World Tax Advisor
Connecting you globally.
24 March 2017

In this issue:

Oman makes wide-ranging changes to tax law

Amendments to Oman's income tax law were announced in a royal decree issued on 19 February 2017 and published in the official gazette on 26 February 2017. Among other changes, the amendments increase the standard corporate income tax rate, introduce a lower tax rate for qualifying small companies, expand the types of payments subject to withholding tax and impose stricter noncompliance penalties. Certain changes are effective from the date the decree was published, others are effective for tax years commencing on or after 1 January 2017 and the effective dates for some changes will be announced when further guidelines are issued.

© 2017. For information,
contact Deloitte Touche Tohmatsu Limited.

Corporate tax rates

The standard corporate tax rate is increased to 15% (from 12%) for Omani companies and permanent establishments (PEs) of foreign companies, and the standard taxable income exemption threshold for companies of OMR 30,000 is removed, which will bring more taxpayers within the tax net. At the same time, however, a new, lower tax rate of 3% is introduced for “small taxpayers” that fulfill the following conditions for the relevant tax year:

- The taxpayer’s registered capital at the start of the tax year does not exceed OMR 50,000;
- The taxpayer’s average number of employees does not exceed 15; and
- The taxpayer’s gross income does not exceed OMR 100,000.

To qualify for the 3% rate, the small taxpayer may not be involved in certain business activities, such as banking and finance, insurance, public utilities concessions, air and sea transport, extraction of natural resources or other business activities identified by the Council of Ministers. In addition to the lower rate, small taxpayers are allowed to file a simplified, hard copy tax declaration. The tax authorities may use anti-avoidance provisions to reallocate income among companies if they suspect that a taxpayer has planned its activities to split larger businesses into smaller units that fulfill the above conditions in order to benefit from the lower small-taxpayer rate.

The corporate tax rate changes are effective for tax years beginning on or after 1 January 2017.

Withholding taxes

The 2017 tax law changes expand the scope of withholding tax on payments made by an Omani company (or a PE of a foreign company) to a foreign company not registered or not having a taxable legal presence in Oman. Previously, a 10% withholding tax is levied only on the following payments to nonresidents:

- Royalties (including equipment rentals);
- Consideration for research and development activities;
- Consideration for the use of, or the right to use, computer software; and
- Management fees.

The amendments extend the scope of the 10% withholding tax to apply to payments of dividends on shares, interest and fees for the provision of services. The inclusion of fees for the provision of services as a specified category subject to withholding tax is important since it is likely to cover all services performed in Oman (for a period of less than 90 days), except the supply of goods.

The withholding tax rate may be reduced under an applicable tax treaty.

The new withholding tax provisions for payments of dividends, interest and fees for the provision of services apply from 27 February 2017.

The exemption under prior law that applied to withholding tax on payments made by ministries and government institutions is abolished. These institutions now will be required to deduct and remit withholding tax on taxable payments as from 27 February 2017.

Tax exemptions

The prior tax law allowed a tax exemption on income from manufacturing, mining, operating hotels and tourist villages, agriculture, fishing, education, medical care, exporting locally manufactured goods and animal products. The tax exemption was available for a period of five years and could be renewed for another five years. The new law limits the tax exemption; as from 27 February 2017, it is available only to manufacturing income for a nonrenewable five-year period. Companies benefitting from a tax exemption under the previous regime will not be granted a five-year renewal after this date.

Noncompliance penalties

The amendments impose the following stricter penalties for noncompliance:

© 2017. For information, contact Deloitte Touche Tohmatsu Limited.

- A maximum penalty of OMR 2,000 (previously OMR 1,000) for failure to submit a tax return by the due date;
- Penalties for the incorrect declaration of income of no less than 1% and no more than 25% on the difference between the originally declared income and the correct taxable income;
- Penalties of OMR 2,500 to OMR 5,000 for failure to submit documents, failure to comply with information requests made by the tax authorities or failure to attend meetings with the tax authorities;
- An additional fine of up to OMR 3,000 imposed by the Minister of Finance for noncompliance with the tax laws, regulations or administrative orders;
- A penalty of OMR 5,000 for noncompliance relating to tax cards (see below for a description of the new tax card requirement); and
- Strengthened criminal punishment (i.e. imprisonment of principal officers and fines) for the intentional refusal to submit returns or other information requested by the tax authorities (including the intentional destruction or concealment of records) and the incorrect declaration of income.

