



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

January 1, 2018–March 31, 2018
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Issue 2018-1

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Introduction

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Unless otherwise indicated, the content in this document is based on information available as of March 31, 2018. 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).

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Enacted tax law changes: January 1, 2018 to March 31, 2018

The following section includes a summary of major international income tax law changes enacted during the period January 1, 2018 to March 31, 2018.

Botswana
Hong Kong
India
Japan
Taiwan

Botswana

Concessionary corporate tax rates to be granted to certain companies

Date of Enactment: February 16, 2018

Effective Dates: To be Determined

Regulations gazetted in Botswana on February 16, 2018 introduce concessionary corporate tax rates for income derived by approved business operations in the Selebi Phikwe Economic Development Unit region. The date on which the new rates will apply has not yet been confirmed.

See also [tax@hand—March 7, 2018](#)

Hong Kong

Two-tiered profits tax regime introduced

Date of Enactment: March 29, 2018

Effective Date: Year of assessment 2018/2019

The bill introducing a two-tiered profits tax regime in Hong Kong was enacted on March 29, 2018, and applies as from the year of assessment 2018/19 (i.e. as from April 1, 2018). The new profits tax rates on corporations are 8.5% (7.5% for unincorporated businesses) on the first HKD 2 million of assessable profits and 16.5% (15% for unincorporated businesses) on the remainder of assessable profits where the company is carrying on business in Hong Kong and the relevant income is earned in or derived from Hong Kong.

See also [tax@hand—March 21, 2018](#)

India

Finance Act 2018 enacted

Date of Enactment: March 29, 2018

Effective Date: April 1, 2018

India's Finance Bill 2018 received assent of the president on March 29, 2018 and now is enacted law, following some changes made by the lower house of parliament on March 15. The parliament clarified some measures in the bill, including the rules relating to country-by-country reporting and the requirement to obtain a permanent account number. Most of the provisions in what is now the Finance Act 2018, including the reduction in the corporate tax rate from 30% to 25% (plus the applicable surcharge and cess) for domestic companies whose total turnover or gross receipts during FY 2016-17 did not exceed INR 2.5 billion, are effective on April 1, 2018.

See also [tax@hand—March 30, 2018 and World Tax Advisor—February 9, 2018](#)

Japan

2018 Tax reform enacted

Date of Enactment: March 28, 2018

Effective Date: Various

Japan's National Diet enacted the 2018 tax reform proposals on March 28, 2018. Among other changes, the tax reform expands tax credits and incentives for companies that increase wages and capital investment, revises the definition of a permanent establishment to align Japanese tax law with the definition under the OECD BEPS project and makes changes to the CFC regime.

See also [tax@hand March 30, 2018](#), [World Tax Advisor—January 26, 2018](#)

Taiwan

Tax rates revised

Date of Enactment: February 7, 2018

Effective Date: January 1, 2018

Taiwan's president signed and approved various amendments to the Income Tax Act on February 7, 2018, with the following changes applicable retroactively for taxable years beginning on January 1, 2018: (i) an increase in the corporate income tax rate from 17% to 20%; (ii) a reduction of the corporate surtax from 10% to 5%; and (iii) abolition of the imputation system. An increase in the withholding tax on dividends from 20% to 21% already had become effective based on a ruling issued by the Minister of Finance.

See also [World Tax Advisor—March 9, 2018](#)

Enacted tax law changes that are now effective: January 1, 2018 to March 31, 2018

The following section includes a brief summary of major international income tax law changes enacted before January 1, 2018, but are first effective in the period January 1, 2018 to March 31, 2018.

Argentina

Tax reform enacted

Date of Enactment: December 29, 2017

Effective Date: January 1, 2018

An overhaul of Argentina's tax system published in the official gazette on December 29, 2017 includes a reduction in the corporate tax rate on undistributed profits from 35% to 30% for fiscal years beginning on January 1, 2018 until December 31, 2019, and then to 25% on January 1, 2020, the introduction of BEPS-type measures and an expansion of the scope of the transfer pricing rules.

