Deloitte.

International Tax

World Tax Advisor

28 March 2014

In this issue:

OECD releases discussion drafts on hybrid mismatches 1
OECD releases discussion draft on preventing treaty benefits in inappropriate circumstances 3
OECD BEPS Action 1: Address the tax challenges of the digital economy 4
Estonia: White list of tax jurisdictions expanded 7
Germany: Draft decree-law published on implementation of US FATCA rules 7
Greece: List of noncooperative jurisdictions updated 7
Luxembourg: Automatic exchange of information under savings directive to be implemented 9
Mexico: Treaty with Peru enters into force 10
Spain: New tax rules issued on debt restructuring 11
Switzerland: New guidelines provided for taxation of principal companies 12
In brief 13
Tax treaty round up 13
Are You Getting Your Global Tax Alerts? 15

OECD releases discussion drafts on hybrid mismatches

The OECD released two discussion drafts on 19 March 2014 that contain recommendations for neutralizing the effects of hybrid mismatch arrangements. The first draft sets out recommendations for domestic law changes and the second addresses the development of provisions under the OECD model treaty to clarify the treatment of hybrid entities. These papers are part of the OECD's work on Base Erosion and Profit Shifting (BEPS) and they follow on from the action plan released in July 2013.

As with other discussion drafts on BEPS actions, the proposals do not represent a consensus view from the G20/OECD countries involved, but they are designed to provide substantive proposals for public comment.

The first discussion draft defines a hybrid mismatch arrangement as one that "utilizes a hybrid element in the tax treatment of an entity or instrument to produce a mismatch in tax outcomes in respect of a payment that is made under that arrangement." The two key mismatch arrangements identified in the draft are (1) payments that are deductible under the rules of the payer's jurisdiction and are not included in the recipient's taxable income under the laws of its jurisdiction, and (2) payments that give rise to duplicate deductions.

Recommendations for domestic law

The first discussion draft identifies the following design principles for the proposals:

Copyright ©2014, Deloitte Global Services Limited.
All rights reserved.

- Eliminate the mismatch, without requiring the jurisdiction applying the rule to establish that it has "lost" tax revenue under the arrangement;
- Be comprehensive;
- Apply automatically;
- Avoid double taxation through rule coordination;
- Minimize disruption to existing domestic law;
- Be clear and transparent;
- Facilitate coordination with the counterparty jurisdiction, while providing the flexibility necessary for the rules to be incorporated into the laws of each jurisdiction;
- Be workable for taxpayers and keep compliance costs to a minimum; and
- Be easy for tax authorities to administer.

The recommendations target the following categories of hybrid mismatch arrangement:

- Hybrid financial instruments (including transfers) where a deductible payment made under a financial instrument is not treated as taxable income under the laws of the recipient's jurisdiction;
- Hybrid entity payments (i.e. payments made by an entity treated as a taxable entity by its "home" jurisdiction, but treated as fiscally transparent by the jurisdiction in which its investor resides) where differences in the characterization of the hybrid payer result in a deductible payment being disregarded or triggering a second deduction in the other jurisdiction; and
- Reverse hybrid and "imported mismatch arrangements" where payments made to an intermediary company are not taxable on receipt due to a hybrid effect. Reverse hybrids are arrangements where differences in the characterization of the intermediary result in the payment being disregarded in both the intermediary jurisdiction and the investor's jurisdiction. Imported mismatches are arrangements where the intermediary is party to a separate hybrid mismatch arrangement and the payment is set off against a deduction arising under that arrangement.

The discussion draft recommends "linking rules" under domestic legislation: a primary rule to apply when a mismatch arises would disallow a deduction for a payment made under a hybrid financial instrument where the recipient does not include the amount in its taxable income, while a secondary or "defensive" rule, to apply in circumstances where the primary rules does not, would require payment to be included in the recipient's taxable income if the payer is allowed to deduct the payment in its jurisdiction. This approach aims to neutralize the hybrid mismatch on a standalone basis, without reliance on action by a counterparty jurisdiction. To avoid double taxation, a hierarchy would operate to switch off the effect of one rule where there is a rule in the counterparty jurisdiction that addresses the mismatch. Each linking rule would have its own information reporting requirements.

The ability of tax authorities and taxpayers to obtain sufficient information to conclude whether a structure falls within the definition of a hybrid mismatch arrangement would vary depending on a number of different factors, including whether the counterparty is a related party or a third party.

Two approaches are considered to define the scope of the rules: identify transactions that are of the most significant concern and specifically include them within the scope of the rules, e.g. hybrid financial instruments held by related parties, or define exceptions from a broad rule, e.g. exclude widely held hybrid financial instruments.

The discussion draft recommends further changes to domestic law for hybrid financial instruments (restriction of dividend exemptions for deductible payments and proportionate limitation of withholding tax credits) and for reverse hybrid and imported mismatches (intermediary jurisdiction tax filing and information reporting requirements).

Banking and insurance

The discussion draft is explicit that the rules are intended to target only those instruments that are hybrids for tax purposes, and they seek to address only the tax treatment of such arrangements. The possibility of other hybrid effects (for instance, for regulatory or accounting purposes) does not impact the analysis of whether the instruments or arrangements are hybrids for tax purposes. Thus, for example, third-party debt raised by a bank or insurer on terms that enable the debt to be treated as capital for regulatory purposes, but which is treated as debt for the borrower for tax purposes, should not be impacted by the BEPS anti-hybrid proposals.

Copyright ©2014, Deloitte Global Services Limited.
All rights reserved.

However, the position could be different for intragroup financing arrangements, where securities that are treated as regulatory capital at a standalone entity level also could be caught by the BEPS proposals. (For example, the UK government has confirmed that it does not see a strong case for a full carve-out of banking and insurance hybrid capital instruments from the BEPS rules, as that might potentially give rise to an unfair advantage to banks and insurers; however, the government has indicated that it will consider whether special rules should apply when these instruments are a direct consequence of regulatory requirements.)

