment on credit; or to any other enterprise, provided that in the three taxable years preceding the taxable year in which the interest is paid, the enterprise derives more than 50% of its liabilities from the issuance of bonds in the financial markets or from taking deposits at interest, and more than 50% of the assets of the enterprise consist of debt-claims against unrelated persons; otherwise, the rate is 15% for the first two years the treaty is in effect, reducing to 10% thereafter. A 10% rate also applies to interest that otherwise would be subject to the 4% rate but is paid as part of an arrangement involving back-to-back loans or a similar arrangement. A 2% rate applies to royalties paid for the use of, or the right to use, industrial, commercial or scientific equipment; otherwise, the rate is 10%.			
Chile-South Africa	5/15/D	5/15	5/10
The 5% rate applies to dividends paid to a company that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 15%. As a result of special wording in the treaty, however, the reduced rates do not apply in Chile; dividends distributed from Chile are subject to the domestic tax rate, but the corporate tax paid is creditable against the withholding tax on dividends. A 5% rate applies to interest paid on loans granted by a bank or insurance company; bonds or securities that are regularly and substantially traded on a recognized securities market; and sales on credit paid by the purchaser of machinery and equipment to a recipient that is the seller of the machinery and equipment; otherwise, the rate is 15%. A 5% rate applies to royalties paid for the use of, or the right to use, industrial, commercial or scientific equipment; otherwise, the rate is 10%.			
China-Bahrain	10	-	-
The withholding tax rates on interest and royalties are not affected by the protocol.			
China-Chile	10	4/10/15	2/10
The 10% rate applies to dividends paid by a Chinese company to a Chilean recipient. A 4% rate applies to interest derived from loans granted by banks, insurance companies and other financial institutions; otherwise, the rate is 15% for the first two years after the treaty enters into effect, reducing to 10% thereafter. A 2% rate applies to royalties paid for the use of, or the right to use, industrial, commercial or scientific equipment; otherwise, the rate is 10%.			

Treaty	Dividends (%)	Interest (%)	Royalties (%)
China-Germany	5/10/15	0/10	10
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; a 15% rate applies to dividends paid from income (including gains) derived directly or indirectly from immovable property by an investment vehicle that distributes most of the income annually and whose income from the immovable property is tax exempt; otherwise, the rate is 10%. A 0% rate applies to interest paid in connection with the sale of commercial or scientific equipment on credit; otherwise, the rate is 10%. A 10% rate applies to royalties paid for the use of, or the right to use, a copyright of literary, artistic or scientific work (including film and television royalties); a patent, trademark, design or model, plan, secret formula or process; or for information concerning industrial, commercial or scientific experience. Royalties paid for the use of, or the right to use, industrial, commercial or scientific equipment are taxable at a rate of 10% of the "adjusted amount" of the royalties, which is 60% of the gross amount.			
China-Russia	5/10	0	6
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company if this holding amounts to at least EUR 80,000 or the equivalent in any other currency; otherwise, the rate is 10%.			
China-Zimbabwe	2.5/7.5	7.5	7.5
The 2.5% rate applies to dividends paid to a company that controls directly or indirectly at least 25% of the payer company; otherwise, the rate is 7.5%.			
Croatia-Luxembourg	5/15	0/10	5
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company; otherwise, the rate is 15%. A 0% rate applies to interest paid to financial institutions or collective investment vehicles; otherwise, the rate is 10%.			
Cyprus-Bahrain	0	0	0
Cyprus-Georgia	0	0	0
Cyprus-India	10	10	10
The treaty applies as from 1 April 2017 for India. The 10% rate also applies to technical service fees.			
Cyprus-Latvia	0/10	0/10	0/5
The 0% rate applies to dividends and interest paid to a company (other than a partnership); otherwise, the rate is 10%. A 0% rate applies to royalties paid to a company (other than a partnership); otherwise, the rate is 5%.			
Czech Republic-Iran	5	0/5	8
The 0% rate applies to interest paid in connection with the sale of merchandise or equipment on credit, and to interest paid on bank loans; otherwise, the rate is 5%.			
Estonia-Vietnam	5/10	10	10
The 5% rate applies to dividends paid to a company that holds at least 70% of the voting rights of the payer company; otherwise, the rate is 10%. A 7.5% rate applies to technical service fees.			
France-Singapore	5/15/D	0/10	0
The 5% rate applies to dividends paid to a company that holds, directly or indirectly, at least 10% of the capital of the payer company. The domestic withholding tax rate may apply to dividends paid by an investment vehicle that derives income or gains from immovable property, whose income or gains are not taxed and that distributes most of its income annually, to a shareholder that holds, directly or indirectly, at least 10% of the capital of the investment vehicle. Otherwise, the rate is 15%. A 0% rate applies to interest paid from one enterprise to another; otherwise, the rate is 10%.			