Strict rules also are introduced for assessment proceedings, including provisions for onsite inspections at the taxpayer's location.

Other amendments

The new law amends the definition of a PE for a building site, a place of construction or an assembly project in Oman to now apply the same 90-day PE rule for these projects as for companies providing consultancy and other services.

The law includes a provision that brings the taxation of interest on Islamic financing transactions in line with the taxation of conventional banking interest.

A number of compliance-related changes have been made to the tax rules, including the following:

- The introduction of a self-assessment system and mandatory electronic filing of tax returns;
- A requirement that all taxpayers apply for and obtain a tax card, which will need to be quoted on all contracts, invoices and correspondence with the Omani tax authorities;
- A reduction in the general statute of limitations for tax assessments to three years (from five years), and to five years (from 10 years) in the case of fraud or nonsubmission of final returns; and a reduction in the statute of limitations for issuing a decision on an objection to eight months (from 10 months); and
- A requirement that accounts accompanying the final return be prepared under the accrual basis of accounting and in accordance with international accounting standards and other criteria determined by the Secretariat General for Taxation.

Comments

The changes to Oman's tax law are expected to support increased government revenue and the prioritized implementation of projects that serve economic and social objectives. The amendments also are an acknowledgement of the significant changes currently taking place in the international tax regulatory landscape, mainly driven by the OECD BEPS project. While Oman will need to take more specific steps to become fully aligned with the BEPS initiatives (e.g. strengthening transfer pricing regulations), changes such as the increase of the corporate tax rate to a level that is more aligned with global standards should help enhance the overall image of the tax regime.

— Muhammad Bahemia (Doha)
Partner
Deloitte Qatar
mbahemia@deloitte.com

Phaninder Peri (Muscat)
Director
Deloitte Oman
pperi@deloitte.com

Austria:
Taxation of cross-border short-term employment income clarified

The Austrian Ministry of Finance (MOF) released official guidance on 17 January 2017 concerning the tax treatment of employment income of German-resident employees that are "hired out" (seconded) from a German company to a related Austrian company, if the German seconding company does not maintain a permanent establishment in Austria.

© 2017. For information, contact Deloitte Touche Tohmatsu Limited.

The guidance clarifies which company (i.e. the German company or the Austrian company) will be considered to be the employer for purposes of determining which country has the right to tax the income under article 15 of the Austria-Germany tax treaty.

According to the MOF guidance, the employer is the company that economically bears the remuneration for the employment services, and this definition applies irrespective of whether the secondment takes place between related or unrelated companies. If the remuneration is paid by, or on behalf of, the German seconding company, only Germany is authorized to tax the employment income if the seconded employee is present in Austria for a period or periods not exceeding, in the aggregate, 183 days in the calendar year concerned. Conversely, only Austria will have the right to tax the income if the Austrian company bears the remuneration, even if the secondment period is 183 days or less.

Although the guidance addresses only the Austria-Germany treaty, the definition of an employer in this guidance also should apply to other Austrian tax treaties.

The "substance-over-form" approach adopted by the MOF does not rely on the formal contracts between the companies involved or the formal employment contract to determine which company is the employer for treaty purposes; this may provide scope for companies to tailor such contracts without causing undesired tax consequences. The reasoning of the MOF guidance also is in line with prior decisions of the Austrian Supreme Administrative Court that address the issue of which country is allowed to tax salaries in cross-border situations. By accepting the substance-over-form approach for determining the employer under a tax treaty, the MOF has aligned Austria with the practice used by most other countries to prevent double taxation of cross-border employment.

