Global Tax Developments Quarterly

Accounting for Income Taxes

Summary of recent international tax developments that may have implications on accounting for income taxes under US GAAP

1 April – 30 June 2016

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Introduction

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Unless otherwise indicated, the content in this document is based on information available as of 30 June 2016. Accordingly, certain aspects of this document may be updated as new information becomes available. Financial statement preparers and other users of this document should take actions to remain abreast of and carefully evaluate additional events that may be relevant to accounting for income taxes matters.

Applicable US GAAP guidance

Under US GAAP, the effects of new legislation are recognized upon enactment. More specifically, the effect of a change in tax laws or rates on a deferred tax liability or asset is recognized as a discrete item in the interim period that includes the enactment date. The tax effects of a change in tax laws or rates on taxes currently payable or refundable for the current year are reflected in the computation of the annual effective tax rate after the effective dates prescribed in the statutes, beginning no earlier than the first interim period that includes the enactment date of the new legislation. However, any effect of tax law or rate changes on taxes payable or refundable for a prior year, such as when the change has retroactive effects, is recognized upon enactment as a discrete item of tax expense or benefit for the current year. While there is no specific guidance as to what constitutes “enactment” under US GAAP, it is commonly accepted that enactment takes place on the date the last step in the legislative process required to promulgate the law is complete (e.g. a law is published in an official gazette, signed by a president, or receives Royal Assent).

Enacted tax law changes: 1 April to 30 June 2016

Czech Republic
Hong Kong
Hungary

The following section includes a brief summary of major international income tax law changes enacted during the period 1 April 2016 to 30 June 2016, unless specified otherwise.

Czech Republic

Anti-Hybrid Rule Enacted

Date of enactment: 25 April 2016
Effective date: 1 May 2016

A law published in the Czech official gazette on 25 April 2016 contains an amendment to the income tax law that implements the anti-hybrid rule in the amended EU parent-subsidiary directive into domestic law. Under the new rule, dividends received by a parent company in the Czech Republic will not be exempt from corporate income tax if the dividends are treated as deductible by a subsidiary located in another EU member state.

The new rule applies as from 1 May 2016.

See also **World Tax Advisor – 13 May 2016.**

Hong Kong

Corporate Treasury Center Bill Enacted

Date of enactment: 3 June 2016
Effective date: Various

The Inland Revenue (Amendment) (No. 4) Bill 2015, passed by Hong Kong's Legislative Council on 26 May 2016 and published in the official gazette on 3 June 2016, introduces rules designed to attract foreign companies to establish their corporate treasury centers (CTCs) in Hong Kong, to provide centralized treasury management services to companies in their groups. The key features of the bill include a profits tax concession of 8.25% on certain profits of a qualifying CTC, as well as a potential deduction for interest paid by certain Hong Kong taxpayers that carry on an intragroup financing business in Hong Kong on loans from foreign associated corporations, if certain conditions are fulfilled. There is a deeming provision under which interest income of certain Hong Kong taxpayers that arises through or from the carrying on of an intragroup financing business in Hong Kong will be deemed Hong-Kong-source taxable receipts.

The CTC rules and interest deductibility rules apply retroactively as from 1 April 2016, and the deeming provision on interest income applies as from 3 June 2016.

See also **World Tax Advisor – 10 June 2016.**

Hungary

Tax Bill Enacted

Date of enactment: 15 June 2016
Effective date: 1 July 2016

A tax bill passed by the Hungarian parliament on 7 June 2016 and published in the official gazette on 15 June includes changes to the existing intellectual property (IP) regime that are in line with action 5 of the OECD's Base Erosion and Profit Shifting (BEPS) project (*Countering Harmful Tax Practices More Effectively*). The bill introduces the modified nexus approach to limit the beneficial tax treatment of intangible assets and royalty income, and will substantially reduce the scope and extent of benefits available under the IP regime.

The new rules apply as from 1 July 2016, although "grandfathering" rules provide a limited window of opportunity for companies to qualify under the current regime and maintain benefits for an additional five years. IP acquired or developed after 30 June 2016 falls within the scope of the new rules.

See also **World Tax Advisor – 10 June 2016.**

Enacted tax law changes that are now effective: 1 April 2016 to 30 June 2016

The following section includes a brief summary of major international income tax law changes enacted before 1 April 2016, but are first effective in the period 1 April 2016 to 30 June 2016.

Chile

Isle of Man

Japan

Chile

Tax Reform Measures

A tax reform enacted in Chile on 29 September 2014 is effective from dates ranging from 1 October 2014 through 1 January 2017. The period to opt into one of the two new tax regimes starting 1 January 2017 ends on 31 December 2016.

See also **World Tax Advisor – 27 March 2015, World Tax Advisor – 26 September 2014, Chile Tax Alert – 23 August 2014** and **Chile Tax Alert – 17 April 2014.**

Isle of Man

2016 Budget

The main tax measures of the Isle of Man's enacted 2016 budget, which generally apply as from 6 April 2016, include the introduction of a tax holiday for qualifying land developments, under which relevant income or profits of a company will be exempt from income tax for up to five years.

See also **World Tax Advisor – 26 February 2016.**

Japan

Tax Reform

The 2016 Japanese tax reform, enacted on 29 March 2016, includes changes affecting corporate tax. For fiscal years beginning on or after 1 April 2016, the standard effective corporate income tax rate is reduced to 29.97%, and the limitation on the utilization of net operating losses is reduced to 60%.

See also **World Tax Advisor – 8 April 2016.**

Enacted tax law changes that are effective as from 1 July 2016

The following section includes a brief summary of major international income tax law changes enacted before 1 April 2016, but are effective as from 1 July 2016.

Per a review of the jurisdictions that are generally monitored and tracked in this publication, no tax law changes that are effective as from 1 July 2016 have been identified.

The measurement of current and deferred tax liabilities and assets is based on provisions of the enacted tax law; the effects of future changes in tax laws or rates are not anticipated (ASC 740-10-30-2(a)). When a change in tax law is enacted in an interim period, a corporation should account for the enactment in accordance with the guidance set forth under ASC 740-270, Income Taxes: Interim Reporting. For current taxes payable or refundable, the annual effective tax rate (AETR) is adjusted to reflect the new tax law in the period in which the new tax law is effective, but not before it is enacted. Deferred taxes are adjusted for changes in tax law discretely in the interim period that includes the enactment date. These rules sometimes result in accounting for a change in tax law in more than one quarter.

On the horizon…

The following developments in tax law had not yet been enacted as of 30 June 2016, but may, in certain cases, be enacted and become effective in the near future. Please follow up with your U.S. or local country tax advisor for more information.