Treaty	Dividends (%)	Interest (%)	Royalties (%)
Germany-Australia	0/5/15	0/10	5
The 0% rate applies to dividends paid to a company (other than a partnership) that holds at least 80% of the voting power of the payer company for a 12-month period ending on the date the dividend is declared, provided additional specified conditions are fulfilled; a 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the voting power of the payer company throughout a six-month period including the date of payment of the dividends; otherwise, the rate is 15%. A 0% rate applies to interest derived by unrelated financial institutions dealing wholly independently with the payer (other than as part of an arrangement involving back-to-back loans or the equivalent); otherwise, the rate is 10%.			
Germany-China	5/15	0/10	10
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 20% of the capital of the payer company; otherwise, the rate is 15%. A 0% rate applies to interest paid in connection with the sale of commercial or scientific equipment on credit; otherwise, the rate is 10%. A 10% rate applies to royalties paid for the use of, or the right to use, a copyright of literary, artistic or scientific work (including film and television royalties); a patent, trademark, design or model, plan, secret formula or process; or for information concerning industrial, commercial or scientific experience. Royalties paid for the use of, or the right to use, industrial, commercial or scientific equipment are taxable at a rate of 10% of the "adjusted amount" of the royalties, which is 60% of the gross amount.			
Germany-Costa Rica	5/15	0/5	10
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 20% of the capital of the payer company; otherwise, the rate is 15%. A 0% rate applies to interest paid in connection with the sale of commercial or scientific equipment on credit, paid in connection with the sale of goods by an enterprise to another enterprise on credit or paid on a loan granted by a bank; otherwise, the rate is 5%.			
Germany-Israel	5/10/15/D	0/5	0
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company; otherwise, the rate generally is 10%. However, where the distributing company is a real estate investment company, the rate is 15% where distributions are paid to a recipient that holds directly less than 10% of the capital of the distributing company; otherwise, the domestic rate applies. A 0% rate applies to interest paid on corporate bonds traded on a stock exchange in the source state, or to a pension fund; otherwise, the rate is 5%.			
Germany-Japan	0/5/15	0	0
The 0% rate applies to dividends paid to a company (other than a partnership) that has held directly, for a period of 18 months ending on the date on which entitlement to the dividends is determined, at least 25% of the voting shares of the payer company; the 5% rate applies to dividends paid to a company (other than a partnership) that has held directly, for a period of six months ending on the date on which entitlement to the dividends is determined, at least 10% of the voting shares of the payer company; otherwise, the rate is 15%. The 0% and 5% rates do not apply to dividends paid by a German real estate investment trust company with listed share capital or a German investment fund.			
Hong Kong-Romania	3/5	0/3	3
The 3% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 15% of the capital of the payer company; otherwise, the rate is 5%. A 0% rate applies to interest if, and as long as, Hong Kong does not levy withholding tax on interest under its domestic legislation; otherwise, the rate is 3%.			
Hungary-Iran	0	0/5	5
The 0% rate applies to interest paid in connection with a sale of merchandise or equipment on credit, or paid on a loan or credit granted by a bank; otherwise, the rate is 5%.			
Hungary-Turkmenistan	5/15	10	10
The 5% rate applies to dividends paid to a company (other than a partnership that is not liable to tax) that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 15%.			
Iceland-Albania	5/10	10	10
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 10%.			