— Herbert Kovar (Vienna)
Partner
Deloitte Austria
hkovar@deloitte.com

Elisabeth Pamperl (Vienna)
Senior Assistant
Deloitte Austria
epamperl@deloitte.com

Cyprus:
Tax authorities intend to terminate regime relating to intragroup financing arrangements

On 8 February 2017, the Cyprus Tax Department (CTD) informed the Institute of Certified Public Accountants of Cyprus (ICPAC) that it intends to terminate the use of the pre-agreed minimum profit margin regime for intragroup back-to-back financing arrangements, with effect from 1 July 2017.

The regime has been used for a number of years to provide guidance to taxpayers on the minimum margins the CTD is prepared to accept for intragroup financing arrangements to be considered to be on arm's length terms. Financing margins ranging from 0.125% to 0.35% generally have been accepted.

According to a letter sent by the CTD to the ICPAC, all tax rulings confirming the applicability of the profit margins on intragroup back-to-back financing arrangements will cease to be effective as from 1 July 2017; instead, acceptable taxable profit margins on such arrangements will be determined under the transfer pricing rules.

Although the transfer pricing rules have not yet been finalized by the CTD, they are expected to follow the OECD guidelines and generally to require taxpayers to support the applicable profit margins with a transfer pricing study prepared by an independent expert.

The CTD's decision to withdraw the scheme arises from recent developments relating to the EU Code of Conduct for business taxation and the OECD BEPS initiative.

Potentially affected taxpayers should review existing intragroup financing arrangements to determine whether any action is needed; financing arrangements entered into after 30 June 2017 will need to follow the arm's length principle, with the interest rate based on market conditions, and will need to be supported by a transfer pricing study.

© 2017. For information,
contact Deloitte Touche Tohmatsu Limited.

— Pieris Markou (Nicosia)
Partner
Deloitte Cyprus
pmarkou@deloitte.com

European Union:
CJEU rules French prior-approval rules for EU mergers are contrary to EU law

On 8 March 2017, the Court of Justice of the European Union (CJEU) issued its decision in the *Euro Park Service* case, concluding that France's domestic rules relating to the implementation of the anti-avoidance provision in the EU merger directive are contrary to the directive and the freedom of establishment provision in the Treaty on the Functioning of the European Union (TFEU). The CJEU followed the opinion of Advocate General Wathelet issued on 26 October 2016.

Background

The EU merger directive aims to eliminate fiscal obstacles to cross-border reorganizations involving companies situated in two or more EU member states, by providing for the deferral of taxes on gains relating to assets transferred under a merger, etc. The directive contains an anti-abuse clause that allows member states to deny or withdraw the benefits of the directive if (one of) the principal objective(s) of a transaction is to avoid tax.

Based on France's implementation of the anti-abuse provision in the directive, a taxpayer must obtain the advance approval of the French tax authorities to receive the benefits of the merger directive. Where a merger involves a foreign legal entity, the French taxpayer must demonstrate that (i) the transaction can be justified on economic grounds; (ii) the transaction does not have as its principal objective, or as one of its principal objectives, tax avoidance or evasion; and (iii) the terms of the transaction make it possible for the capital gains deferred for tax purposes to be taxed in the future. In contrast, in a purely domestic merger, French tax deferral is granted without the taxpayer having to meet the above requirements.

In the case before the CJEU, a French company was wound up, without going into liquidation, for the benefit of its sole Luxembourg shareholder. The French company elected (in its accounts and tax returns) to use the special favorable regime under the merger directive (i.e. deferral of the net capital gains generated by the transfer of assets to its EU shareholder). Following a tax inspection, the French tax authorities challenged the use of the special merger regime because the taxpayer did not request prior approval; approval would not have been granted, since the transaction could not be justified by commercial reasons and had been carried out for alleged tax avoidance reasons.

The French Supreme Administrative Court referred the case to the CJEU on 11 January 2016, requesting a preliminary ruling on whether the French prior-approval process is compatible with the freedom of establishment provision and the merger directive.