Tax treaty issues

The second discussion draft addresses the treatment of hybrid arrangements under tax treaties. The draft includes a proposal to include in the residence article of the OECD model treaty a provision under which an entity that is fiscally transparent under the tax laws of either treaty partner country would be treated as if it were resident in the recipient's jurisdiction for the purpose of accessing the treaty, but only to the extent the domestic law of the recipient's jurisdiction treats the entity as a resident in respect of the income concerned (and therefore taxes the income). In other words, the income of an entity treated as fiscally transparent by either treaty partner would be treated as income of a resident for treaty purposes only where it is treated as income of a resident under the domestic tax law of that country. Reference is made to the work undertaken in respect of BEPS Action 6: Preventing the granting of treaty benefits in inappropriate circumstances.

Timetable and next steps

The OECD has requested comments on the discussion drafts by 2 May 2014. A public consultation event will be held on 15 May 2014 before finalization of the proposals at the G20 meeting on 20 and 21 September 2014.

— Bill Dodwell (London)
Partner
Deloitte United Kingdom
bdodwell@deloitte.co.uk

Joanne Pleasant (London)
Partner
Deloitte United Kingdom
jmpleasant@deloitte.co.uk

OECD releases discussion draft on preventing treaty benefits in inappropriate circumstances

The OECD/G20 Base Erosion and Profit Shifting (BEPS) Action Plan identifies treaty abuse (and, in particular, treaty shopping) as a key concern. The OECD published a nonconsensus discussion draft on 14 March 2014 to provide substantive proposals for public comment. (For additional coverage, see the alert dated 21 March 2014.)
URL: http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-alert-unitedstates-210314.pdf?id=us:em:na:wta:eng:tax:032814

These proposals include the following:

Develop model treaty provisions and recommendations regarding the design of domestic rules to prevent the granting of treaty benefits in inappropriate circumstances

Limitation on benefits clause – A specific anti-abuse rule is proposed, based on the limitation on benefits provision already included in many US tax treaties. The rule is designed to limit treaty benefits to companies (and individuals, not-for-profit entities, pension funds and government bodies) with sufficient presence in the relevant country. The rule would operate based on the legal nature, ownership in and general activities of, residents of a treaty country. One of the matters discussed is whether the rule should include a "derivative benefits" clause to allow a treaty country to look through to the shareholders where they also would be entitled to benefits under a treaty.

"Purpose rule" – In addition to the limitation on benefits clause, the discussion draft proposes a broadly drafted general "purpose rule" aimed at removing treaty benefits from income where one of the main purposes of the arrangement or transaction was to obtain treaty benefits.

Determination of treaty residence – The discussion draft proposes removing the "place of effective management" tiebreaker clause for determining treaty residence (where different domestic rules would treat an entity as resident in two countries). This would be replaced by a requirement that the competent authorities of the two countries endeavor to

Copyright ©2014, Deloitte Global Services Limited.
All rights reserved.

determine residence by reference to the place of effective management, place of incorporation/constitution and any other relevant factors.

Minimum shareholding period regarding dividends – The discussion draft proposes that the reduced rates of withholding tax applicable to nonportfolio dividends be restricted to shareholdings that are owned throughout a period of months that includes the date of the dividend payment. Comments are sought on the number of months that should apply.

Withholding taxes on payments to permanent establishments (PEs) – A new clause is proposed to restrict relief from withholding taxes on payments to a third country PE, to apply where the combined rate of tax paid by the recipient in the PE country and in the residence country is less than 60% of the general tax rate applicable to companies in the residence country.

Clarify that tax treaties are not intended to be used to generate double nontaxation

The title and preamble to the OECD model treaty would be amended to clarify that the prevention of tax avoidance and evasion (specifically including, but not limited to, treaty shopping) is a purpose of tax treaties; countries that enter into a treaty intend to eliminate double taxation without creating opportunities for tax avoidance and evasion. This title and preamble will be relevant to the treaty's interpretation.

Identify tax policy considerations that countries should consider before deciding to enter into a tax treaty with another country

It is proposed that the model tax treaty include key points for countries to consider in relation to the conclusion, modification or termination of a tax treaty. The avoidance of double taxation remains a main objective of tax treaties, to reduce tax obstacles to cross-border services, trade and investment. However, other considerations include the ability to eliminate double taxation domestically, increased risk of nontaxation, excessive taxation from jurisdictions with high withholding tax rates, increased certainty and cross-border dispute resolution for taxpayers and the ability of prospective treaty partners to provide assistance in the collection of taxes and exchange of information.

Timetable and next steps

Comments are requested by 9 April 2014, given the extremely tight timetable for the BEPS project. A public consultation event will be held on 14-15 April 2014, before the proposals are finalized in September 2014. Adoption of the final proposals likely will await the development of a multilateral convention (BEPS Action 15, due December 2015), as negotiation between individual treaty partner jurisdictions would be time-consuming.

Comments

The proposals put forward are wide-ranging, and in some areas go further than is needed to prevent treaty abuse. A purpose test is likely to be difficult to apply consistently. There will be practical issues for businesses seeking to understand whether the benefits of a treaty will apply to their transactions, particularly in relation to transactions with third parties where information may not readily be available.

— Bill Dodwell (London)
Partner
Deloitte United Kingdom
bdodwell@deloitte.co.uk

Alison Lobb (London)
Director
Deloitte United Kingdom
alobb@deloitte.co.uk

OECD BEPS Action 1: Address the tax challenges of the digital economy

The OECD released a discussion draft on 24 March 2014 as part of its work on Base Erosion and Profit Shifting (BEPS) in relation to Action 1 (Tax Challenges of the Digital Economy) of the OECD/G20 BEPS Action Plan. The discussion draft includes the preliminary results of the work carried out by the Task Force on the Digital Economy (for additional coverage, see the alert dated 26 March 2014).

URL: http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-alert-unitedstates-260314.pdf?id=us:em:na:wta:eng:tax:032814

Copyright ©2014, Deloitte Global Services Limited.
All rights reserved.

As with other discussion drafts on BEPS actions, the draft does not represent a consensus view from the G20/OECD countries involved, but is designed to provide substantive details for public comment.