Treaty	Dividends (%)	Interest (%)	Royalties (%)
Iceland-Liechtenstein	0/15	0	0/5
The 0% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company for at least one year before the payment of the dividends, or paid to a pension fund or qualified charitable entity; otherwise, the rate is 15%. A 5% rate applies to royalties paid for the use of, or the right to use, a patent, trademark, design or model, plan, secret formula or process; other royalties are taxable only in the state of residence of the recipient.			
Indonesia-Armenia	10/15	10	10
The 10% rate applies to dividends paid to a company that holds directly at least 25% of the equity capital of the payer company; otherwise, the rate is 15%.			
Indonesia-India	10	10	10
The treaty applies as from 1 April 2017 for India. The 10% rate also applies to technical service fees.			
Ireland-Botswana	5	7.5	5/7.5
The treaty apples as from 4 March 2016 for withholding tax purposes for Botswana. The 5% rate applies to royalties paid for industrial, commercial or scientific equipment; otherwise, the rate is 7.5%.			
Ireland-Ethiopia	5	5	5
The treaty applies as from 8 July 2017 for Ethiopia.			
Ireland-Pakistan	5/10	10	10
The treaty applies as from 1 July 2017 for Pakistan. The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 10%. A 10% rate also applies to technical service fees.			
Israel-Canada	0/5/15/D	0/5/10	0/10
The 0% rate applies to dividends paid to (i) an organization that was constituted and is operated exclusively to administer or provide benefits primarily to Canadian-resident individuals under one or more pension plans, that holds the shares as an investment and is either generally exempt from, or not subject to, tax and does not hold, directly or indirectly, more than 10% of the capital or voting power of the payer company; and (ii) the Canadian government, any political subdivision or local authority thereof, or the central bank of Canada, where the recipient does not hold directly or indirectly more than 25% of the capital or voting power of the payer company. A 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 15%. Where the distributing company is a real estate investment fund, a 15% rate applies to distributions to a recipient that holds directly less than 10% of the capital of the fund; otherwise, the domestic rate applies. A 0% rate applies to interest paid to an organization that was constituted and is operated exclusively to administer or provide benefits primarily to individuals under one or more pension plans, that holds the shares as an investment and is either generally exempt from, or not subject to, tax and that does not hold, directly or indirectly, more than 10% of the capital or voting power of the payer company; a 5% rate applies to interest paid on arm's length terms to a financial institution; otherwise, the rate is 10%. A 0% rate applies to (i) copyright royalties and other similar payments in respect of the production or reproduction of any literary, dramatic, musical or other artistic work (but excluding royalties in respect of motion picture films and royalties in respect of works on film, videotape or other means of reproduction for use in connection with television broadcasting); and (ii) royalties for the use of, or the right to use, computer software or any patent or for information concerning industrial, commercial or scientific experience (but not including any such royalty provided in connection with a rental or franchise agreement); otherwise, the rate is 10%.			
Israel-Germany	5/10/15/D	0/5	0
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company; otherwise, the rate generally is 10%. Where the distributing company is a real estate investment company, the rate is 15% where distributions are paid to a recipient that holds directly less than 10% of the capital of the payer company; otherwise, the domestic rate applies. The 0% rate applies where interest is paid on corporate bonds traded on a stock exchange in the source state, or to a pension fund; otherwise, the rate is 5%.			