See also [tax@hand—January 2, 2018](#)

Belgium

Corporate tax reform measures to be phased in

Date of Enactment: December 25, 2017

Effective Date: January 1, 2018

A corporate tax reform law enacted in Belgium on December 25, 2017 and published in the official gazette on December 29 will be phased in over a three-year period. The reform includes the following: (i) reduction of the corporate income tax rate (before applying the applicable surtax) from 33% to 29%, followed by a further reduction to 25% as from tax year 2021; (ii) reduction of the surcharge imposed on the adjusted corporate income tax liability from 3% to 2%, with the surtax abolished as from tax year 2021; (iii) increase in the dividends received deduction from 95% to 100%; (iv) revision of the domestic permanent establishment rules; (v) introduction of a group taxation regime; and (vi) implementation of the EU anti-tax avoidance directive into domestic law.

See also [World Tax Advisor—January 12, 2018](#)

Argentina
Belgium
Canada
Ecuador
France
Hong Kong
Ireland
Italy
Kazakhstan
Lithuania
Luxembourg
Netherlands
Poland
Russia
Taiwan
Turkey
Ukraine
United States

Canada

International tax measures enacted

Date of enactment: December 14, 2017

Effective date: Various

Canada's Bill C-63 received Royal Assent on December 14, 2017, resulting in the enactment of previously proposed international tax measures, the most important of which affect "stub period foreign accrual property income," certain upstream loans and the foreign affiliate dumping rules.

See also [Tax@hand—December 18, 2017](#) and [Alert dated September 16, 2016](#)

Ecuador

Corporate tax rate increased

Date of Enactment: December 29, 2017

Effective Date: January 1, 2018

As from 1 January 2018, the standard corporate tax rate in Ecuador is 25% (increased from 22%), with the 22% continuing to apply to micro and small enterprises and certain exporters (i.e. "habitual exporters," as defined). An increased rate of 28% applies to companies that are owned by shareholders resident in tax havens or low-tax jurisdictions; the higher rate applies proportionally where the participation level is less than 50% and in full where the participation is 50% or more. The tax rate is reduced to 15% or 18% for inbound tourism companies and companies engaged in the production of goods with a 50%-or-more "national component" that reinvest their profits in Ecuador. In addition, the standard withholding tax rates on interest, royalties and technical service fees increased from 22% to 25%.

See also [World Tax Advisor—February 23, 2018](#)

France

Amended finance laws for 2017 and 2018 enacted

Date of Enactment: December 29, 2017

Effective Date: January 1, 2018

On December 21, 2017, the French parliament adopted the second amended finance bill for 2017 and the finance bill for 2018, and the French constitutional court approved the laws on December 29, 2017, so they are effective according to the relevant entry into force dates. The Finance Law for 2018 introduces a progressive reduction in the corporate tax rate to 25% by 2022 and aligns transfer pricing documentation requirements with the OECDs recommendations under BEPS action 13.

See also [World Tax Advisor—January 12, 2018](#)

Hong Kong

Formal transfer pricing regime introduced

Date of Enactment: December 29, 2017

On December 29, 2017, the Hong Kong SAR government gazetted a bill that introduces a statutory transfer pricing regime and transfer pricing documentation requirements, as well as provisions to refine the definition of a permanent establishment in Hong Kong for entities resident in jurisdictions that have not concluded a double taxation agreement with Hong Kong.

See also [tax@hand—February 7, 2018](#)

Ireland

Finance act signed into law

Date of Enactment: December 25, 2017

Effective Date: Various

Finance Act 2017, signed by Ireland's president on December 25, 2017, implements measures announced in budget 2018; extends the anti-avoidance rules relating to the deductibility of interest expense to corporate groups; commences the legislative procedure required to give effect to the OECD multilateral instrument in Irish law; and clarifies the tax rules for adopting a new accounting standard within an existing accounting framework.