CJEU decision

In its decision, the CJEU stated that, even though the merger directive entitles EU member states to deny or withdraw the benefits of the directive, this may take place only where the transaction has as its principal objective, or as one of its principal objectives, tax avoidance or evasion and, thus, is not carried out for valid commercial reasons. In concluding that the French prior-approval process for cross-border mergers is contrary to EU law, the CJEU focused on three points:

- The procedural requirements for prior approval are not sufficiently precise, clear or predictable to allow taxpayers to understand their rights and ascertain whether they will be able to benefit from the provisions of the merger directive.
- The merger directive provides, as a general principle, that the deferral of taxation of the capital gains relating to the assets transferred will be granted; deferral may be denied only where the transaction has a tax avoidance or tax evasion objective. Under the French legislation, however, there is a general presumption of a tax avoidance/evasion motive, because deferral will not be granted unless the taxpayer first complies with the procedural and substantive requirements under the legislation. Such a presumption, which applies to every

© 2017. For information,
contact Deloitte Touche Tohmatsu Limited.

transfer made to a nonresident company, even where the French tax authorities do not have any indication of tax fraud, violates EU law.

- The prior-approval rule constitutes a restriction on the freedom of establishment because it impedes French companies that wish to carry out cross-border transfers from doing so, since such transactions are subject to additional requirements. The advance-approval requirement goes beyond what is necessary to meet the objective of preventing tax avoidance and evasion.

The CJEU also pointed out in its ruling that the condition requiring that the terms of the transaction make it possible for the capital gains deferred to be taxed in the future is not included in the merger directive. This requirement cannot be justified by the objective of preventing tax avoidance and evasion, since that objective already is expressly covered by the second approval condition in the French legislation.

Comments

Although the CJEU decision confirms the lack of validity of some of the conditions to which mergers have been subject to obtain the benefits of the EU merger directive in France, the decision nevertheless will create a period of uncertainty for groups that intend to carry out a restructuring in the near future. If the French advance-approval rule for cross-border mergers is to be maintained, it will need to be revamped to comply with EU law, and it is unlikely that a draft new rule will be forthcoming before the announcement of the next finance bill (expected in autumn 2017).

This article has been prepared by professionals in Taj, French tax and legal firm, member of Deloitte Touche Tohmatsu Limited.

— Eric Lesprit (Paris)
Partner
Taj
elesprit@taj.fr

Sophie Tardieu (Paris)
Partner
Taj
stardieu@taj.fr

France:
Procedure for withholding tax exemption on dividends paid to EU/EEA funds simplified

On 1 March 2017, the French tax authorities published a revised version of the guidelines relating to the procedure for applying the exemption from French withholding tax on dividends up front, which is applicable to dividends paid to qualifying EU/EEA investment funds (regardless of whether the funds are regulated under the EU directive on undertakings for collective investment in transferable securities (UCITS)). Under this procedure, no French tax has to be withheld by the French paying agent on dividends distributed to a qualifying EU/EEA investment fund, instead of the tax having to be withheld at the domestic rate and a subsequent refund claim having to be made.

The previous version of the guidelines allowed the French paying agent to apply the withholding tax exemption up front only if it had received a specific exemption form that had been completed by the fund or its management company before the dividends were paid.

The new guidelines (which apply as from 1 March 2017) allow the French paying agent to apply the exemption up front, provided the foreign custodian of the fund (i) has the exemption form in its possession (it is no longer necessary that the form be provided to the French paying agent in advance); and (ii) informs the paying agent, before the dividends are paid, of the total amount of dividends that will be allocated to qualifying EU/EEA funds. However, the custodian will have to provide the following information/documentation to the French paying agent within three months from the date the dividends are paid:

- Identification of the French distributing company;
- Name and address of the custodian;
- Identification of the fund or its management company;
- Dividend payment date and the number of shares held by the fund in the French distributing company;
- Amount of the dividend per share;

© 2017. For information, contact Deloitte Touche Tohmatsu Limited.

- Total amount of the dividends paid to the fund;
- An exemption form completed by the fund or its management company; and
- A specific attestation completed by the custodian.

If all of the above information/documentation is not provided to the French paying agent in a timely manner, the new guidelines provide for joint liability of the custodian and the French paying agent for payment of the withholding tax that was not levied at the time of the distribution.