Treaty	Dividends (%)	Interest (%)	Royalties (%)
Italy-Chile	5/10	5/15	5/10
The 5% rate applies to dividends paid by an Italian company to a Chilean company that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 10%. A 5% rate applies to interest paid to a bank or an insurance company, on bonds or securities that are regularly and substantially traded on a recognized securities market or in respect of credit sales of machinery and equipment; otherwise, the rate is 15%. A 5% rate applies to royalties for the use of, or the right to use, industrial, commercial, or scientific equipment; otherwise, the rate is 10%.			
Japan-Chile	0/5/15/20	4/10/15	2/10
The 0% rate applies to dividends paid to pension funds, provided the dividends are not derived from the carrying on of a business by the pension fund or through an associated enterprise; a 5% rate applies to dividends paid to a company that has owned directly, for a period of six months ending on the date on which entitlement to the dividends is determined, at least 25% of the voting power in the payer company; otherwise, the rate is 15%. However, as a result of special wording in the treaty, the reduced rates do not apply to limit the withholding tax payable on dividends distributed by a Chilean payer, which are subject to the domestic withholding tax rate, with credit for the corporate tax paid. If Chile's domestic additional withholding rate exceeds 35% or the corporate tax paid ceases to be fully creditable, the treaty provides for a maximum 20% rate to replace the 5% and 15% dividend rates. A 4% rate applies to interest paid to a bank, an insurance company or certain other companies primarily engaged in a lending or finance business; on trade receivables for machinery and equipment; or to other enterprises, provided that in the three taxable years preceding the taxable year in which the interest is paid, the enterprise derives more than 50% of its liabilities from the issuance of bonds in the financial markets or from taking deposits at interest, and more than 50% of the assets of the enterprise consist of debt-claims against unrelated persons; otherwise, the rate is 15% for the first two years the treaty is in effect, reducing to 10% thereafter. A 10% rate also applies to interest that would otherwise be subject to the 4% rate but is paid as part of an arrangement involving back-to-back loans or a similar arrangement. A 2% rate applies to royalties paid for the use of, or the right to use, industrial, commercial or scientific equipment; otherwise, the rate is 10%.			
Japan-Germany	0/5/15/D	0/D	0
The 0% rate applies to dividends paid to a company (other than a partnership) that has owned directly, for a period of 18 months ending on the date on which entitlement to the dividends is determined, at least 25% of the voting shares of the payer company; a 5% rate applies to dividends paid to a company (other than a partnership) that has owned directly, for a period of six months ending on the date on which entitlement to the dividends is determined, at least 10% of the voting shares of the payer company; otherwise the rate is 15%. Dividends paid by a Japanese company that is entitled to a deduction for dividends paid to its beneficiaries in computing its taxable income for Japanese tax purposes may be taxed under Japan's domestic law. Certain contingent interest arising in Japan may be taxed under Japan's domestic law.			
Japan-Taiwan	10	10	10
These rates apply under the bilateral agreement on taxation between Japan and Taiwan.			
Korea-Brunei	5/10	0/10	10
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 10%. A 0% rate applies to interest paid in connection with the sale of industrial, commercial or scientific equipment on credit or in connection with the sale of merchandise by an enterprise to another enterprise on credit; otherwise, the rate is 10%.			
Korea-Georgia	5/10	0/10	10
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company; otherwise, the rate is 10%. A 0% rate applies to interest paid in connection with the sale of merchandise or industrial, commercial or scientific equipment on credit, and to interest paid to a pension fund, provided the interest is not derived from a business carried on, directly or indirectly, by the fund; otherwise, the rate is 10%.			
Korea-India	15	10	10
The treaty applies as from 1 April 2017 for India. The 10% rate also applies to technical service fees.			
Korea-Poland	-	-	5
The withholding tax rates on dividends and interest are not affected by the protocol.			