Challenges and proposals

The discussion draft identifies four main policy challenges raised by the digital economy that will need to be addressed by the BEPS action plan:

1. Nexus – The continual increase in the potential of digital technologies and the reduced need for extensive physical presence to carry on business.
2. Data – The growth in sophistication of information technologies has permitted companies in the digital economy to gather and use information to an unprecedented degree. This raises the issues of how to attribute value created from the generation of data through digital products and services, and how to characterize for tax purposes.
3. Characterization – The development of new digital products or means of delivering services creates uncertainties in relation to the proper characterization of payments made in the context of new business models.
4. VAT collection – Cross-border trade in both goods and services creates challenges for VAT systems, particularly where such goods and services are acquired by private consumers from suppliers abroad.

The discussion draft identifies the administrative challenges of taxing remote provision of services, as well as the potential to levy tax based on virtual presence, and proposes a framework for evaluating options to address the broader tax challenges raised by the digital economy. The proposed framework is based on the 1998 Ottawa Taxation Framework Conditions from earlier work in this area.

The principles are neutrality, efficiency, certainty and simplicity, effectiveness and fairness, and flexibility.

Findings

The discussion draft examines the evolution of information and communication technology, including examples of new business models, and identifies the key features of the digital economy. It identifies the challenges of segmenting the digital economy and confirms that treating "digital" as separate from more traditional businesses for tax purposes would be difficult, if not impossible.

The Task Force recognizes that many BEPS concerns apply equally to digital and traditional businesses, and anticipates that the development of the other actions in the BEPS Action Plan will help to address the BEPS concerns that arise in relation to the digital economy. These include, in particular:

- Prevent the artificial avoidance of permanent establishment (PE) status (Action 7) – The work to be done to limit artificial avoidance of PE status may assist market countries where changes to the definition of PE allow them the right to tax sales. This will look anew at whether sales are concluded by dependent agents and also the specific exemptions from PE status for certain activities, such as warehousing of physical products for quick delivery to customers.
- Limit base erosion via interest deductions and other financial payments (Actions 4 and 9) – Deductions for excessive intragroup interest paid to low tax jurisdictions will be looked at as part of the work on Action 4, and will apply equally to the funding of innovative digital businesses. The taskforce says that a formulary type of approach that ties deductible interest payments to external payments should be considered, along with other approaches.
- Counter harmful tax practices more effectively (Action 5) – This work will look at intangibles regimes to see if they are harmful, focusing on the need for substantial activity.
- Assure that transfer pricing outcomes are in line with value creation (Actions 8-10) – The BEPS work on transfer pricing, and particularly intangibles, will be key to assisting with the work on the digital economy, in particular in relation to valuable intangibles within innovative digital businesses. The objective is to appropriately reflect the value of intangibles if they are transferred intragroup, and to align income from intangibles with the economic activity that generates it. In addition, clearer guidance on global value chains and when it is appropriate to use a profit split method will be relevant to some digital businesses.

In addition, the discussion draft notes the VAT collection challenges created by cross-border trading also are magnified by the digital economy as consumers and businesses can buy from, or sell to, any country, and specifically identifies: imports of low-value parcels from online sales and the growth in cross-border supplies of remotely delivered digital services. The

Copyright ©2014, Deloitte Global Services Limited.
All rights reserved.

borderless nature of the digital economy produces specific administrative issues relating to the identification of businesses, determination of the extent of activities, information collection and verification, and the identification of customers.

Potential options proposed to the Task Force

Several options have been proposed to the Task Force, which have been discussed but no conclusions reached. These include matters discussed above in relation to other actions, as well as the following:

- Creation of a PE for fully dematerialized digital activities based on a "significant digital presence," even where there are no people activities.
- A "virtual PE" concept, such as based on the maintenance of a website or technological conclusion of contracts or through other onsite services at the customer's location.
- A withholding tax on payments made for digital goods or services.
- Lowering the threshold for low-value imports and requiring vendors to register and account for VAT in the jurisdiction of importation.
- Requiring nonresident suppliers of remote digital business to consumer supplies to register and account for VAT in the jurisdiction of the consumer (as implemented in the EU 2015 place of supply changes).

Timetable and next steps

The OECD has requested comments on the discussion draft by 14 April 2014. A public consultation event will be held at the OECD on 23 April 2014 before finalization at the G20 meeting on 20-21 September 2014. Further work on matters related to the digital economy will be carried out by the teams looking at the other specific actions.

Comments

The discussion draft emphasizes the reliance on the other measures within the BEPS Action Plan to address BEPS concerns in relation to the digital economy.

Difficulties include determining rules for the attribution of profit to PEs or the approach to profit splits for digital businesses, in particular, where significant people functions exist in countries other than the market. Withholding taxes and other revenue-level taxes always are problematic; for some businesses, they will be too high relative to overall margins, and for others may be too low. The rapid evolution of technology also brings challenges, and designing a tax system that will remain appropriate is a significant challenge. Measures already have been taken by member states, in some cases on a pan-European basis, to mitigate perceived VAT leakage resulting from the growth and complexity of digital and e-commerce arrangements, particularly in relation to sales to consumers. It is critical that the implementation of the BEPS proposals are both practical and simple for businesses to adopt so as not to create an unreasonable compliance burden for a small gain in neutrality, which, if disproportionate, will in turn, discourage the further development of the digital economy.

— Bill Dodwell (London)
Partner
Deloitte United Kingdom
bdodwell@deloitte.co.uk

Joanne Bentley (London)
Partner
Deloitte United Kingdom
jcbentley@deloitte.co.uk

Tim Haden (London)
Partner
Deloitte United Kingdom
thaden@deloitte.co.uk

Alison Lobb (London)
Director
Deloitte United Kingdom
alobb@deloitte.co.uk

Justin Whitehouse (London)
Partner
Deloitte United Kingdom
juwhitehouse@deloitte.co.uk

Copyright ©2014, Deloitte Global Services Limited.
All rights reserved.

Estonia:
White list of tax jurisdictions expanded

The Estonian government's official "white list" of jurisdictions that are not considered low-tax territories, originally issued in 2000, has been expanded to include five new jurisdictions as from 1 January 2014.