The simplification of the procedure for applying the withholding tax exemption should reduce the number of French reclaims filed each year by EU/EEA funds where the exemption should have been applied at source.

This article has been prepared by professionals in Taj, French tax and legal firm, member of Deloitte Touche Tohmatsu Limited.

— Hélène Alston (Paris)
Partner
Taj
healston@taj.fr

Pauline Curt (Paris)
Senior
Taj
pcurt@taj.fr

Netherlands:
Changes to innovation box regime implemented

Changes to the Netherlands' innovation box regime that apply as from 1 January 2017 include the adoption of the OECD "nexus approach," under which, in general, only qualifying income relating to intangible assets developed by taxpayers "in-house" will be eligible for the application of the regime (for prior coverage, see *World Tax Advisor*, 24 June 2016).
URL: http://newsletters.usdbriefs.com/2016/Tax/WTA/160624_bc.html

The innovation box was set up to encourage entrepreneurs to engage in innovative research. Profits generated through innovative operations may be eligible for the application of the innovation box regime, and qualifying income is taxed at an effective corporate income tax rate of 5%. Bringing the regime in line with the recommendations under the OECD BEPS project (specifically, those for patent boxes under BEPS action 5) required changes to certain aspects of the Dutch innovation box.

Highlights of the changes

While the general framework of the former innovation box has been maintained, to align with the BEPS recommendations, the following rules have become stricter as from 2017:

- A substance requirement incorporating a mathematical approach (the nexus approach) has been introduced. This requirement is designed to prevent companies from benefitting from the innovation box if they do not have a substantial economic presence in the Netherlands, or if they are not engaged in any innovative operations in the country. The presence of substantial economic operations is based on how research and development (R&D) costs are allocated between the companies in a group. If companies outsource more than a certain amount of their research work to affiliated entities (calculated based on a formula), the innovation box benefit that may qualify for the regime is restricted, and only innovation developed in-house remains eligible for tax benefits.
- The conditions to qualify for the innovation box have been modified. Taxpayers involved in R&D work must apply for an "R&D statement" from the Netherlands Enterprise Agency, which verifies that the taxpayer is carrying out innovation. The innovation box no longer may be applied without an R&D statement (this was possible under the previous legislation, for example, if a taxpayer owned a patent).
- A distinction between small and larger taxpayers applies in relation to qualification for the innovation box. In addition to an R&D statement, larger taxpayers (whose worldwide net group sales exceed EUR 50 million per year and whose gross income from intellectual property exceeds EUR 7.5 million per year) must have a recognized legal right to the relevant intangible assets. This includes (i) patents; (ii) rights whose nature makes them comparable to patents, including utility models, plant variety rights, "orphan" drugs and

© 2017. For information, contact Deloitte Touche Tohmatsu Limited.

additional protection certificates; (iii) software; and (iv) other unusual assets that are new and useful. Exclusive licenses for the application of patents or plant variety rights and exclusive licenses for additional protection certificates also fall within the scope of the innovation box. If situations arise in which the application for a patent or plant variety right is ultimately rejected, any benefits previously granted under the innovation box regime will be recaptured by the tax authorities.

Consequences for existing tax agreements

Tax agreements (TAs) concluded between taxpayers and the Dutch tax authorities regarding the application of the innovation box effectively are annulled, unless the TA includes a specific reference to a transitional regime (although the tax authorities may allow TAs with smaller taxpayers to continue for efficiency purposes). In general, taxpayers that wish to conclude a new TA for 2017 and thereafter will have to contact the Dutch tax administration.

Comments

In general, it is important to note that all taxpayers now must obtain an R&D statement to qualify for the innovation box regime, and that only in-house developed innovation qualifies for the regime. The changes to the regime seem to be relatively limited for "small" taxpayers. Small taxpayers that do not have an R&D statement but have been granted a patent no longer will be able to use the innovation box, unless the taxpayer applies for and obtains an R&D statement; further, an existing TA may continue to apply if the Dutch tax authorities issue a statement to that effect. Larger taxpayers are subject to stricter conditions to qualify for the innovation box and, unless a TA specifically refers to the application of a transitional regime, all TAs concluded between larger taxpayers and the Dutch tax administration before 1 January 2017 are annulled.