Treaty	Dividends (%)	Interest (%)	Royalties (%)
Korea-Serbia	5/10	10	5/10
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 10%. A 5% rate applies to royalties paid for the use of, or the right to use, a copyright of literary, artistic or scientific work (including cinematograph films or films or tapes used for radio or television broadcasting). A 10% rate applies to royalties paid for the use of, or the right to use, a patent, trademark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment or for information concerning industrial, commercial or scientific experience.			
Korea-Tajikistan	5/10	0/8	10
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 10%. A 0% rate applies to interest paid in connection with the sale of industrial, commercial or scientific equipment on credit or in connection with the sale of merchandise by an enterprise to another enterprise on credit; otherwise, the rate is 8%.			
Korea-Turkmenistan	10	0/10	10
The 0% rate applies to interest paid in connection with the sale of industrial, commercial or scientific equipment on credit or in connection with the sale of merchandise by an enterprise to another enterprise on credit; otherwise, the rate is 10%.			
Latvia-Cyprus	0/10	0/10	0/5
The 0% rate applies to dividends and interest paid to a company (other than a partnership); otherwise, the rate is 10%. A 0% rate applies to royalties paid to a company (other than a partnership); otherwise, the rate is 5%.			
Luxembourg-Andorra	0/5/15	0	0
The 0% rate applies to dividends paid to a recipient that holds directly (i) at least 10% of the capital of the payer company, or (ii) a participation with an acquisition cost of at least EUR 1.2 million in the payer company, for an uninterrupted period of at least 12 months; a 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company; otherwise, the rate is 15%.			
Luxembourg-Croatia	5/15	0/10	5
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company; otherwise, the rate is 15%. A 0% rate applies to interest paid to financial institutions or collective investment vehicles; otherwise, the rate is 10%.			
Luxembourg-Serbia	5/10	10	5/10
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 10%. A 5% rate applies to royalties paid for the use of, or the right to use, a copyright of literary, artistic or scientific work (including cinematograph films or films or tapes used for radio or television broadcasting). A 10% rate applies to royalties paid for the use of, or the right to use, a patent, trademark, design or model, plan, secret formula or process; for the use of, or the right to use, industrial, commercial or scientific equipment; or for information concerning industrial, commercial or scientific experience.			
Malaysia-Slovakia	0/5	10	10
The 0% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company for an uninterrupted period of at least 12 months; otherwise, the rate is 5%.			
Malta-Vietnam	D	10	5/10/15
The treaty provides that where dividends are paid to a Vietnam resident, the Maltese tax on the dividends may not exceed the amount chargeable on the profits out of which the dividends are paid. A 5% rate applies to royalties paid for the use of, or the right to use, a patent, design or model, plan, secret formula or process, or for information concerning industrial or scientific experience; a 10% rate applies to royalties paid for the use of, or the right to use, a trademark or for information concerning commercial experience; otherwise, the rate is 15%.			
Netherlands-Ethiopia	5/15	5	5
The treaty applies as from 8 July 2017 for Ethiopia. The 5% rate applies to dividends paid to a company that holds at least 10% of the capital of the payer company and dividends paid to pension funds; otherwise, the rate is 15% for dividends paid by a Netherlands resident company.			

Treaty	Dividends (%)	Interest (%)	Royalties (%)
Netherlands-St. Maarten	0/5/15	0	0
The 0% rate applies to dividends paid to a pension fund or paid to a company whose capital is wholly or partially divided into shares and that holds directly at least 10% of the capital of the payer company, provided certain additional requirements are fulfilled; otherwise, the rate generally is 15%. However, under transitional provisions applicable until 31 December 2019, dividends paid by a Netherlands company to a St. Maarten company that do not qualify for the 0% rate may qualify for a 5% rate if the recipient holds at least 25% of the paid-up capital of the payer company.			
Norway-Romania	5/10	5	5
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company; otherwise, the rate is 10%.			
Philippines-Turkey	10/15	10	10/15
The 10% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 15%. A 15% rate applies to film and television royalties; otherwise, the rate is 10%.			
Poland-Bosnia-Herzegovina	5/15	10	10
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 15%.			
Poland-Korea	-	-	5
The withholding tax rates on dividends and interest are not affected by the protocol.			
Poland-Taiwan	10	10	3/10
The 3% rate applies to royalties paid for the use of, or the right to use, commercial, scientific or industrial equipment; otherwise, the rate is 10%.			
Portugal-Bahrain	10/15	10	5
The 10% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 15%.			
Portugal-Saudi Arabia	5/10	10	8
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company; otherwise, the rate is 10%.			
Portugal-Senegal	5/10	10	10
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 10%.			
Portugal-Vietnam	5/10/15	10	10
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 70% of the capital of the payer company; the 10% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 15%. A 7.5% rate applies to technical fees.			
Romania-Bulgaria	5/D	5	5
The 5% rate applies to dividends other than dividends that are income assimilated to dividends for tax purposes under Romanian domestic law (or distributions that are considered hidden profit distributions under Bulgarian domestic law), which are subject to the domestic law of the relevant state.			
Romania-Hong Kong	3/5	0/3	3
The 3% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 15% of the capital of the payer company; otherwise, the rate is 5%. A 0% rate applies to interest if, and as long as, Hong Kong does not levy withholding tax on interest under its domestic legislation; otherwise, the rate is 3%.			
Romania-Norway	5/10	5	5
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company; otherwise, the rate is 10%.			