See also [World Tax Advisor—November 10, 2017](#)

Italy

2018 budget law includes equalization tax on digital services

Date of Enactment: December 29, 2017

Effective Date: January 1, 2018

Italy's budget law for 2018, published in the official gazette on December 29, 2017 and that generally applies as from January 1, 2018 introduces an equalization tax on digital/web-based services; revises the definition of permanent establishment; amends the rules for interest and depreciation deductions; and provides for a substitute tax on income from qualifying participations. Some of the new rules are effective immediately, while others do not apply until 2019.

See also [World Tax Advisor—January 12, 2018](#) and [World Tax Advisor—December 15, 2017](#)

Kazakhstan

New tax code introduce broad changes

Date of Enactment: December 25, 2017

Effective Date: January 1, 2018

A new tax code that generally applies beginning January 1, 2018 introduces numerous changes to corporate taxation, including amendments that affect multinational groups that are resident or operating in Kazakhstan and subsoil users. Among the provisions affecting corporations are changes relating to the taxation of dividends and capital gains, the controlled foreign company rules, the definition of a permanent establishment, the concept of the beneficial owner of income for tax treaty purposes, the VAT place-of-supply rules and the statute of limitations for tax liabilities.

See also [World Tax Advisor—March 9, 2018](#)

Lithuania

Corporate rate for profits derived from R&D activities reduced

Date of Enactment: December 7, 2017

Effective Date: January 1, 2018

Beginning January 1, 2018, profits derived in Lithuania from the use of intangible assets (e.g. copyrighted computer programs or patented inventions) generated through R&D activities are subject to a reduced corporate income tax rate of 5% rather than the standard 15% rate. A specific method must be used for calculating such profits, and additional requirements apply.

See also [World Tax Advisor—February 9, 2018](#)

Luxembourg

2018 budget law in effect

Date of Enactment: December 21, 2017

Effective Date: January 1, 2018

Luxembourg's 2018 budget law was approved by the parliament and published on December 21, 2017, with the tax measures applying on January 1, 2018. Notably, the budget law introduces two additional investment tax credits for companies—one for investments in purchased software, and the other for electric cars with zero emissions or hydrogen fuel cell cars.

See also [tax@hand—December 22, 2017](#) and [World Tax Advisor—October 27, 2017](#)

Netherlands

Scope of dividend withholding tax act revised

Date of Enactment: December 20, 2017

Effective Date: January 1, 2018

The Dutch parliament adopted a law on December 20, 2017 that revises the dividend withholding tax act to align the domestic dividend withholding tax treatment of Dutch holding cooperatives with that of private limited liability companies (BVs)/public limited companies (NVs) and expand the scope of the withholding tax exemption to apply to parent companies resident in countries that have concluded a tax treaty with the Netherlands. The new law, which applies as from January 1, 2018, includes rules regarding interests held in a Dutch BV/NV or a holding cooperative through hybrid entities.

See also [tax@hand—September 20, 2017](#)

Poland

Major corporate tax reform enacted

Date of Enactment: November 27, 2017

Effective Date: January 1, 2018

Legislation enacted in Poland on November 27, 2017 and generally applying as from January 1, 2018 introduces a limit on the deduction of debt financing costs, restricts the deductibility of certain payments made to related parties and persons resident in tax havens, creates a separate capital gain "basket" of income and revises the controlled foreign company rules.

See also [World Tax Advisor—January 26, 2018](#)

R&D incentive rules revised

Date of Enactment: November 24, 2017

Effective Date: January 1, 2018

On November 24, 2017, Poland's president signed a law that makes changes to the application of the research and development incentive. Beginning January 1, 2018, the rate of the super deduction increased from 150% to 200% of qualifying costs, irrespective of the type of costs and the size of the taxpayer (previously, the deduction differed depending on the type of costs and whether the company was a small and medium-sized enterprise or a large enterprise).