White-listed jurisdictions automatically are considered jurisdictions to which Estonia's anti-avoidance rules targeting low-tax jurisdictions do not apply, since the tax systems of white-listed territories are considered to be fair. The list is comprised of EU member states, Estonia's tax treaty partners and certain other countries.

The five new jurisdictions – Bahrain, Mexico, Thailand, Turkmenistan and Uzbekistan – have been added to the white list because Estonia's tax treaties with these countries entered into force during 2013 and became effective as from 1 January 2014. The amendment to the white list, which was issued on 30 January 2014 and is retroactively effective as from 1 January 2014, brings Estonia's total number of white-listed countries to 57.

— Mait Riikjärv (Tallinn)
Director
Deloitte Estonia
mriikjarv@deloitteCE.com

Ivo Vanasaun (Tallinn)
Manager
Deloitte Estonia
ivanasaun@deloitteCE.com

Germany:
Draft decree-law published on implementation of US FATCA rules

The German tax authorities issued a first draft of the decree-law on the implementation of the US Foreign Account Tax Compliance Act (FATCA) rules into German law on 6 March 2014.

Germany and the US signed an intergovernmental agreement (IGA) for implementing the provisions of the US FATCA in May 2013. (Similar IGAs have been concluded between the US and other countries, including France, Italy, Spain and the UK). A new provision in the German General Tax Code (AO) authorized the tax authorities to issue a decree-law to implement the new rules applicable to German financial institutions.

The draft decree-law defines the necessary auditing and information reporting responsibilities for German financial institutions to comply with the FATCA rules. Financial institutions (generally banks and insurance companies) face extensive annual reporting obligations for information related to reportable accounts and payments made to "nonparticipating financial institutions" (as defined under the IGA). The necessary data must be submitted to the German federal tax authorities, who then will forward the data to the US tax authorities.

The decree-law is expected to enter into force in the near future.

— Andreas Maywald (New York)
Client Service Executive
Deloitte Tax LLP
anmaywald@deloitte.com

Greece:
List of noncooperative jurisdictions updated

The Greek Ministry of Finance issued its annual list of jurisdictions that are deemed to be noncooperative and a new list of jurisdictions that are deemed to have preferential tax regimes on 4 March 2014. Certain jurisdictions may appear on both lists.

Noncooperative jurisdictions generally are non-EU countries that have not concluded an agreement with Greece on administrative assistance in tax matters. According to Greece's new income tax code that applies as from 1 January 2014,

Copyright ©2014, Deloitte Global Services Limited.
All rights reserved.

countries with a preferential tax regime are those with a statutory corporate income tax rate lower than 13% (i.e. 50% of the 26% Greek rate).

The tax consequences of transacting business with a resident of a noncooperative jurisdiction or a jurisdiction with a preferential tax regime are as follows:

- Payments made to a resident in a noncooperative jurisdiction or a jurisdiction with a preferential tax regime are nondeductible, unless the Greek taxpayer can demonstrate that the expenses relate to bona fide commercial transactions and do not have a tax avoidance or evasion purpose.
- Dividends received from a subsidiary located in a noncooperative country do not qualify for benefits under the participation exemption.
- For purposes of Greece's controlled foreign company rules, the undistributed income of a foreign legal entity will be considered the taxable income of a Greek resident that controls the foreign entity if, *inter alia*, the foreign entity is resident in a noncooperative country or in a non-EU country that has a preferential tax regime. For EU countries with a preferential tax regime, the CFC rules apply only if the scheme is a wholly artificial arrangement with a tax avoidance or tax evasion purpose.

The following jurisdictions are included on the list of noncooperative jurisdictions:

Andorra	Jersey	Panama
Antigua & Barbuda	Lebanon	Philippines
Bahamas	Liberia	St. Kitts & Nevis
Bahrain	Liechtenstein	St. Lucia
Brunei	Malaysia	St. Vincent & the Grenadines
Cook Islands	Marshall Islands	Samoa
Dominica	Mauritius	Seychelles
FYROM (Macedonia)	Monaco	Singapore
Grenada	Nauru	US Virgin Islands
Guatemala	Netherlands Antilles*	Uruguay
Hong Kong	Niue	Vanuatu
* Although the Netherlands Antilles appears on the list, it ceased to exist as a jurisdiction effective 10 October 2010 due to a constitutional reform of the Kingdom of the Netherlands.		

Five jurisdictions (Anguilla, Bermuda, British Virgin Islands, Gibraltar and Isle of Man) were included on the noncooperative list for the period 1 January through 28 February 2014. They were then removed from the list because, as from 1 March 2014, the convention on mutual assistance entered into effect in respect of the five jurisdictions.

The following jurisdictions are deemed to have preferential tax regimes:

Albania	FYROM (Macedonia)	Montserrat
Andorra	Gibraltar	Nauru
Bahamas	Guernsey	Oman
Bahrain	Ireland	Paraguay
Belize	Isle of Man	Qatar
Bermuda	Jersey	San Marino
Bosnia & Herzegovina	Liechtenstein	Saudi Arabia
British Virgin Islands	Macao	Seychelles
Bulgaria	Marshall Islands	Turks & Caicos
Cayman Islands	Monaco	United Arab Emirates
Cyprus	Montenegro	Vanuatu

— Thomas Leventis (Athens)
Partner
Deloitte Greece
tleventis@deloitte.gr

Konstantinos Roumpis (Athens)
Manager
Deloitte Greece
kroumpis@deloitte.gr

Copyright ©2014, Deloitte Global Services Limited.
All rights reserved.

Luxembourg:
Automatic exchange of information under savings directive to be implemented

The EU savings directive, which has been applicable since July 2005 and is designed to prevent the avoidance of tax on savings income within the EU, requires EU member states to exchange information automatically about interest payments made by paying agents located in one EU member state to individual recipients (and to specific types of entities, called "residual entities") resident in another member state.

Currently, 26 member states exchange information automatically under the directive. Two member states – Austria and Luxembourg – still apply a 35% interest withholding tax as an alternative to the automatic exchange of information (unless the beneficial owner of the payment requests the paying agent to exchange information automatically in lieu of the withholding tax). Several "third countries" (such as Switzerland) and "dependent and associated territories" (such as the British Virgin Islands, Cayman Islands and Channel Islands) apply similar or equivalent measures (i.e. an interest withholding tax or automatic exchange of information measures).