Argentina
Australia
France
Germany
Iceland
Ireland
Luxembourg
Netherlands
New Zealand
Switzerland
Turkey
United Kingdom
United States

Argentina – Bill Introduced

Argentina's executive branch sent a bill to the congress on 1 June 2016 that includes the introduction of a voluntary disclosure regime and a tax amnesty, as well as changes to the income tax (eliminating the 10% withholding tax), minimum presumed income tax (eliminating the tax by 2019) and net wealth tax (reducing the corporate rate to 0.25%). The bill has been approved by the congress, and is expected to enter into force by 31 July 2016.

See also **World Tax Advisor – 10 June 2016.**

Australia – 2016-17 Federal Budget Announced

Australia's federal budget 2016-17, announced on 3 May 2016, contains changes that would affect multinationals with Australian subsidiaries, including the introduction of a diverted profits tax (DPT), anti-hybrid measures and the implementation of the OECD transfer pricing recommendations under the BEPS initiative.

The Australian DPT would commence on 1 July 2017 and would be applicable to significant global entities (turnover of AUD 1 billion or more) that use artificial or contrived arrangements to reduce tax by diverting profits offshore. The government has confirmed that Australia will introduce anti-hybrid rules, modeled on the OECD BEPS recommendations, with effect from the later of 1 January 2018 or six months after the legislation is passed.

The tax legislation would be amended to ensure that Australia's transfer pricing rules are consistent with the new OECD guidelines arising from the BEPS project, with effect from 1 July 2016.

The federal budget also outlines a 10-year enterprise tax plan, a key component of which would be a reduction in the company tax rate, moving to a 25% rate for all companies by 2026-27.

See also **Australia Tax Alert – 5 May 2016.**

France – Potential Extension of Additional Depreciation Mechanism Being Reviewed

The parliament is finalizing its review of a bill that would, among other things, extend the temporary additional depreciation mechanism applicable to certain assets for another year and allow more assets to benefit from the enhanced deduction. The mechanism allows corporate income taxpayers to deduct an additional amount equal to 40% of the original cost (excluding financing expenses) of eligible assets used for the company's business and that were acquired or manufactured by the company during the period between 15 April 2015 and 14 April 2016. The extra deduction is spread (on a straight-line basis) over the normal useful life of the assets. For assets to be eligible for the deduction, they must be depreciable under the declining-balance method (according to the French tax code) and must fall within one of a number of categories. The bill would provide for a one-year extension of the 40% additional depreciation mechanism (i.e. until 14 April 2017). The French tax authorities included the extension in administrative guidance dated 12 April 2016.

See also **World Tax Advisor – 13 May 2016.**

France – Public Availability of Country-by-Country Reporting and Simplified Transfer Pricing Documentation Thresholds Being Discussed

The "*Sapin* 2" bill**,** a bill designed to promote transparency, is being discussed by the parliament and includes provisions related to country-by-country (CbC) reporting and transfer pricing documentation obligations. Under the bill, CbC reports would be made available to the public as from 1 January 2018 and the annual turnover threshold for preparing simplified transfer pricing documentation would be reduced from amounts exceeding EUR 400 million to amounts exceeding EUR 50 million.

Germany – Draft Tax Law that Includes Country-by-Country Reporting Presented to Parliament

Germany's Ministry of Finance issued a draft tax law on 1 June 2016 that includes certain measures based on the recommendations in the final reports issued under the OECD BEPS initiative and the amendments to the EU administrative cooperation directive to introduce CbC reporting. The draft tax law was approved by the government on 13 July 2016 with minor amendments and has been presented to parliament.

The proposed CbC rules would require multinational companies with consolidated group turnover of EUR 750 million or more to file a CbC report. The requirements for the report would be based on the recommendations under action 13 of the BEPS initiative and the EU CbC directive.

With the exception of the proposed CbC reporting rules, the proposed rules are expected to apply as from 1 January 2017; the CbC reporting rules would apply for fiscal years beginning after 31 December 2015.

See also **World Tax Advisor – 10 June 2016.**

Iceland – Draft Bill Presented

Iceland's Minister of Finance and Economic Affairs presented a draft bill to parliament on 25 May 2016 that contains measures to combat tax evasion with respect to ownership of entities in low-tax jurisdictions. The draft bill would introduce substantial restrictions on the ability of Iceland residents to engage in transactions with parties in low-tax jurisdictions and expand the powers of the tax authorities to obtain information on such transactions. Key measures in the bill include the following:

- Limits on the ability to change domicile or permanent residence or transfer assets to a low-tax jurisdiction;
- Limits on the ability to deduct losses incurred by a company located in a low-tax jurisdiction;
- Limits on the ability to engage in cross-border mergers and divisions with a company in a low-tax jurisdiction;
- Extension of the period in which the Iceland tax authorities can issue a reassessment of tax on income or assets located in a low-tax jurisdiction, from six to 10 years; and

- Extension of the statute of limitations from six to 10 years for the tax authorities to impose penalties on persons for providing incorrect or misleading information relating to assets in a low-tax jurisdiction.

See also **World Tax Advisor – 10 June 2016.**

Ireland – Formal Advance Pricing Agreement Program Published

On 23 June 2016, Irish Revenue published bilateral advance pricing agreement guidelines relating to the operation of Ireland's advance pricing agreement (APA) program. The formal program is effective for applications received on or after 1 July 2016. The guidance outlines the framework of the APA program, the requirements to apply for an APA, and the roles and responsibilities of taxpayers and Irish Revenue.

See also **Global Transfer Pricing Alert 2016-022** and **Global Transfer Pricing Alert 2016-012.**

Luxembourg – 2017 Policy Plans Announced

On 26 April 2016, Luxembourg's prime minister presented the government's policy plans for 2017. Some of the tax measures are unchanged from the government's previous announcement, including a reduction in the corporate income tax rate from 21% to 19% in 2017 and 18% in 2018. Other measures have been modified, including a change in the proposed restrictions on tax loss carryforwards that would permit losses incurred as from tax year 2017 to be carried forward for 17 years (currently unlimited) and to offset only 75% of the profits realized in a tax year.

See also **World Tax Advisor – 13 May 2016.**

Netherlands – Draft Bill Presented to Parliament

A draft bill presented to parliament proposes changes to bring the innovation box regime in line with the recommendations for patent box regimes under action 5 of the OECD BEPS project. The bill would introduce the nexus approach to qualify for benefits under the regime, so that the benefits would be granted only to the extent the taxpayer incurred the expenses to develop the relevant intellectual property (IP) right that gave rise to the IP income. IP developed with the assistance of related group companies (contract R&D) still would qualify, but the benefit of applying the innovation box may be significantly reduced depending on the extent to which development costs relate to work performed by the related group companies. If approved, the new measures would apply as from 1 January 2017, with certain grandfathering rules available.