Treaty	Dividends (%)	Interest (%)	Royalties (%)
Romania-United Arab Emirates	0/3	3	3
The 0% rate applies to dividends paid to a company at least 25% of whose capital is owned, directly or indirectly, by the government or a government institution; otherwise, the rate is 3%.			
Russia-China	5/10	0	6
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company and this holding amounts to at least EUR 80,000 or the equivalent in any other currency; otherwise, the rate is 10%.			
Russia-Hong Kong	5/10	0	3
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 15% of the capital of the payer company; otherwise, the rate is 10%.			
Russia-Singapore	5/10	0	5
The 5% rate applies to dividends paid to a company that holds directly at least 15% of the capital of the payer company (other than dividends paid by a real estate investment fund); otherwise, the rate is 10%.			
Saudi Arabia-Algeria	0	0	7
Saudi Arabia-Ethiopia	5	5	7.5
Saudi Arabia-Kazakhstan	5	10	10
Saudi Arabia-Macedonia	5	5	10
Saudi Arabia-Portugal	5/10	10	8
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company; otherwise, the rate is 10%.			
Saudi Arabia-Sweden	5/10	0	5/7
The 5% rate applies to dividends paid to a company (other than a partnership) that holds at least 10% of the capital of the payer company; otherwise, the rate is 10%. A 5% rate applies to royalties for the use of, or the right to use, industrial, commercial, or scientific equipment; otherwise, the rate is 7%.			
Saudi Arabia-Venezuela	5	5	8
Singapore-France	5/15/D	0/10	0
The 5% rate applies to dividends paid to a company that holds, directly or indirectly, at least 10% of the capital of the payer company; the domestic withholding tax rate applies to dividends paid by an investment vehicle that derives income or gains from immovable property, whose income or gains are not taxed and that distributes most of its income annually to a shareholder that holds, directly or indirectly, at least 10% of the capital of the investment vehicle; otherwise, the rate is 15%. A 0% rate applies to interest paid from one enterprise to another; otherwise, the rate is 10%.			
Singapore-Laos	5/8	5	5
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company; otherwise, the rate is 8%.			
Singapore-Russia	5/10	0	5
The 5% rate applies to dividends paid to a company that holds directly at least 15% of the capital of the payer company (other than dividends paid by a real estate investment fund); otherwise, the rate is 10%.			
Singapore-Rwanda	7.5	10	10
Singapore-South Africa	5/10	0/7.5	5
The 5% rate applies to dividends paid to a company that holds at least 10% of the capital of the payer company; otherwise, the rate is 10%. A 0% rate applies to interest paid in respect of a debt instrument listed on a recognized stock exchange; otherwise, the rate is 7.5%.			