An amended version of the EU savings directive that had been in the EU legislative pipeline since 2008 was adopted by the EU Council on 24 March 2014. The amendments aim to close loopholes identified under the current directive. To maintain a level playing field between the EU member states and the "third countries" (Andorra, Liechtenstein, Monaco, San Marino and Switzerland) that have implemented equivalent measures to the current directive, the European Commission has requested that these five countries update their agreements with the EU to reflect the revised scope of the amended savings directive and to commit to implement, as early adopters, the new single global standard for the automatic exchange of information developed by the OECD and endorsed by the G20.

Adoption of automatic information exchange

In the context of negotiating an Intergovernmental Agreement (IGA) with the US to implement the Foreign Account Tax Compliance Act (FATCA), including the automatic exchange of tax information with the US, Luxembourg announced in 2013 that it unilaterally will move from imposing the 35% interest withholding tax to automatically exchanging information for EU savings directive purposes as from 1 January 2015.

As from this date, Luxembourg automatically will exchange information with other EU member states on interest (as defined in the currently applicable EU savings directive) paid to individuals and residual entities with a permanent address in the EU, and with those dependent and associated territories having reciprocity clauses in their bilateral savings taxation agreements concluded with Luxembourg. On 18 March 2014, the Luxembourg government submitted to parliament a draft bill to implement the necessary changes into Luxembourg tax law.

Adoption of amended EU savings directive

On 20 March 2014, Luxembourg and Austria dropped their opposition to the adoption of the amended EU savings directive (since sufficient guarantees were provided to maintain a level playing field with the above-mentioned third countries). The amended directive adopted by the European Council on 24 March 2014 includes the following changes to the current directive:

- All types of regulated investment funds investing in debt claims will be covered by the directive. In practice, this means that non-UCITS ("part II") SICAV, SIF-SICAV and SICAR funds will fall within the scope of the directive;
- Certain life insurance products will be covered (such as certain unit-linked life insurance contracts), subject to grandfathering rules for contracts subscribed before 1 July 2014;
- The definition of residual entities will be extended to include all EU entities that are not subject to effective taxation (the definition under the existing directive is more restrictive). In practice, payments made to a broader range of entities, trusts, foundations and similar legal arrangements within the EU will become reportable (such as payments to a German KG, UK LP, Dutch *Stichting* and trusts in several member states); and
- Look-through rules will apply to payments made to "blacklisted" entities, trusts, foundations and similar legal arrangements outside the EU (such as Bermuda trusts, Hong Kong private limited companies, Panama foundations, etc.).

Copyright ©2014, Deloitte Global Services Limited.
All rights reserved.

EU member states must transpose the amended directive into their domestic law before 1 January 2016, and it will apply as from 1 January 2017.

Comments

These developments are linked to the adoption of the automatic exchange of information as a new standard at the G20 level, and also are related to other initiatives such as FATCA, the EU mutual assistance directive on administrative cooperation (expected to be amended by the end of 2014 to expand its scope to all forms of financial income and account balances), the OECD Convention on Mutual Administrative Assistance in Tax Matters and the corresponding common reporting standard on automatic exchange of information.

Luxembourg financial institutions should closely monitor these developments to ensure timely implementation and coordination with their FATCA implementation projects.

— Pascal Noël (Luxembourg City)
Partner
Deloitte Luxembourg
pnoel@deloitte.lu

Alain Verbeken (Luxembourg City)
Director
Deloitte Luxembourg
alverbeken@deloitte.lu

Mexico:
Treaty with Peru enters into force

The tax treaty signed by Mexico and Peru on 27 April 2011 entered into force on 19 February 2014 and was published in Mexico's official gazette on 26 February 2014. The treaty will apply as from 1 January 2015.

Highlights of the new treaty include the following:

- The treaty applies with respect to the Mexican and Peruvian income taxes.
- The treaty allocates taxation rights to the source country or residence country for various types of income (e.g. business profits; dividends; interest; royalties; capital gains; income from leasing of real property; personal independent services; wages and salaries; income obtained by artists, athletes and students; and income from sea and air transport).
    - The treaty rate on dividends will be 10% of the gross amount if the beneficial owner is an entity that owns, directly or indirectly, 25% or more of the voting stock of the entity paying the dividend; otherwise, the rate will be 15%. (The general withholding tax under Mexican domestic law is 10% on dividends paid out of profits generated after 1 January 2014, and the withholding tax rate in Peru is 4.1%.)
    - The treaty rate on interest will be 15%. (The general withholding tax rate on interest in Mexico is 30%, with lower rates of 4.9% or 10% applying on interest paid to nonresident financial entities and banks and a higher rate of 40% applying on payments made to tax havens. The general withholding tax on interest in Peru is 30%, with a lower rate of 4.99% applying on interest payments to a nonresident unrelated party that satisfies certain requirements.)
    - The treaty rate on royalties will be 15%. (The general withholding tax on royalties in Mexico is 25%, with a 30% rate applying on royalties paid for the use of patents and trademarks and a 40% rate applying on payments made to tax havens. The general withholding tax on royalties in Peru is 30%.)
    - The treaty allows for source country taxation of income derived from the sale of real property or shares, and similar rights in entities whose assets are principally real property.
- Double taxation will be avoided under the credit method – each country will grant a tax credit for tax paid in the other country, up to the amount of tax that would be paid in the former country on the same income.
- The treaty includes an OECD-compliant exchange of information clause. An exchange of information must be made in accordance with the provisions of the treaty and the country's domestic law. Neither country is entitled to refuse to exchange information on the basis that the information requested is held by a banking institution.
- Finally, the treaty contains several anti-abuse rules, including a limitation on benefits clause that will operate to deny treaty benefits if the main purpose for the incorporation or existence of a resident of a contracting state is to enjoy treaty benefits.

Copyright ©2014, Deloitte Global Services Limited.
All rights reserved.