See also [World Tax Advisor—December 15, 2017](#)

Russia

CFC, tax residence and PE rules revised

Date of Enactment: December 29, 2017

Effective Date: January 1, 2016 (retroactive)

Russia's president signed a law on December 29, 2017 that revises the tax rules governing controlled foreign corporations (CFCs), tax residence and permanent establishments, with the rules generally applying retroactively as from January 1, 2016. The changes to the CFC rules include clarifications to the calculation of CFC income. In addition, CFC profits are excluded from the scope of transfer pricing audits, and the tax exemption for income derived by a controlling owner from distributions of a CFC's previously taxed profits is extended to apply to distributions other than dividends.

See also [World Tax Advisor—February 23, 2018](#)

Taiwan

Withholding tax rate increased on dividends paid to nonresidents

Date of Enactment: December 29, 2017

Effective Date: January 1, 2018

Taiwan's Ministry of Finance issued a ruling on December 29, 2017 that increases the withholding tax rate on dividends paid to nonresidents from 20% to 21%. The new rate applies as from January 1, 2018.

See also [tax@hand—December 28, 2017](#)

Turkey

Corporate tax rate increased for three years

Date of Enactment: December 5, 2017

Effective Date: January 1, 2018

Amendments to Turkey's tax laws that increase the corporate tax rate for three years were published in the official gazette on December 5, 2017. The changes generally apply as from January 1, 2018.

See also [World Tax Advisor—February 9, 2018](#)

Ukraine

Transfer pricing and other corporate tax rules revised

Date of Enactment: September 20, 2017

Effective Date: Various

Changes to Ukraine's tax code that generally apply beginning January 1, 2018 amend the country's transfer pricing rules and include other measures that affect the corporate income tax.

See also [World Tax Advisor—March 9, 2018](#)

United States

Tax reform enacted

Date of Enactment: December 22, 2017

Effective Date: January 1, 2018

On December 22, 2017, the US president signed into law a tax reform bill that lowers the tax rates on corporations and passthrough entities and moves the US toward a participation exemption-style system for taxing foreign-source income of domestic multinational corporations, with some of the cost of that tax relief offset by provisions that scale back or eliminate some longstanding deductions, credits and incentives for businesses.

See also [Reshaping the code: Understanding the new tax reform law](#) and [United States Tax Alert—December 17, 2017](#) and [Deloitte financial reporting alert 18-1 - Updated March 20, 2018](#)

Enacted tax law changes that are effective beginning April 1, 2018

The following section includes a summary of major international income tax law changes enacted before January 1, 2018, but effective beginning April 1, 2018.

Per a review of the jurisdictions that are generally monitored in this publication, there were no major international income tax law changes enacted before January 1, 2018, but that are first effective beginning April 1, 2018.

On the Horizon

The following developments had not yet been enacted as of March 31, 2018, but may, in certain cases, be enacted and become effective in the near future. Please follow up with your US or local country tax advisor for more information.

Czech Republic
Finland

Czech Republic

Measures proposed to implement EU ATAD into domestic law

Proposed amendments to the Czech Republic Income Taxes Act would implement the EU anti-tax avoidance directives (ATAD 1 and ATAD 2) into domestic law by revising the deductibility of interest expense, and introducing controlled foreign company rules, a general anti-avoidance rule and exit taxation rules, as well as legislation to address hybrid mismatches.

See also [World Tax Advisor—March 9, 2018](#)

Finland

Changes proposed to interest deduction limitation rules

On January 19, 2018, the Finnish government published a draft proposal that would revise the domestic rules governing the deductibility of interest expense. The proposed changes are based on the EU anti-tax avoidance directive and would broaden the scope of the interest deduction limitation rules and further limit the deductibility of interest expense. If approved, the rules would be applicable for financial years ending on or after January 1, 2019.

See also [World Tax Advisor—January 26, 2018](#)

Did you know

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

Belgium

Constitutional court annuls fairness tax

On March 1, 2018, Belgium's constitutional court issued its decision on the controversial fairness tax on certain dividend distributions. The court annulled the tax in its entirety, following the decision by the Court of Justice of the European Union released on May 17, 2017.