— Peter Kavelaars (Rotterdam)
Partner
Deloitte Netherlands
pkavelaars@deloitte.nl

Loes van Hulten (Rotterdam)
Consultant
Deloitte Netherlands
lvanhulten@deloitte.nl

In brief

Australia: The Australian Taxation Office has released a draft ruling that concludes that if a company has its central management and control in Australia and it carries on business (whether in Australia or not), it will be deemed to carry on business in Australia for purposes of determining whether it is a resident for tax purposes. Under this view, a company that is not incorporated in Australia could be treated as a resident of Australia if the control and direction of the company are determined to take place in Australia, even if all of its operational activities are conducted outside of Australia. Interested parties may submit comments on the draft ruling until 12 May 2017. When final, the ruling will apply retroactively from 15 March 2017.

Brazil: The tax authorities published a Normative Ruling on 16 March 2017 that consolidates various corporate income tax (IRPJ and CSLL (social contribution on net profits)) rules that previously were in a number of separate NRs to unify corporate income tax guidelines in a single piece of legislation.

European Union: On 3 March 2017, the Dutch Supreme Court referred two cases involving Dutch dividend withholding tax to the Court of Justice of the European Union (CJEU) for a preliminary ruling (for prior coverage, see *World Tax Advisor*, 25 November 2016). The Supreme Court concluded that it is no longer entirely clear that the position it took in previous cases – which led it to affirm the tax authorities' denial of dividend withholding tax refund requests to nonresident investment funds – is correct, and therefore decided to refer certain questions to the CJEU to clarify whether the Dutch position infringes the free movement of capital. Affected taxpayers should consider filing protective claims to preserve their rights where the amounts involved are material – not only for EU-based investment funds, but also for investment funds based outside the EU.
URL: http://newsletters.usdbriefs.com/2016/Tax/WTA/161125_ib.html

Germany: On 3 March 2017, the German tax authorities issued official guidance (dated 1 February 2017) on the application of the automatic exchange of information under the OECD common reporting standard (CRS), as well as under the US Foreign Account Tax Compliance Act (FATCA). "Official guidance" is an instruction to personnel of the

© 2017. For information, contact Deloitte Touche Tohmatsu Limited.

German tax authorities on how to treat specific tax facts (in this case, how FATCA and CRS must be implemented by German financial institutions); taxpayers can rely on official guidance, but also may challenge it. The guidance details the due diligence obligations for identifying and reporting on foreign reportable accounts under the CRS and FATCA, and replaces the previously issued guidance on the application of the Germany-US FATCA agreement.

Netherlands: The government has announced that dividend payments made by a Dutch cooperative (used as a holding company) will become subject to Dutch dividend withholding tax and that a full exemption from Dutch dividend withholding tax will be introduced for distributions by BVs, NVs and cooperatives in active structures to shareholders in tax treaty countries (for prior coverage, see *World Tax Advisor*, 23 September 2016). The amendments are expected to become available in September 2017 and to be enacted as from January 2018. In response to a question from parliament, the state secretary has said a public consultation will be initiated in the first half of 2017.
URL: http://newsletters.usdbriefs.com/2016/Tax/WTA/160923_4.html

Thailand: In February 2016, the Customs Department announced that the period for the special voluntary disclosure program (VDP) is extended until 31 December 2017. Under the VDP, importers can (i) voluntarily disclose any noncompliance issues relating to the under-declaration of customs duty and other cross-border taxes to Thailand Customs; (ii) settle a collated payment of underpaid duty and other cross-border taxes with the Customs Audit Bureau, instead of settlement at each individual customs port; and (iii) avoid potential penalties that otherwise would have been imposed following a customs audit.