— Eduardo Barron (Mexico City)
Partner
Deloitte Mexico
edbarron@deloittemx.com

Pablo Escalante (Mexico City)
Senior Manager
Deloitte Mexico
paescalante@deloittemx.com

Spain:
New tax rules issued on debt restructuring

The Spanish government enacted a law (Royal Decree-law 4/2014) on 7 March 2014 that includes several measures affecting the tax treatment of debt restructuring transactions. Specifically, the new rules (which are effective retroactively as from 1 January 2014) affect the tax treatment of the issuance of equity for debt and of the partial waiver of debt under the insolvency law, and the transfer tax and stamp duty implications of partial waivers and other agreements that reduce a borrower's obligations. The purpose of these new rules is to allow companies that are operationally viable to restructure their financial obligations and avoid liquidation.

Debt-for-equity transactions

The conversion of debt into equity may trigger accounting and taxable income. The new rules are designed to mitigate the corporate income tax costs for the debtor resulting from the effect of a debt capitalization on the profit and loss (P&L) account.

Decree-law 4/2014 enacts a previously published ruling of the Spanish tax authorities, which provides that P&L credits arising from the capitalization of intragroup debt are not taxable in the hands of the debtor. This treatment now is extended to include the capitalization of third-party debt. Depending on the lender's status and residence, taxable income may arise from the difference between the tax value of the debt and the amount of the share capital increase.

Partial waivers and extensions under insolvency law

The partial waiver of a debt triggers accounting income in the debtor's P&L account, which also will be subject to tax. The new rules amend the corporate income tax treatment for the debtor of any P&L consequences arising from the partial waiver of a debt agreed with a lender under the provisions of the insolvency law.

Deferral treatment is provided for P&L credits arising from the partial waiver of a debt. These credits now will be offset against future interest expense in relation to the debt that is partially waived. If the P&L credit exceeds the future interest expense, the portion of the income represented by the excess credit that will be taxed in a period will be based on the ratio that the interest expense for the period bears to the total interest expense associated with the new or modified debt.

Transfer tax/stamp duty implications

Decree-law 4/2014 provides for exemptions from the transfer tax and/or stamp duty payable by a debtor as a result of transactions granting a partial waiver, or any other reduction in the debtor's obligations, to the extent the reduction was agreed upon in the context of a refinancing agreement or an out-of-court settlement agreement under the insolvency law.

— Brian Leonard (Madrid)
Partner
Deloitte Spain
bleonard@deloitte.es

Jose Maria Gomez (Madrid)
Partner
Deloitte Spain
josemgomez@deloitte.es

Pablo Esteban (Madrid)
Senior Associate
Deloitte Spain
pesteban@deloitte.es

Copyright ©2014, Deloitte Global Services Limited.
All rights reserved.

Switzerland:
New guidelines provided for taxation of principal companies

The Swiss Federal Tax Administration (SFTA) recently provided the cantonal tax authorities with revised guidance on how to apply rules that affect the taxation of principal companies, which will impact both existing and new principal company rulings (for previous coverage, see the alert dated 22 February 2014). Some of the formerly unclear aspects of the new guidelines and their application in practice now have been clarified, as described in the overview below of the direct federal taxation of a Swiss principal company.
URL: http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-alert-switzerland-220214.pdf?id=us:em:na:wta:eng:tax:032814

General considerations

The taxation of Swiss principal companies is based on Circular Letter No. 8, published by the SFTA in 2001. A principal company is defined as a company that meets the following requirements:

- It carries out several functions for its globalized markets (in particular, purchasing, planning of research and development, production planning and control, inventory management and logistics planning, development of marketing strategy, sales planning and control, treasury and financing and administration).
- Its activities, assets and risks are centralized in Switzerland, and its sales are made through foreign distribution companies in the form of commissionaires or "limited risk distributors" (LRDs).
- Its foreign distribution companies serve the function of an agent authorized to conclude contracts (commissionaire or LRD).

Provided the requirements set out in the circular letter are met, the Swiss principal can allocate a fixed percentage of trading profits abroad (an international tax allocation), which renders those profits exempt from the Swiss tax base for direct federal tax purposes. The portion that is exempt from the Swiss tax base generally is determined based on the following rules:

- If the principal derives its sales products via toll or contract manufacturing, 30% of its sales profit is considered profit from production activities and the remaining 70% is considered profit from trading activities.
- If the principal derives its sales products from fully fledged manufacturers or third parties, 100% of the sales profit is considered profit from trading activities.
- For direct federal tax purposes, 50% of the profit resulting from trading activities is taxable in Switzerland, and the remaining 50% is deemed to be allocated abroad and not subject to direct federal tax in Switzerland.
- There is no deemed international allocation in connection with profit from production activities, or any other nontrading profit, for direct federal tax purposes.

The applicable effective income tax rate for a Swiss principal company typically is in the range of 5%-8% on sales income.

New guidelines

The new guidelines are expected to become effective for companies with existing principal company rulings as from tax year 2016; they already are effective for companies seeking to obtain a new principal company ruling. The new guidelines that must be considered in connection with the principal company allocation for direct federal tax purposes are the following:

- 3% gross profit margin for commissionaires/LRDs – The trading profit that benefits from the international tax allocation is newly linked to the margin/commission generated at the level of the commissionaires/LRDs. As a result, a maximum allocation of 50% of the trading profit abroad is permitted only where the margin/commission at the level of the commissionaires/LRDs does not exceed the higher of (1) 3% of the gross revenue of the commissionaires/LRDs, or (2) the costs of the commissionaires/LRDs (comprised of the operating costs and taxes of all qualifying commissionaires/LRDs, according to the local financial statements). If the effective remuneration of the commissionaires/LRDs exceeds the allowed remuneration (3% or higher cost), the international tax allocation will be adjusted (i.e. reduced) to the extent of 50% of the excess remuneration of the commissionaires/LRDs.

  All foreign commissionaires/LRDs that are conducting business exclusively (as defined below) for the principal company are included for purposes of these calculations. Commissionaires/LRDs that are not conducting business

Copyright ©2014, Deloitte Global Services Limited.
All rights reserved.

exclusively for the principal company are excluded from the calculations; instead, the trading profits originating from their sales are treated as direct sales and allocated entirely to Switzerland.