See also [tax@hand—March 9, 2018](#)

China

SAT issues new guidance on beneficial owners

On February 3, 2018, China's State Administration of Tax published new guidance on the concept of the beneficial owner (BO) of income for purposes of claiming reduced withholding tax rates on dividend, interest and royalty under China's tax treaties. The rules tighten the conditions to qualify for a BO, but increase the opportunities for a shareholder to claim BO for dividend withholding tax purposes based on the group structure.

See also [World Tax Advisor—February 23, 2018](#)

Eligibility of partnerships for tax treaty benefits

On February 12, 2018, the SAT issued supplementary guidance on the interpretation of China's tax treaties, specifically the eligibility of foreign partners in Chinese partnerships and foreign partnerships for treaty benefits:

- China will treat income of a Chinese partnership as flowing through to the foreign partners so the partners (if residents of relevant contracting states) should be entitled to benefits under an applicable treaty provided their share of the income of the partnership is treated as the income of the foreign partners in the relevant contracting state.
- A foreign partnership will be treated as a nonresident enterprise ("non-flow through entity") for Chinese enterprise income tax purposes, i.e. the guidance confirms the non-pass-through treatment for a foreign partnership. A foreign partnership will be denied treaty benefits if it is not a tax resident of the other contracting state. The partners of the foreign partnership may not claim treaty benefits unless the treaty specifically so provides.

See also [tax@hand—February 26, 2018](#)

Belgium
China
European Union
Germany
Netherlands

Deferral of dividend withholding tax for foreign investors announced

Date of Enactment: December 28, 2017

Effective Date: January 1, 2018

On December 28, 2017, four Chinese ministries (Ministry of Finance, State Administration of Taxation (SAT), National Development and Reform Commission and Ministry of Commerce) jointly issued a notice that defers the imposition of withholding tax on profits distributed by Chinese enterprises to foreign investors. The guidance was followed by implementation rules issued by the SAT on January 8, 2018.

See also [World Tax Advisor—January 26, 2018](#) and [tax@hand—January 23, 2018](#)

European Union

European Commission proposes tax on digital services, structural changes to PE rules

On March 21, 2018, the European Commission issued two draft directives on the taxation of the digital economy. Under the proposed long-term comprehensive solution, companies would have to pay corporate income tax in each EU member state where they have a significant digital presence. In the interim, the Commission proposes a 3% revenue-based digital services tax on specific digital services where the main value is created through user participation. The Commission aims for an effective date of the interim measures of January 1, 2020.

See also [European Union Alert—March 23, 2018](#)

ECOFIN reaches agreement on tax intermediaries directive/revises noncooperative jurisdiction list

On March 13, 2018, EU finance ministers reached political agreement on the tax intermediaries directive proposed by the European Commission on June 21, 2017 that would require mandatory reporting by tax intermediaries and the automatic exchange of information by the tax authorities of member states for certain cross-border arrangements in relation to individuals, companies and other entities.

See also [European Union Alert—March 14, 2018](#)

Germany

BFH rules on constitutionality of 6% interest rate on tax payments

In a decision dated November 9, 2017 and published on February 27, 2018, Germany's Federal Tax Court ruled that the annual interest rate of 6% on tax payments applicable during 2013 is in line with constitutional principles.

See also [German Tax and Legal News—March 6, 2018](#)

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.

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.

The link below provides sample disclosures with respect to issues including but not limited to the US tax reform, indefinite reinvestment, and intra-entity transfers.

See [Roadmap to Accounting for Income Tax](#) and [Deloitte financial reporting alert 18-1—Updated March 20, 2018](#)