See also **World Tax Advisor – 24 June 2016.**

Netherlands – Amendments to Interest Deduction Denial Rules Proposed

On 20 June 2016, the Dutch Ministry of Finance proposed amendments to several Dutch interest deduction disallowance rules (related party and acquisition financing rules) that would become effective on 1 January 2017.

The proposals include an amendment to the definition of a related party so that an entity indirectly owning less than one-third of a Dutch taxpayer but jointly acting in concert with the Dutch taxpayer would be considered a related party. The proposed changes to the acquisition financing rules relate to (i) the calculation of "own" profit after a debt pushdown within a fiscal unity, (ii) the 60% financing escape, and (iii) the grandfathering rules.

New Zealand – Tax Proposals Announced

On 13 April 2016, the New Zealand government announced a number of tax proposals that would affect both large and small businesses. Changes to the "use of money interest" regime would remove many businesses from the scope of the regime, and small and medium-sized businesses (with turnover of NZD 5 million or less) would be able to pay provisional tax based on their accounting income on a real-time basis (i.e. aligning tax payments with when income is earned). The proposals are expected to be included in a tax bill in August 2016 and generally to apply as from 1 April 2017.

See also **World Tax Advisor – 13 May 2016.**

New Zealand – Tax Bill Introduced Into Parliament

New Zealand's Taxation (Annual Rates for 2016-17, Closely Held Companies and Remedial Matters) Bill was introduced into parliament by the Minister of Revenue on 3 May 2016. The bill contains over 70 different reforms, including proposed changes to the taxation of closely held companies, the nonresident withholding tax and the approved issuer levy.

See also **World Tax Advisor – 27 May 2016.**

Switzerland – Corporate Tax Reform III Approved by Parliament

On 17 June 2016, the two chambers of the Swiss parliament formally approved the Corporate Tax Reform III, which aims to align Swiss tax law with international standards and to enhance the country's attractiveness as a location for multinational companies. The approved law, which could enter into effect as soon as 1 January 2018, contains a number of key measures, including the following:

- Reduction of the headline corporate tax rates at the discretion of the individual cantons, so that more cantons could expect to be in the 12%-14% range for their effective combined federal/cantonal/communal tax rates;
- Introduction of a patent box at the cantonal/communal level that would be mandatory for all cantons and applicable to all patented intellectual property (IP) for which the R&D spend occurred in Switzerland (the OECD modified nexus approach). The cantons would be able to exempt up to 90% of the patent income from taxation for cantonal/communal tax purposes;
- Introduction of R&D incentives at a cantonal/communal level in the form of excess R&D deductions of up to 150% of qualifying expenditure, at the discretion of the individual cantons;
- Allowance of a step-up (including for self-created goodwill) for direct federal and cantonal/communal tax purposes upon the migration of a company or of additional activities and functions to Switzerland;
- Allowance of the tax-privileged release of hidden reserves for cantonal/communal tax purposes for companies transitioning out of tax-privileged cantonal tax regimes (such as mixed or holding companies) into ordinary taxation;
- Introduction of a notional interest deduction (NID) regime at the federal level and at the cantonal/communal level at the discretion of the individual cantons (however, as discussed in the next bullet, the cantons would be required to introduce a revenue-raising measure to partially compensate for the introduction of an NID);
- Cantons that opt to introduce an NID on equity at a cantonal/communal level would be required to tax at a cantonal/communal level at least 60% of the dividend income received by individuals from qualifying participations of at least 10%, under the partial taxation regime for dividends. (Cantons currently tax 50% or less of such dividends at a cantonal/communal level.); and

- Reduction of the cantonal/communal annual net wealth tax in relation to the holding of participations, patented IP and intercompany loans at the discretion of the individual cantons.

See also **World Tax Advisor – 24 June 2016** and **World Tax Advisor – 8 April 2016.**

Turkey – Adoption of Country-by-Country Reporting Requirement Proposed

Turkey's Revenue Administration has released a proposed transfer pricing communiqué relating to the adoption of the CbC reporting requirement under the OECD's BEPS action 13 recommendations. The proposed regulations follow the three-tier documentation approach contained in the OECD's "*Transfer Pricing Documentation and Country-by-Country Reporting Final Report,*" and would require:

- A master file with global information about a multinational enterprise group, including specific information on intangibles and financial activities;
- A local file with detailed information on all relevant intercompany transactions of the particular group entity in Turkey; and
- A CbC report of income, earnings, taxes paid, and certain measures of economic activity.

See also **World Tax Advisor – 22 April 2016** and **Global Transfer Pricing Alert 2016-013.**

United Kingdom – Consultation on Interest Expense Deductibility Launched

The UK tax authorities published a consultation document on 12 May 2016 concerning the detailed policy design and implementation of previously-announced proposals to limit the tax deductibility of corporate interest expense as from 1 April 2017. The consultation comprises 46 questions, and closes on 4 August 2016. The UK proposals follow the recommended approach set out in the final report for limiting base erosion involving interest deductions and other financial payments that was issued by the OECD in October 2015 as part of the G20/OECD BEPS project, and have been subject to a previous consultation in the UK. The basic approach is to limit interest deductions to 30% of tax-based EBITDA.

See also **World Tax Advisor – 10 June 2016.**

United States – Agreement to Adopt Exempt Branch Provision from 2016 U.S. Model Treaty Announced

The U.S. Department of the Treasury announced on 22 June 2016 that the U.S. and Luxembourg are negotiating a protocol to amend the existing income tax treaty between the two countries. Treasury announced that the negotiators have agreed to adopt a provision that is consistent with article 1(8) of the 2016 U.S. model treaty. The contemplated treaty amendment would allow the U.S. to impose its domestic withholding tax (i.e. 30%) on certain U.S.-source income received by a U.S. branch of a Luxembourg company. The treaty amendment would have effect for income received on or after a date fixed by reference to Luxembourg's legislative process, rather than by reference to the date as of which both countries have ratified the protocol.

See also **United States Tax Alert – 24 June 2016.**

Did you know?

The following section contains information that may be relevant at the date of publication.

Australia

Brazil

Colombia

European Commission

European Union

India

Italy

Luxembourg

New Zealand

OECD

Puerto Rico

United Kingdom

United States

Vietnam

Zimbabwe

Australia – Alerts Targeting Cross-Border Profit-Shifting Arrangements Released

The Australian Taxation Office (ATO) released four taxpayer alerts on 26 April 2016 that identify certain issues of concern to the ATO, as a result of the active review of certain arrangements used by multinationals and large companies operating in Australia. The ATO wants to ensure these companies pay the "right amount of tax" on income earned in Australia. The four taxpayer alerts address the following:

- Interim arrangements in response to the Multinational Anti-Avoidance Law;
- Inappropriate recognition of internally generated intangible assets and revaluation of intangible assets for thin capitalization purposes;
- Arrangements involving related party foreign currency-denominated financing, in conjunction with related party cross-currency interest rate swaps; and
- Cross-border leasing arrangements involving mobile assets.