- Exclusivity of commissionaires/LRDs – An international tax allocation may be claimed only if the distributing company makes sales exclusively for the principal or other principals within the group, i.e. where the distributing company is entirely dependent on the principal or other principals within the group. A dependent relationship will be presumed where at least 90% of the distributor's profit derives from trade with goods of the principal (or other principals within the group).

  The 90% criterion generally must be met on a long-term basis and by each distributor individually. If the criterion is not met in a single year but is satisfied in the following years, the international tax allocation still should be granted for all years.
- Outsourcing of principal operating functions – The outsourcing of a principal company's operating functions to foreign group companies generally leads to a complete denial of the principal company allocation for direct federal tax purposes. However, a principal allocation still may be granted if only individual principal functions are outsourced. In this case, however, the principal company allocation abroad will be reduced to the extent of 50% of the profit generated by the foreign companies on the outsourced principal functions.
- Effect of mutual agreement procedure (MAP)/advance pricing agreement (APA) – A MAP or an APA no longer will result in an automatic denial of the international allocation to the relevant country (which previously was the case); instead, there will be only an adjustment of the allocation quota.

In certain cases, the new guidelines may have a significant impact on the tax position of a Swiss principal company. Groups with existing Swiss principal structures should carefully review these structures and prepare for discussions with the tax authorities regarding the implementation of the new guidelines.

Finally, it is important to note that only companies that benefit from a principal company ruling for direct federal tax purposes are affected by the new guidelines. Any other Swiss tax rulings remain unaffected.

— Jacqueline Hess (Zurich)
Partner
Deloitte Switzerland
jahess@deloitte.ch

Jacques Kistler (Geneva)
Partner
Deloitte Switzerland
jkistler@deloitte.ch

Rene Zulauf (Zurich)
Partner
Deloitte Switzerland
rzulauf@deloitte.ch

Daniel Stutzmann Hausmann (New York)
Senior Manager
Deloitte Tax LLP
dastutzmann@deloitte.com

In brief

France – Companies with a fiscal year ending on 31 December 2013 must submit their corporate income tax return file by 15 May 2014 (instead of 15 April).

United Kingdom – The value added tax (VAT) registration and deregistration thresholds will increase as from 1 April 2014. The taxable turnover threshold that determines whether a person must register for VAT will increase from GBP 79,000 to GBP 81,000; the taxable turnover threshold that determines whether a person may apply for deregistration will increase from GBP 77,000 to GBP 79,000; and the registration and deregistration threshold for relevant acquisitions from other EU member states will increase from GBP 79,000 to GBP 81,000.

Tax treaty round up

At the end of each month, the *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

Copyright ©2014, Deloitte Global Services Limited.
All rights reserved.

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

Argentina-Switzerland – When in effect, the treaty signed on 20 March 2014 provides for a 10% rate where dividends are paid to a company (other than a partnership) that directly holds at least 25% of the capital of the payer company; otherwise, the rate will be 15%. The rate on interest will be 12%, with an exemption for interest paid in connection with the credit sale of industrial machinery or equipment, or regarding a development loan granted at a preferential rate by a bank to an unrelated party for a minimum period of three years. Royalty payments for the use of, or the right to use, news will be taxable at 3%; a 5% rate will apply to royalties for the use of, or the right to use, a copyright of literary, dramatic, musical or other artistic work (excluding film and television royalties); a 10% rate will apply to royalties for the use of, or the right to use, industrial, commercial or scientific equipment, for a patent, trademark, design, plan, secret formula or computer software or for industrial or scientific information (including payments for the rendering of technical assistance); otherwise, the rate will be 15%.

China-Ecuador – The 2013 treaty entered into force on 6 March 2014 and will apply as from 1 January 2015. When in effect, the treaty provides for a 5% withholding tax on dividends and a 10% rate on interest and royalties.

Cyprus-Norway – When in effect, the treaty signed on 24 February 2014 provides for a 0% 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 5%. The rate on interest and royalties will be 0%.

Germany-Costa Rica – When in effect, the treaty signed on 13 February 2014 provides that a 5% rate will apply 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 will be 15%. Interest will be exempt from withholding tax if 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 that is a resident of a contracting state; otherwise, the rate will be 5%. The rate on royalties will be 10%.

Hungary-Bahrain – When in effect, the treaty signed on 24 February 2014 provides for a 0% rate on dividends paid to a company (other than a partnership that is not liable to tax); otherwise, the rate will be 5%. The rate on income from interest and royalties will be 0%.

Hungary-Republic of Kosovo – The 2013 treaty entered into force on 12 March 2014 and will apply as from 1 January 2015. When in effect, the treaty provides for a 0% withholding tax on 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 will be 5%. Interest and royalties will be taxable only in the state of residence of the recipient.

India-Romania – The 2013 treaty to replace the treaty dating from 1987 entered into force on 16 December 2013 and applies as from 1 January 2014 in Romania and as from 1 April 2014 in India. The treaty provides for a 10% withholding tax rate on dividends, interest and royalties (as well as technical service fees).

Indonesia-Suriname – The 2003 treaty entered into force on 11 June 2013 and applies as from 1 January 2014. The treaty provides for 15% withholding tax rate dividends, interest and royalties.

Korea-Peru – The 2012 treaty entered into force on 3 March 2014 and will apply as from 1 January 2015. When in effect, the treaty provides for a 10% withholding tax on dividends and a 15% rate on interest. Royalties paid for technical services will be taxed at 10%; otherwise, the rate will be 15%.

Lithuania-Kyrgyzstan – The 2008 treaty entered into force on 20 June 2013 and applies as from 1 January 2014. A 5% rate applies where dividends are paid to a company (other than a partnership) that holds directly at least 20% of the payer company; otherwise, the rate is 15%. The rate on interest and royalties is 10%.

Luxembourg-Laos – The 2012 treaty entered into force on 21 March 2014 and will apply as from 1 January 2015. When in effect, the treaty provides for a 5% withholding tax 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 15%. The rate on interest will be 10% and that on royalties, 5%.