United Kingdom: Following agreement by both houses of parliament, the European Union (Notification of Withdrawal) Act 2017 received royal assent on 16 March 2017. The new law gives the UK government the power to notify, under article 50(2) of the Treaty on European Union, the UK's intention to withdraw from the EU (for prior coverage, see *World Tax Advisor*, 22 July 2016). The UK government has announced that it will invoke article 50(2) to begin its official process of leaving the EU on 29 March 2017.
URL: http://newsletters.usdbriefs.com/2016/Tax/WTA/160722_1.html

---

BEPS corner

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

Cyprus: In response to recent developments, including the BEPS initiative, the tax authorities intend to terminate the use of the pre-agreed minimum profit margin regime and finalize transfer pricing rules based on the OECD guidelines. See the article in this issue.
URL: http://newsletters.usdbriefs.com/2017/Tax/WTA/170324_3.html

Italy: A decree published in the official gazette on 8 March 2017 implements a country-by-country reporting requirement. See Global Transfer Pricing Alert 2017-006, 22 March 2017.
URL: https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-global-transfer-pricing-alert-17-006-22-march-2017.pdf

Netherlands: The innovation box regime has been amended in line with the BEPS action 5 recommendations. See the article in this issue.
URL: http://newsletters.usdbriefs.com/2017/Tax/WTA/170324_6.html

Oman: Changes to the tax law represent a step toward aligning the regime with the changes taking place globally, mainly driven by the OECD BEPS project. See the article in this issue.
URL: http://newsletters.usdbriefs.com/2017/Tax/WTA/170324_1.html

---

© 2017. For information, contact Deloitte Touche Tohmatsu Limited.

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.

Austria-Germany: See the article in this issue.
URL: http://newsletters.usdbriefs.com/2017/Tax/WTA/170324_2.html

Indonesia-Laos: The 2011 treaty entered into force on 11 October 2016 and applies as from 1 January 2017 for withholding tax purposes. The treaty provides for a 10% 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 is 15%. The rate on interest and royalties is 10%.

Mauritius-Jersey: When in effect, the treaty signed on 3 March 2017 provides that dividends, interest and royalties will be taxable only in the state of residence of the recipient.

Saudi Arabia-Turkmenistan: The 2016 treaty will enter into force on 1 April 2017 and will apply as from 1 January 2018. When in effect, the treaty provides for a 10% withholding tax rate on dividends, interest and royalties.

Singapore-Uruguay: The 2015 treaty entered into force on 14 March 2017 and will apply as from 1 January 2018. When in effect, the treaty provides for a 5% 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 0% rate will apply to interest paid between financial institutions; otherwise, the rate will be 10%. A 5% rate will apply to royalties 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; otherwise, the rate will be 10%.

Vietnam-Panama: The 2016 treaty entered into force on 14 February 2017 and will apply as from 1 January 2018. When in effect, the treaty provides for a 5% withholding tax rate on dividends paid to a shareholder that has contributed more than 50% of the capital of the payer company; a 7% rate will apply if the shareholder has contributed between 25% and 50% of the capital of the payer company; otherwise, the rate will be 12.5%. A 10% rate will apply to interest and royalties.

Global Tax Alerts

Iceland
Capital and currency controls lifted
New rules published by Iceland's Central Bank on 14 March 2017 lift most of the restrictions on foreign exchange transactions and the cross-border movement of domestic and foreign currency.
Issue date: 15 March 2017
URL: https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-alert-iceland-15-march-2017.pdf

Italy
Italy issues rules for implementation of country-by-country reporting
A decree implementing a country-by-country reporting requirement was published in Italy's official gazette on 8 March 2017.
Issue date: 22 March 2017
URL: https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-global-transfer-pricing-alert-17-006-22-march-2017.pdf

© 2017. For information, contact Deloitte Touche Tohmatsu Limited.

United States

Transfer pricing implications of new US tax return due dates for C corporations

The changes to the US tax return due dates and extension periods (for taxable periods beginning after 31 December 2015) affect the timing for filing various transfer pricing and competent authority documents for C corporations and other entities.

Issue date: 21 March 2017

URL: https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-global-transfer-pricing-alert-17-005-21-march-2017.pdf

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

© 2017. For information, contact Deloitte Touche Tohmatsu Limited.