See also **World Tax Advisor – 13 May 2016.**

Brazil – Ultimate Beneficiary Disclosure Required

A normative instruction (NI) published on 9 May 2016 makes changes to the national registry of legal entities for Brazilian and foreign legal entities, particularly concerning the disclosure of ultimate beneficiaries. The NI, which applies as from 9 May 2016, consolidates comments arising from a recent public consultation on this topic and replaces a normative ruling issued in 2015. The new NI requires certain legal entities to disclose to the Brazilian tax authorities the complete chain of ownership up to the ultimate beneficiaries, as well as the legal representatives of owners. The changes are in line with the OECD and G-20 initiatives to combat money laundering and tax avoidance.

See also **World Tax Advisor – 13 May 2016.**

Colombia – Guidance Issued on Tax Treatment of Transportation Services Provided by Nonresidents

The Colombian tax administration has released a ruling that clarifies the tax treatment of transportation services provided by a foreign entity through a mobile "app," where the customer pays for the services electronically using a credit or debit card.

The tax authorities ruled that driver services provided in Colombia by a foreign company are transportation services provided within Colombia—the fact that the services are provided via a mobile app is irrelevant. As a result, the payments for the services are considered Colombia-source income taxable in Colombia, subject to a 25% income tax, the 9% income tax for equality (CREE) and the 6% CREE surcharge for taxable year 2016.

See also **World Tax Advisor – 8 April 2016.**

Colombia – Guidance Issued on Transactions Involving Transfers of Colombian Assets Between Foreign Entities

Colombia's tax authorities issued interpretive guidance on 31 March 2016 that clarifies when a merger or spinoff transaction in which Colombian assets are transferred between foreign entities will be subject to income tax in Colombia. Under the tax code, capital gains derived from a transfer of Colombian assets carried out as part of a merger or spinoff transaction between two foreign entities generally are subject to income tax in Colombia. However, gains from the transfer of Colombian assets from one foreign entity to another foreign entity are exempt from Colombian tax where the Colombian assets comprise less than 20% of the total assets of the corporate group of which the selling entity is a member or, if the selling entity is not part of a group, less than 20% of the total assets of the selling entity.

The guidance clarifies that the 20% limit must be calculated by including all of the assets held in Colombia, compared to the total global assets held. The guidance also clarifies that the taxable base of the assets transferred in the merger or spinoff will include only the value of the assets that actually are transferred as part of the transaction, and not all of the assets held by the group in Colombia.

See also **World Tax Advisor – 27 May 2016.**

Colombia – Ruling Issued on Application of Thin Capitalization Rules

A ruling issued by Colombia's tax authorities on 25 May 2016 and that is effective as from that date clarifies the application of the thin capitalization rules and the scope of the term "interest" for purposes of the regime. The thin cap rules generally limit the deductibility of interest expense when the total amount of interest-bearing debt during the tax year exceeds a 3:1 debt-to-equity ratio (4:1 for certain entities).

According to the ruling, the thin cap rules apply to the total average amount of domestic and foreign loans, regardless of whether the loan is from a related or an unrelated party. The ruling also confirms that thin capitalization exists where (1) there is any discernible disproportion between the capital relationship of responsibility and the level of risk the company assumes to carry out its social purpose, and (2) the company's total average amount of interest-bearing debt exceeds three times the liquid equity of the immediately preceding year.

See also **World Tax Advisor – 24 June 2016.**

European Commission – Public Reporting Requirements for Multinationals Proposed

On 12 April 2016, the European Commission proposed measures that would require the largest companies operating in the EU to publish annually a report disclosing the profits earned and tax paid in each member state, as well as other information, on a CbC basis. The proposed rules would apply to EU-based parent companies of multinational groups that have more than EUR 750 million in net turnover. Multinational groups headquartered outside the EU would be subject to the rules where the group has more than EUR 750 million in net turnover and the group operates in the EU through medium or large-sized subsidiaries or branches.

See also **World Tax Advisor – 22 April 2016.**

European Union – Opinion on France's Taxation of Cross-Border Dividends Issued

The European Commission issued a reasoned opinion on 28 April 2016, stating that France's regime for taxing dividends from nonresident subsidiaries is incompatible with EU law, and has requested France to fully comply with the 2011 decision of the Court of Justice of the European Union in the *Accor* case. *Accor* involved the tax credit relief system available to French companies against the advance payment of tax payable on dividends received from subsidiaries in other EU member states.

See also **World Tax Advisor – 13 May 2016.**

European Union – Country-by Country Reporting and Exchange of Information Directive in Effect

On 26 May 2016, the EU Council approved the directive on the CbC reporting of tax information by multinational companies and the automatic exchange of such information between EU tax authorities. The directive took effect on 3 June 2016 and EU member states must transpose the directive into their national law by 4 June 2017, although that law is required to have effect for accounting periods starting on or after 1 January 2016. The directive is the first prong of the anti-tax avoidance package released by the European Commission on 28 January 2016, and will implement the OECD recommendations under action 13 of the BEPS project into an EU instrument. The directive relates to requirements for filing, and the sharing of, CbC information with tax authorities only. Separately, the European Commission has proposed requirements for the public reporting of some CbC tax information by multinationals operating in the EU.

See also **World Tax Advisor – 24 June 2016, World Tax Advisor – 10 June 2016** and **European Union Tax Alert – 28 January 2016.**

European Union – Anti-Tax Avoidance Directive Finalized

On 17 June 2016, the EU anti-tax avoidance directive (ATAD) was declared final, provided no objections were raised by 11 pm on 20 June 2016. Since no objections were raised, political agreement was reached. Formal approval then was given to the ATAD at the European Council meeting on 12 July 2016. The deadline for ATAD to be transposed into the national law of EU member states is 31 December 2018, so that it will take effect as from 1 January 2019. New rules on exit taxation must be introduced as from 2020.

The ATAD provides for the minimum harmonization of rules in the areas of interest deductions, controlled foreign corporations and hybrid mismatches, and the introduction of a corporate general anti-abuse rule. The proposed "switchover clause" has been removed. There is an opt-out in respect of interest limitations until 2024 (or until the OECD declares this area to be a "minimum standard," if earlier) for countries that can demonstrate they have national measures of equivalent effect.