Copyright ©2014, Deloitte Global Services Limited.
All rights reserved.

Mexico-Peru – See article in this issue.
URL: http://newsletters.usdbriefs.com/2014/Tax/WTA/140328_8.html

Mutual assistance convention – The Multilateral Convention on Mutual Administrative Assistance in Tax Matters (as amended) entered into effect on 1 March 2014 in Anguilla, Bermuda, British Virgin Islands, Canada, Gibraltar, Isle of Man, New Zealand, Slovakia and South Africa and will enter into effect on 1 June 2014 in Croatia. For Anguilla, Bermuda, British Virgin Islands, Gibraltar and Isle of Man, the convention will apply as from 1 January 2015. Romania's ratification of the convention was published in the country's official gazette on 4 March 2014. The convention provides for the mutual exchange of tax information and assistance in the recovery of taxes and the service of documents, and the 2010 protocol updates the convention in accordance with the OECD standard on the exchange of information.

Peru-Switzerland – The 2012 treaty entered into force on 10 March 2014 and will apply as from 1 January 2015. When in effect, the treaty provides for a 10% withholding tax on dividends paid to a company that holds directly at least 10% of the capital of the payer company; otherwise, the rate will be 15%. Interest incurred on financing obtained to acquire industrial, commercial or scientific equipment or on a bank loan will be 10%; otherwise, the rate will be 15%. Royalties paid for technical assistance or digital services will be subject to a 10% rate; otherwise, the rate will be 15%.

Slovenia-United Arab Emirates – When in effect, the treaty signed on 12 October 2013 provides for a 5% withholding tax rate on dividends, interest and royalties.

Switzerland-Kazakhstan – The 2010 protocol to the 1999 treaty entered into force on 26 February 2014 and will apply as from 1 January 2015. When in effect, dividends will be exempt if paid to a qualifying pension fund or other similar institution providing pension schemes. A 5% rate will apply where the beneficial owner is a company (other than a partnership) that holds directly at least 10% of the capital of the payer company; otherwise, the rate will be 15%. The tax treatment of interest and royalties will not be affected by the protocol.

United States – Intergovernmental agreements (IGAs) to improve international tax compliance and to implement the Foreign Account Tax Compliance Act (FATCA) have been signed between the US and Chile (on 5 March 2014) and Finland (also on 5 March 2014). Chile is the fourth country to sign a Model 2 version of the IGA, joining Japan, Switzerland and Bermuda. (Few Model 2 IGAs are expected to be signed, due to the popularity of the Model 1 country reporting and reciprocal sharing of information.) The Finland IGA is based on the Model 1A IGA; however, unlike recent Model 1 IGAs, the Finnish IGA does not contain provisions for written notifications to be exchanged between the competent authorities of each signatory country on safeguards to ensure the confidentiality of the information and infrastructure for an effective exchange relationship.

Are You Getting Your Global Tax Alerts?

Throughout the week, Deloitte provides commentary and analysis on developments affecting cross-border transactions on a free subscription basis delivered straight to your email. Read the recent alerts below or visit the archive.
Subscribe: http://www2.deloitte.com/global/en/pages/tax/articles/global-tax-newsletter-sign-up.html?id=us:em:na:wta:eng:tax
Archives: http://www2.deloitte.com/content/www/global/en/pages/tax/articles/global-tax-alerts.html?id=us:em:na:wta:eng:tax

Austria
2014 tax reform enacted
The Austrian legislature passed the 2014 tax reform act on 28 February 2014, just in time for some rules to become effective on 1 March 2014. The enacted bill reflects some changes from the draft bill circulated in January, including changes to the group taxation regime, the deductibility of interest and royalty payments and the tax treatment of interest.
Issue date: 20 March 2014
URL: http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-alert-austria-200314.pdf?id=us:em:na:wta:eng:tax:032814

United Kingdom
2014 budget announced
The Chancellor of the Exchequer delivered the UK budget for 2014 on 19 March 2014. The budget targets a number of key areas relevant for foreign multinational groups investing into the UK: support for the manufacturing sector by way of investment relief, extension of R&D relief for small and medium-sized enterprises and additional government financing to

Copyright ©2014, Deloitte Global Services Limited.
All rights reserved.

promote exports. Whilst there was no specific reference to the OECD's Base Erosion and Profit Shifting project in the budget statement itself, the UK government has released a position paper that sets out the UK's priorities for the project's ongoing work streams.
Issue date: 19 March 2014
URL: http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-alert-unitedkingdom-190314.pdf?id=us:em:na:wta:eng:tax:032814

United States

OECD Releases BEPS Draft on Inappropriate Circumstances for Treaty Benefits

On 14 March 2014, the OECD released a public discussion draft on Action 6 of its Action Plan on Base Erosion and Profit Shifting, entitled "Preventing the Granting of Treaty Benefits in Inappropriate Circumstances." The discussion draft focuses on three areas: limiting treaty benefits in inappropriate circumstances, clarifying that treaties are not intended to create double non-taxation, and tax policy considerations for entering into a tax treaty.
Issue date: 21 March 2014
URL: http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-alert-unitedstates-210314.pdf?id=us:em:na:wta:eng:tax:032814

OECD Releases BEPS Draft on the Digital Economy

On 24 March 2014, the OECD released a public discussion draft on Action 1 of its BEPS Action Plan, entitled "Address the Tax Challenges of the Digital Economy." The discussion draft focuses on three areas: amendments to the permanent establishment definition, withholding taxes on digital transactions, and consumption tax options.
Issue date: 26 March 2014
URL: http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-alert-unitedstates-260314.pdf?id=us:em:na:wta:eng:tax:032814

Have a question?
If you have needs specifically related to this newsletter's content, send us an email at **clientsandmarketsdeloittetax@deloitte.com** to have a Deloitte Tax professional contact you.

About Deloitte
Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about<http://www.deloitte.com/about> for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte has in the regions of 200,000 professionals worldwide all committed to becoming the standard of excellence.

Disclaimer
This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this document, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

Copyright ©2014, Deloitte Global Services Limited.
All rights reserved.