Treaty	Dividends (%)	Interest (%)	Royalties (%)
Singapore-Thailand	10	10/15	5/8/10
The 10% rate applies to interest paid to a financial institution or insurance company, or to interest paid with respect to indebtedness arising as a result of an arm's length credit sale of equipment, merchandise or services; otherwise, the rate is 15%. A 5% rate applies to royalties paid for the use of, or the right to use, a copyright of literary, artistic or scientific work, including cinematograph films or films or tapes used for radio or television broadcasting; an 8% rate applies to royalties paid for a patent, trademark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment; otherwise, the rate is 10%.			
Singapore-United Arab Emirates	0	0	5/D
The treaty specifically provides that a contracting state may exempt or reduce the tax on industrial royalties in accordance with its domestic laws.			
Slovakia-Malaysia	0/5	10	10
The 0% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company for an uninterrupted period of at least 12 months; otherwise, the rate is 5%.			
South Africa-Chile	5/15	5/15	5/10
The 5% rate applies to dividends paid by a South African company to a Chilean company that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 15%. A 5% rate applies to interest paid on loans granted by a bank or insurance company; bonds or securities that are regularly and substantially traded on a recognized securities market; and credit sales of machinery and equipment; otherwise, the rate is 15%. A 5% rate applies to royalties paid for the use of, or the right to use, industrial, commercial or scientific equipment; otherwise, the rate is 10%.			
South Africa-Singapore	5/10	0/7.5	5
The 5% rate applies to dividends paid to a company that holds at least 10% of the capital of the payer company; otherwise, the rate is 10%. A 0% rate applies to interest paid in respect of a debt instrument listed on a recognized stock exchange; otherwise, the rate is 7.5%.			
South Africa-United Arab Emirates	5/10	10	10
The 5% rate applies to dividends paid to a company that holds directly at least 10% of the capital of the payer company; otherwise, the rate is 10%.			
Sweden-Azerbaijan	5/15	8	5/10
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 20% of the capital of the payer company and whose participation in the payer company exceeds EUR 200,000 or its equivalent in the national currencies of the contracting states; otherwise, the rate is 15%. A 5% rate applies to royalties payable for the use of, or right to use, a patent, trademark, design or model, plan, secret formula or process, or for industrial, commercial, or scientific information; otherwise, the rate is 10%.			
Sweden-Saudi Arabia	5/10	0	5/7
The 5% rate applies to dividends paid to a company (other than a partnership) that holds at least 10% of the capital of the payer company; otherwise, the rate is 10%. A 5% rate applies to royalties for the use of, or the right to use, industrial, commercial, or scientific equipment; otherwise, the rate is 7%.			
Switzerland-Albania	5/15	0/5	5
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 15%. A 0% rate applies to interest paid to a pension scheme; otherwise, the rate is 5%.			
Switzerland-Liechtenstein	0/15	0	0
The 0% rate applies to dividends paid to a company that holds directly at least 10% of the capital of the payer company for at least one year before the dividends are paid and to dividends paid to a pension fund; otherwise, the rate is 15%.			

Treaty	Dividends (%)	Interest (%)	Royalties (%)
Switzerland-Oman	0/5/15	0/5	8
The 0% rate applies to dividends paid to a pension scheme or fund; the 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company; otherwise, the rate is 15%. A 0% rate applies to interest paid on a loan granted by a bank, to a pension scheme or pension fund or on an intercompany loan; otherwise, the rate is 5%.			
Taiwan-Canada	10/15	10	10
The 10% rate applies to dividends paid to a company that holds directly or indirectly at least 20% of the capital of the payer company; otherwise, the rate is 15%.			
Taiwan-Japan	10	10	10
These rates apply under the bilateral agreement on taxation between Taiwan and Japan.			
Taiwan-Poland	10	10	3/10
The 3% rate applies to royalties paid for the use of, or the right to use, commercial, scientific or industrial equipment; otherwise, the rate is 10%.			
Thailand-Singapore	10	10/15	5/8/10
The 10% rate applies to interest paid to a financial institution or insurance company, or to interest paid with respect to indebtedness arising as a result of an arm's length credit sale of equipment, merchandise or services; otherwise, the rate is 15%. A 5% rate applies to royalties paid for the use of, or the right to use, a copyright of literary, artistic or scientific work, including cinematograph films or films or tapes used for radio or television broadcasting; an 8% rate applies to royalties paid for a patent, trademark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment; otherwise, the rate is 10%.			
Turkey-Philippines	10/15	10	10/15
The 10% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 15%. A 15% rate applies to film and television royalties; otherwise, the rate is 10%.			
United Kingdom-Algeria	5/15	7	10
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; otherwise, the rate is 15%.			
United Kingdom-Turkmenistan	5/15	10	10
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly or indirectly at least 25% of the capital of the payer company; otherwise, the rate is 15%.			
United Kingdom-United Arab Emirates	0/15	0/D	0
The 15% rate applies to dividends paid, other than to a pension scheme, out of tax-exempt income (including gains) derived directly or indirectly from immovable property by an investment vehicle that distributes most of the income annually; otherwise, the rate is 0%. A 0% rate applies to interest paid to an individual; a company whose principal class of shares is substantially and regularly traded on a recognized stock exchange; a pension scheme; a financial institution that is unrelated to and dealing wholly independently with the payer; or any other company, provided that the competent authority of the contracting state responsible for granting the benefits determines that the main purpose, or one of the main purposes, for the establishment, acquisition or maintenance of the company is not to secure benefits under the treaty interest article; otherwise, the domestic rate applies.			
United Kingdom-Uruguay	0/5/15	0/10	10
The 0% rate applies to dividends paid to a pension scheme; the 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company; otherwise, the rate is 15%. A 0% rate applies to interest paid to a financial institution on a loan of at least three years for the financing of investment projects, or to a pension scheme; otherwise, the rate is 10%.			