See also **World Tax Advisor – 24 June 2016** and **World Tax Advisor – 10 June 2016.**

India – Decision Issued on Tax Treatment of Software Supply

The Mumbai Income Tax Appellate Tribunal (ITAT) issued a decision on 24 February 2016, concluding that where software is supplied predominantly as a part of a supply of equipment/machinery and the software is embedded in the equipment/machinery that is the main object of the transaction, the transaction constitutes a sale of equipment/machinery, rather than a sale of software. Hence, the payment for the supply cannot be considered a royalty subject to withholding tax under India's domestic law.

See also **World Tax Advisor – 22 April 2016.**

India – Decision Issued on Fees for Technical Services

In a decision published on 31 March 2016, India's Supreme Court held that where a service is not customized to the needs of the customer and is indistinguishable from a common "facility" provided to all customers of the service provider, payments for that service cannot be considered fees for technical services that are subject to withholding tax under India's domestic law.

See also **World Tax Advisor – 13 May 2016.**

India – Rules Related to Foreign Tax Credit Released

On 27 June 2016, the Indian government released rules setting out the method for granting a foreign tax credit (FTC) in India. The rules address issues faced by Indian taxpayers in computing the amount of the credit and the procedural aspects of claiming the credit, as follows:

- The FTC is to be computed separately for each source of income arising from a particular country and is limited to the lower of the income tax payable in India or the foreign tax paid on the foreign income.
- Where a tax treaty applies, a taxpayer's claim for an FTC under the treaty will be restricted to taxes that are covered by the treaty.
- Corporate taxpayers may claim an FTC against their minimum alternate tax liability.

These rules are applicable as from 1 April 2016.

See also **World Tax Advisor – 27 May 2016.**

India – Treatment of Web Hosting Services Clarified

The Mumbai ITAT issued a decision on 31 March 2016, clarifying that a payment for web hosting services will not be treated as a royalty subject to withholding tax under India's domestic tax law in a case where the taxpayer receiving the services does not have a right to physical access or control over the equipment used to provide the services.

The Mumbai ITAT held that payments received for the provision of web hosting services in a case where the client did not have the right to use the equipment that was used to provide such services, or any physical access to that equipment, were not taxable as royalties under India's domestic law. The ITAT opined that the true test of whether a payment is a royalty is whether the consideration is paid for the provision of services, which may involve the use of scientific equipment, or paid for the use of equipment. In a case of the provision of services, the payment is not taxable as a royalty.

See also **World Tax Advisor – 24 June 2016.**

Italy – Changes Made to Patent Box Ruling Procedure

Italy's tax authorities issued guidance on 6 May 2016 that amends the procedural rules related to the application for a tax ruling under the patent box regime introduced in the 2015 stability law, which grants a partial exemption from corporate income tax and the regional tax on productive activities for income deriving from qualifying intangible assets. According to the new guidance, which applies immediately, qualifying taxpayers with tax revenue exceeding EUR 300 million must submit their ruling applications and supporting documentation to the competent regional directorate of the tax authorities where the taxpayer is resident.

Taxpayers with turnover below this threshold must submit their ruling applications to the office for advance rulings and international disputes.

See also **World Tax Advisor – 13 May 2016.**

Italy – Clarifications Issued on Tax Ruling Regime for New Investments

Italy's tax authorities issued guidance on 1 June 2016 that clarifies the advance tax ruling regime for new investments. Tax rulings for new investments may cover projects undertaken by resident and nonresident companies and may apply to asset and share deals, as well as to any type of business reorganization or revamping of an existing business.

The implementation rules for the new advance tax ruling regime were issued on 29 April 2016 by a ministerial decree, and on 20 May 2016 through guidance issued by the tax authorities. The rules apply as from 20 May 2016.

See also **World Tax Advisor – 24 June 2016.**

Luxembourg – Two-year Tax Amnesty in Effect

Luxembourg introduced a tax amnesty on 1 January 2016, providing taxpayers a two-year opportunity to declare certain previously undeclared income. The tax amnesty is available to both corporate and individual taxpayers that have held undeclared assets and/or received undeclared income in Luxembourg and that wish to "regularize" their tax situations. Such taxpayers may file a "corrective tax return" and pay the tax due on the income; the tax due will be increased by 10% for corrective returns filed in 2016 and by 20% for returns filed in 2017.

See also **World Tax Advisor – 8 April 2016.**

New Zealand – Independent Review of Disclosure Rules Completed

An independent review of the disclosure rules covering foreign trusts registered in New Zealand has been completed. Recommendations were made in a report released on 27 June 2016, and they were largely accepted by the government in its response to the recommendations on 13 July 2016.

See also **World Tax Advisor – 22 April 2016.**

OECD – Details Related to the "Platform for Collaboration on Tax" Announced

On 19 April 2016, the International Monetary Fund, the OECD, the UN and the World Bank Group announced details of the "Platform for Collaboration on Tax," a collaborative effort to intensify cooperation on tax issues. The platform will formalize regular discussions between the four international organizations on the design and implementation of standards for international tax matters, and will enhance their capacity-building support, deliver jointly developed guidance and increase information-sharing on operational and knowledge activities.

See also **World Tax Advisor – 22 April 2016.**

OECD – Updated List of Signatories of the Multilateral Competent Authority Agreement Released

In June 2016, five countries (Argentina, Curacao, Georgia, Korea and Uruguay) signed the multilateral competent authority agreement for the automatic exchange of CbC reports under the BEPS project, bringing the total number of signatories to 44 countries.

See also **World Tax Advisor – 13 May 2016.**

OECD – Countries Committed to Sharing Financial Account Information

The OECD and the Global Forum on Transparency and Exchange of Information for Tax Purposes have announced that Bahrain, Lebanon, Nauru, Panama and Vanuatu have committed to share financial account information automatically with other countries, and are expected to begin exchanging this information in September 2018. The signatories have agreed to implement information sharing through the Common Reporting Standard developed by the OECD and G20 countries.

See also **World Tax Advisor – 27 May 2016.**

Puerto Rico – Court Decision on Constitutionality of Alternate Minimum Tax Provisions Issued

The US District Court for the District of Puerto Rico issued a decision on 28 March 2016 striking down certain provisions of the alternate minimum tax (AMT) regime under the Puerto Rico Internal Revenue Code. The court held that the AMT on the value of purchases of personal property from affiliates, on its face, clearly discriminated against interstate commerce. As a result of the court's ruling, an injunction was issued, with immediate effect, prohibiting the Puerto Rico Treasury Department from levying, collecting or enforcing the unconstitutional components of the AMT regime.

See also **World Tax Advisor – 13 May 2016.**

United Kingdom – "Brexit" Vote Concluded

In the short term, the vote in favor of leaving the EU will have little, if any, immediate impact on indirect or direct taxes. Few changes are likely to occur while the secession negotiations take place and the scope of future changes would be determined by the outcome of those negotiations. Some indirect taxes are EU taxes: principally VAT and customs duty. The UK would need to introduce its own customs duty system; VAT is already a part of UK law and would continue without the VAT Directive, subject to future changes and new legislation for some minor points. The EU direct tax restrictions are relatively minor and the focus on a territorial system of corporate tax is a model adopted by many other countries.

See also **UK Leaving the EU: Briefing Paper on Direct and Indirect Tax Implications – June 2016.**

United States – Temporary Regulations Issued Addressing Certain Inversion and Post-Inversion Transactions

On 4 April 2016, the U.S. Treasury Department and the IRS issued temporary regulations under IRC sections 304, 367, 956, 7701(l), and 7874 to address certain inversion and post-inversion transactions. The temporary regulations provide:

- Rules for identifying a foreign acquiring corporation when a domestic entity acquisition involves multiple steps;

- Rules that disregard stock of the foreign acquiring corporation that is attributable to certain prior domestic entity acquisitions;
- Rules that require a controlled foreign corporation to recognize all realized gain upon certain transfers of assets described in section 351 that shift the ownership of those assets to a related foreign person that is not a controlled foreign corporation; and
- Rules clarifying the definition of group income for purposes of the substantial business activities test.

See also **United States Tax Alert – 6 April 2016.**

United States – Proposed Regulations Address Treatment of Certain Interests in Corporations as Stock or Indebtedness

On 4 April 2016, the U.S. Treasury Department and the IRS published broadly applicable proposed regulations under IRC section 385 that would:

- Treat certain related-party debt as stock for all purposes of the Internal Revenue Code when issued in connection with certain distributions and acquisitions;
- Establish contemporaneous documentation requirements that must be satisfied for certain related-party debt to be respected for federal tax purposes; and
- Authorize the IRS to treat certain related-party interests as part stock and part debt for federal tax purposes.

See also **United States Tax Alert – 6 April 2016.**

United States – Final Country-by-Country Reporting Regulations Issued

The US Treasury Department released final regulations on 29 June 2016 that require annual CbC reporting by U.S. entities that are the ultimate parent entity of a multinational group with annual revenue of USD 850 million or more. Treasury based the final regulations on the model template for CbC reporting developed by the OECD as part of its BEPS project.

The CbC report will be due with the timely filed tax return (with extensions) for the parent entity of a US multinational group. The final regulations apply to taxable years of parents of US multinational groups that begin on or after 30 June 2016.

See also **Global Transfer Pricing Alert 2016-024.**

Vietnam – Ministry of Finance Issued Circular Providing Guidance on Corporate Income Tax Incentives for Organizations in Supporting Industries

The Ministry of Finance issued a circular on 5 February 2016 that applies as from 1 April 2016 and provides detailed guidance on the corporate income tax incentives for organizations earning income from supporting industries (i.e. industries that manufacture materials, components and spare parts for manufacturing finished products). The list of products in supporting industries is provided in Decree 111/2015, dated 3 November 2015. The circular supplements this decree, which announced the incentives, including a reduced corporate income tax rate of 10% for 15 years from the first revenue-generating year, and a four-year corporate income tax exemption as from the first profit-generating year (or fourth revenue-generating year, whichever comes first), followed by a 50% corporate income tax reduction in the next nine years.

See also **World Tax Advisor – 8 April 2016.**

Zimbabwe – Transfer Pricing Rules Introduced

A transfer pricing framework introduced into Zimbabwe's tax laws as from 1 January 2016 broadly follows the OECD transfer pricing guidelines. A number of key features include the following:

- Where a person engages in a controlled transaction (i.e. a transaction with a related party), the amount of taxable income derived must be consistent with the arm's length principle, i.e. the conditions that would have applied between independent parties under comparable circumstances.
- Comparability will be determined by taking into account the characteristics of the property/services, functions performed, assets owned and risks borne, contractual terms, economic circumstances and business strategies of each of the associated parties.
- Traditional transaction methods (i.e. comparable uncontrolled price, resale price and cost plus methods) and profit-based methods (i.e. transactional net margin method and profit split method) may be used.

See also **World Tax Advisor – 22 April 2016.**

Example disclosures

The following section contains example financial statement disclosures that may be considered relevant, in part or in whole, at the date of publication.

There are no example disclosures for this edition.

FASB Accounting Standards Codification (ASC or the “Codification”) Topic 740, Income Taxes states that deferred tax liabilities and assets should be adjusted for the effect of changes in tax laws or rates in the period that includes the enactment date. Before enactment, financial statement preparers should consider whether potential changes represent an uncertainty that management reasonably expects will have a material effect on the results of operations, liquidity or capital resources. If so, financial statement preparers should consider disclosing information about the scope and nature of any potential material effects of the changes. After enactment, when material, financial statement preparers should consider disclosing in Management’s Discussion & Analysis (MD&A) the anticipated current and future impact on their results of operations, liquidity, and capital resources. In addition, financial statement preparers should consider disclosures in the critical accounting estimates section of MD&A, the footnotes to the financial statements, or both, to the extent that the changes could materially impact existing assumptions used in making estimates of tax-related balances.

Certain legislation that has been discussed in other sections of this document may lead to an adjustment to the deferred tax balances and current taxes payable recorded on an entity’s books and, if material, may need to be disclosed in the company’s financial statements. In addition, proposals to change tax laws, rules, regulations, and interpretations could impact an entity’s accounting for income taxes in the future. In preparation for possible impacts of the changes in tax laws, companies should consider including disclosure of the impacts of these proposed changes in their financial statements or in MD&A.

Quick reference guide — Applicable income tax rates

The following section includes a summary of combined tax rates applicable in several key jurisdictions, the related dates of enactment, for US GAAP purposes, of certain income tax rate changes, and supplemental information with respect to certain jurisdictions.

Jurisdiction	Combined national/ local rate (incl. surcharges, etc.) 2016	2017	Date the combined national/ local rate enacted	Notes
Australia	30%	30%	N/A	The corporate tax rate for eligible small businesses with aggregated turnover of <AUD 2 million is 28.5% for income years starting on or after 1 July 2015.
Brazil	34%	34%	N/A	The corporate income tax base rate is 15%. The additional surtax (10%) and social contribution (9%, 20% for financial institutions) yield an effective tax rate of 34% or 45% for financial institutions.
Canada	26%–31%	26%–31%	N/A	Rates shown are general corporate income tax rates on income not eligible for special incentives, such as the small business deduction. Provincial and territorial rates vary, ranging generally from 11% to 16% and are in addition to the federal rate of 15%. Rates shown are effective as from 10 April 2016.
Chile	24%	25% or 25.5%	29 Sep 2014	The 2014 tax reform includes a gradual increase in the First Category Income Tax (FCIT) rate from 20% to 25% or 27% between 2014 and 2018. The rate is 21% for 2014, 22.5% for 2015, and 24% for 2016. The rate is 25% for 2017, unless the regime selected by the taxpayer is the semi-integrated regime, in which case the FCIT rate is 25.5% in 2017 and 27% in 2018.
China	25%	25%	16 Mar 2007 26 Dec 2007	Entities qualifying as small-scale taxpayers are subject to a 20% tax rate, and entities qualifying as new and high-tech enterprises are subject to a 15% tax rate. Entities incorporated in the western region are subject to a 15% tax rate if they operate in certain industries.