Treaty	Dividends (%)	Interest (%)	Royalties (%)
Uruguay-United Arab Emirates	5/7	10	0/5/10
The 5% rate applies to dividends paid to a company (other than a partnership) or a government institution; otherwise, the rate is 7%. A 0% rate apples to technical service fees related to the exploration, extraction or exploitation of hydrocarbons paid from the government of one contracting state to the government of the other contracting state; a 5% rate applies to royalties for the use of industrial, commercial or scientific equipment; the rate is 10% on all other types of royalties and technical service fees.			
Uruguay-United Kingdom	0/5/15	0/10	10
The 0% rate applies to dividends paid to a pension scheme; the 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company; otherwise, the rate is 15%. A 0% rate applies to interest paid to a financial institution on a loan of at least three years for the financing of investment projects, or to a pension scheme; otherwise, the rate is 10%.			
Uruguay-Vietnam	5/10	10	10
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 70% of the capital of the payer company; otherwise the rate is 10%.			
Vietnam-Estonia	5/10	10	10
The 5% rate applies to dividends paid to a company that holds at least 70% of the voting rights of the payer company; otherwise, the rate is 10%.			
Vietnam-Malta	5/15	10	5/10/15
The 5% rate applies to dividends paid by a Vietnam company to a Malta company that holds directly at least 50% of the voting power in the payer company; otherwise, the rate is 15%. A 5% rate applies to royalties paid for the use of, or the right to use, a patent, design or model, plan, secret formula or process, or for information concerning industrial or scientific experience; a 10% rate applies to royalties paid for the use of, or the right to use, a trademark or for information concerning commercial experience; otherwise, the rate is 15%.			
Vietnam-Portugal	5/10/15	10	10
The 5% rate applies to dividends paid to a company (other than a partnership) that owns directly at least 70% of the capital of the payer company; the 10% rate applies to dividends paid to a company (other than a partnership) that owns directly at least 25% of the capital of the payer company; otherwise, the rate is 15%. A 7.5% rate applies to technical fees.			
Vietnam-San Marino	10/15	10/15	10/15
The 10% rate applies to dividends paid to a company that has held directly at least 10% of the capital of the payer company for an uninterrupted period of at least 12 months prior to the decision to distribute the dividends; otherwise, the rate is 15%. A 10% rate applies to interest paid to a company that has held directly at least 10% of the capital of the payer company for an uninterrupted period of at least 12 months prior to the decision to pay the interest; otherwise, the rate is 15%. A 10% rate applies to royalties paid to a company that has held directly at least 10% of the capital of the payer company for an uninterrupted period of at least 12 months prior to the decision to pay the royalties; otherwise, the rate is 15%.			
Vietnam-Uruguay	5/10	10	10
The 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 70% of the capital of the payer company; otherwise, the rate is 10%.			

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Germany

Bill to limit tax deductibility of royalty payments undergoing legislative process

On 25 January 2017, the German government decided to introduce a bill into the legislative process that would limit the deductibility of related party royalty payments that result in the "low taxation" of the royalty income at the level of the recipient due to the application of an intellectual property (IP) regime, in situations where the IP regime is not based on the "nexus approach" described in action 5 of the OECD's BEPS project.
Issue date: 25 January 2017
URL: https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-alert-germany-25-january-2017.pdf

United States

Anti-inversion guidance: Treasury finalizes expiring regulations and modifies "*de minimis*" exceptions

On 13 January 2017, the US Department of the Treasury and the Internal Revenue Service issued final regulations and revised temporary regulations under Internal Revenue Code section 7874, which make changes to the *de minimis* exceptions under the disqualified stock rule, the passive assets rule and the non-ordinary course distribution rule.
Issue date: 17 January 2017
URL: https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-alert-united-states-17-january-2017.pdf