Jurisdiction	Combined national/ local rate (incl. surcharges, etc.) 2016	2017	Date the combined national/ local rate enacted	Notes
France	33.33% – 34.43%	33.33% – 34.43%	30 Dec 2013 (See **Note 1**)	For taxable income derived in a fiscal year closed on or after 31 December 2013 and on or before 30 December 2016, an additional surcharge of 10.7% (based on the income tax due at the standard 33.33% tax rate) is applicable for companies with revenue exceeding EUR 250 million (see **Note 1** for details) and an additional surcharge of 3.3% applies to companies with a basic corporate tax liability exceeding EUR 763,000. As a result of the surcharges, the effective tax rate applicable to large profitable companies is 38% for fiscal years closed on or before 30 December 2016. The 10.7% surcharge was not extended by the 2016 Finance Law, so the applicable rate for large companies is reduced to 34.43% for fiscal years closed on or after 31 December 2016 (see **Note 1** for details). These rates do not include the impact of the CVAE, an annual local business tax that is considered an income tax under US GAAP. These rates also do not include the impact of the 3% surtax on distributions that was enacted on 17 August 2012 and that is considered an income tax and effectively creates a dual tax rate regime in France under US GAAP (see **Note 2** for details). Small and medium-sized companies may be subject to a lower tax rate in certain cases.
Germany	30%–33%	30%–33%	17 Aug 2007	The corporate rate is 15%. The municipal trade tax rate typically ranges between 14% and 17%. A 5.5% solidarity surcharge is levied on corporate income tax. The effective corporate tax rate (including the solidarity surcharge and trade tax) typically ranges between 30% and 33%.
Hong Kong	16.5%	16.5%	N/A	Profits tax is levied at a rate of 16.5% (15% for unincorporated businesses) where the person is carrying on a trade, profession or business in Hong Kong and the relevant income is a profit arising in or derived from Hong Kong.

Jurisdiction	Combined national/ local rate (incl. surcharges, etc.) 2016	2017	Date the combined national/ local rate enacted	Notes
India	30.9% or 33.06% or 34.61%	30.9% or 33.06% or 34.61%	6 August 2014 14 May 2015	For taxable years beginning on 1 April 2015, the effective rate for domestic companies is 30.9% (where taxable income is less than or equal to INR 10 million), 33.06% (where taxable income exceeds INR 10 million, but is less than or equal to INR 100 million) and 34.61% (where taxable income exceeds INR 100 million). If an entity's annual income tax liability, as a percentage of book profits, is less than 18.5%, the minimum alternative tax (MAT) applies at a rate of 18.5% of book profits. For taxable years beginning 1 April 2015, the effective MAT rate is 19.06% (where income is less than or equal to INR 10 million) and 20.39% (where income exceeds INR 10 million, but is less than or equal to INR 100 million) and 21.34% (where taxable income exceeds INR 100 million). The excess of MAT paid over the annual tax liability may be credited against the regular tax liability for the subsequent 10 years (see **Note 3**). These effective rates may increase if the earnings are distributed (see **Note 4** for details). For taxable years beginning on 1 April 2016, a lower corporate income tax rate of 25% may apply in the case of certain newly established domestic companies engaged in a manufacturing business, subject to fulfilling certain conditions. Accordingly, the effective rate for such companies would be 25.75% (where taxable income is less than or equal to INR 10 million), 27.55% (where taxable income exceeds INR 10 million, but is less than or equal to INR 100 million) and 28.84% (where taxable income exceeds INR 100 million). A new lower tax rate of 29% will be applicable for taxable year 2016-17 for domestic companies that have earned a gross turnover of INR 50 million or less in taxable year 2014-15. The effective rate for such companies would be 29.87% (where taxable income is less than or equal to INR 10 million) and 31.96% (where taxable income exceeds INR 10 million).
Ireland	12.5% or 25%	12.5% or 25%	N/A	The standard corporate tax rate on trading income is 12.5% and on nontrading income, 25%. The capital gains tax rate is 33%.
Italy	31.4%	31.4%	28 Dec 2007	The corporate income tax rate is 27.5% (see **Note 5** for details). IRAP, the regional tax on productive activities, is levied within a range of up to 0.92% around the basic 3.9% IRAP rate (4.65% for banks and 5.9% for insurance companies). The corporate income tax rate will be reduced to 24% starting from 2017, although the applicable rate for banks and other financial entities will remain 27.5%.

Jurisdiction	Combined national/ local rate (incl. surcharges, etc.) 2016	2017	Date the combined national/ local rate enacted	Notes
Japan	32.1%–33.1% or 34.3%–35.4%	29.97% – 30.86% or 33.8% – 34.81%	31 Mar 2015	The national corporate tax rate is reduced from 23.9% to 23.4% for fiscal years beginning on or after 1 April 2016 and will be further reduced to 23.2% for fiscal years beginning on or after 1 April 2018. The tax rate applicable to the income factor of factor-based enterprise tax for large companies with more than JPY 100 million of stated capital also will be reduced. Thus, the effective corporate income tax rates for 2017 will be lower than those for 2016. Japanese corporations and foreign corporations carrying on a business through a permanent establishment in Japan also are subject to a local inhabitants tax, a local enterprise tax and a local corporate tax. Inhabitants and enterprise tax rates vary depending on certain factors. The local enterprise tax, including the special local corporate tax, generally is levied on taxable income at a rate between 6% and 10.1%, depending on the amount of capital and the location of the corporation. The inhabitants tax generally is levied on taxable income at a rate of 12.9% or 16.3% of the national corporate tax rate, depending on the location of the corporation. The local enterprise tax is deductible for national corporation tax purposes generally when it is paid. The local corporate tax generally is levied on taxable income at a rate of 4.4% of the national corporate tax rate. The top effective tax rate ranges are for corporations with stated capital exceeding JPY 100 million and the bottom effective tax rate ranges are for corporations with stated capital of JPY100 million or less.
Luxembourg	~29.22%	~29.22%	28 Dec 2012	This rate applies to the municipality of Luxembourg City. Rates for residents of other municipalities may vary.
Mexico	30%	30%	11 Dec 2013	A special regime applies for maquiladoras. The consolidation regime was replaced as from 1 January 2014 by an “integration regime” that grants a deferral of income tax within a group for three fiscal years.
Netherlands	25%	25%	N/A	A 20% tax rate applies to income below EUR 200,000.
Russia	20%	20%	26 Nov 2008	The 20% (18% regional and 2% federal) tax rate can be reduced to 15.5% (13.5% regional and 2% federal) by the regional governments. The regional authorities in special economic zones may grant a further reduction of the regional tax rate to as low as 0%, leaving only the 2% federal portion. Qualifying investors in certain regions in the far eastern part of the country and Siberia are entitled to a profits tax rate of 0% to 10% for the first five years of income generation and from 10% to 18% for the following five years. Certain companies in technology and tourist zones also may be exempt from the 2% federal tax. Companies providing educational or medical services and agricultural goods producers are subject to a 0% profits tax rate if certain criteria are fulfilled. Residents of the Skolkovo Innovation Centre are entitled to a 10-year profits tax exemption.
Switzerland	11.5%–24.5%	11.5%–24.5%	N/A	The rate includes federal and cantonal/communal taxes for an ordinarily taxed legal entity. The tax rate at the cantonal/communal level depends on the canton/municipality in which the company is located.

Jurisdiction	Combined national/ local rate (incl. surcharges, etc.) 2016	2017	Date the combined national/ local rate enacted	Notes
United Kingdom	20%	20% and 19%	17 Jul 2013 and 18 Nov 2015	A 20% rate was effective from 1 April 2015 and a 19% rate will apply as from 1 April 2017. As a result of the mid-year change, a blended tax rate of 19.25% applies for taxpayers with a 31 December 2017 year-end.

Note 1: The 2014 French finance law was enacted on 30 December 2013, increasing the rate of the additional surcharge applicable for companies with income exceeding EUR 250 million from 5% to 10.7%. The additional surcharge applies to all fiscal years closed on or after 31 December 2013 and before or on 30 December 2016. The 2016 Finance Law confirms that the 10.7% surtax on large companies is abolished, which should reduce the maximum effective corporate income tax rate applicable to large companies from 38% to 34.43% for fiscal years closed on or after 31 December 2016.

Note 2: The government enacted a 3% surtax on 17 August 2012 that is levied on dividends and certain other distributions paid on or after that date by domestic and foreign entities subject to corporate income tax in France (including PEs of foreign entities). The surtax effectively creates a dual tax rate regime in France. (See also **Accounting for Income Taxes Quarterly Hot Topics: September 2012** for a discussion of related accounting for income taxes implications). The European Commission initiated an infringement procedure against France in February 2015 in relation to the 3% surtax. The Council of State has referred two questions to the Court of Justice of the European Union for a preliminary ruling as to whether the 3% surtax is in line with the EU parent-subsidiary directive. The Council of State also has referred a question to the Constitutional Council for a ruling on whether the specific exemption of the 3% surtax for tax-consolidated groups complies with the principle of equality with regard to taxes.

Note 3: On 24 September 2015 and as further provided in instructions issued on 23 December 2015, the Indian government announced its decision to amend the MAT provisions on a retroactive basis, with effect from 1 April 2001, to provide relief from the MAT to foreign companies that are residents of a country that has concluded a tax treaty with India and that do not have a PE (as defined under the treaty) in India. Relief from the MAT also will be extended to foreign companies that are residents of nontreaty countries and that are not required to register under the relevant provision of the Indian company law (foreign companies without an office or PE in India are not required to register under the company law).

Note 4: An Indian entity is subject to an additional tax of approximately 17.304% when earnings are either distributed as a dividend or upon liquidation of the company. This incremental tax is commonly known as a dividend distribution tax (DDT) and becomes payable when previously taxed earnings are distributed to shareholders as dividends or upon liquidation of the company. As from 1 October 2014, the dividend is to be grossed up and the tax rate applied on the grossed-up amount of the dividend. The total effective tax rate on earnings would be 42.59%/44.38%/45.67%, respectively. Such dividend income is exempt in the hands of the recipient. However, as from 1 April 2016, where the recipient of the dividend is an Indian individual, Hindu undivided family or a firm, and the dividend received from Indian companies exceeds INR 1 million, a tax of 10% is payable on the amount exceeding INR 1 million.

Note 5: Law No. 148, enacted on 16 September 2011, introduced a temporary increase of the “Robin Hood” tax from 6.5% to 10.5%, effective for fiscal years 2011-2013. On 9 February 2015, Italy’s Constitutional Court declared the Robin Hood tax unconstitutional and repealed the surcharge as from 12 February 2015 (the day after the decision was published in the official gazette). The Robin Hood tax was levied on the oil, gas and energy producers and trading companies in addition to the regular corporate income tax.

Additional resources

A Roadmap to Accounting for Income Taxes — This Roadmap includes all of Deloitte's interpretive guidance on the accounting for income taxes, combining the income tax accounting rules and implementation guidance from ASC 740 with Deloitte's interpretations.

Accounting for Income Taxes — Global Tax Developments archive

Accounting for Income Taxes Hot Topics archive — A quarterly publication that highlights certain recent tax and accounting developments that may have accounting for income taxes (ASC 740) implications.

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Transfer Pricing Alerts — The latest updates in Transfer Pricing from around the world.

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2016 Global Transfer Pricing Country Guide — A comprehensive and authoritative guide, compiling essential information regarding the transfer pricing regimes in 67 jurisdictions around the world and the OECD.

Deloitte International Tax Source (DITS) — An online database featuring corporate, withholding and tax treaty rates and information for 65 jurisdictions worldwide.

Financial Reporting for Taxes Dbriefs Webcasts — A collection of live and archived Dbrief webcasts that give you valuable insights on important developments impacting financial reporting for taxes.

Financial Accounting & Reporting — Income Taxes — Financial accounting and reporting for income taxes have become increasingly complex. Tax departments are working to keep up with the latest regulatory developments and guidance related to income tax accounting, disclosures and documentation, as well as seeking ways to address their tax provision process and technology needs. Deloitte can help.

Tax Publications — A collection of tax publications issued by Deloitte to help clients stay informed on tax legislation and regulations and the potential impact on their businesses.

Financial Reporting for Taxes 2016 Training — Corporate tax and accounting professionals continue to face significant challenges in financial reporting for income taxes. Deloitte's Financial Reporting for Taxes Training seminars can help you stay informed with comprehensive and specialized courses set for December 5-9 in Las Vegas, Nevada. Course descriptions, pricing, registration, and additional information can be found **here**. Early registration discounts are available.

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