Quick reference guide for income tax rates

The following section includes a summary of combined tax rates applicable in 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.)		Date the combined national/local rate enacted	Notes
	2017	2018		
Argentina	35%	30%	Dec. 29, 2017	The corporate income tax rate is reduced from 35% to 30% for fiscal years beginning on 1 January 2018 until 31 December 2019, and then to 25% on 1 January 2020.
Australia	30%	30%	N/A	The corporate tax rate is 27.5% for companies with an aggregate annual turnover of less than AUD 25 million (increased from AUD 10 million) for the 2017-18 income year. The relevant threshold increases to AUD 50 million beginning in the 2018-19 income year.
Belgium	33.99%	29.58%	Dec. 25, 2017	For taxable periods starting on or after 1 January 2018 (and ending no earlier than 31 December 2018), the standard rate of corporate income tax is reduced from 33% to 29% (and will further reduce to 25% for taxable periods starting on or after 1 January 2020).
Brazil	34%	34%	N/A	The corporate income tax base rate is 15%. The additional 10% surtax and 9% social contribution (20% for financial institutions) yield an effective tax rate of 34% (45% for financial institutions).
China	25%	25%	Mar 16, 2007 Dec 26, 2007	Entities qualifying as small-scale taxpayers are subject to a 20% rate, and entities qualifying as new and high-tech enterprises or technology advanced service enterprises are subject to a 15% rate. Entities incorporated in the western region of China are subject to a 15% tax rate if they operate in certain industries.
Ecuador	22%	25%	Dec 29, 2017	Beginning January 1, 2018, the standard corporate tax rate is 25% (increased from 22%, with the 22% continuing to apply to micro and small enterprises and certain exporters (i.e. "habitual exporters," as defined)). An increased rate of 28% applies to companies that are owned by shareholders resident in tax havens or low-tax jurisdictions; the higher rate applies proportionally where the participation level is less than 50% and in full where the participation is 50% or more. The rate is reduced to 15% or 18% for inbound tourism companies and companies engaged in the production of goods with a 50%-or-more national component that reinvest their profits in the country.

Jurisdiction	Combined national/ local rate (incl. surcharges, etc.)		Date the combined national/local rate enacted	Notes
	2017	2018		
France	33.33%	33.33%	Dec 30, 2013	According to the 2017 Finance Law that became effective on December 31, 2016, the corporate income tax rate is 33.33% (see Note 1). The Finance Law for 2018 enacted on December 20, 2017 accelerates the reduction of the corporate tax rate (see Note 2).
	–	–	(See Note 1 for 2017 and Note 2 for the new rates applicable for FYs opened as of January 1, 2018).	These rates do not include the impact of the CVAE, an annual local business tax that is considered an income tax under US GAAP.
	34.43%	34.43%	Dec 31, 2016	The 3% dividend tax that was declared unconstitutional on October 8, 2017 is abolished under finance law 2018.
		28%– 28.92% for SMEs up to EUR 75K (see Note 1)		
Germany	30%–33%	30%–33%	Aug 17, 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%	8.25%/ 16.5%	Mar 29, 2018	As from year of assessment 2018/19, a two-tiered profits tax applies: 8.25% for corporations (7.5% for unincorporated businesses) on the first HKD 2 million of assessable profits, and 16.5% for corporations (15% for unincorporated businesses) on the remainder of assessable profits.
India	30%	25%/40%	March 29, 2018	As from April 1, 2018, the standard corporate tax rate is reduced from 30% to 25% (plus the applicable surcharge and cess) for domestic companies whose total turnover or gross receipts during FY 2016-17 did not exceed INR 2.5 billion (approximately USD 40 million). The standard corporate tax rate for other Indian companies remains 30% (plus the applicable surcharge and cess) and is 40% (plus the applicable surcharge and cess) for foreign companies.
Italy	27.9%	27.9%	Jan 1, 2017	The general corporate tax rate is 24% (the rate is 27.5% for banks and other financial institutions and 34.5% for “non-operating” entities). In addition to the corporate tax rate, IRAP, the regional tax on productive activities, with an average rate of 3.9% is levied (4.65% for banks and 5.9% for insurance companies). Each region can increase or decrease the base IRAP rate up to 0.92%.
Japan	29.97%– 30.86% or 33.8%– 34.81% (for FYs beginning on or after April 1, 2016)	29.74%– 30.62% or 33.59%– 34.59% (for FYs beginning on or after April 1, 2018)	Mar 29, 2016 (for 2017 and 2018)	The national corporate tax rate is 23.4% for fiscal years beginning on or after April 1, 2016, and is reduced to 23.2% for fiscal years beginning on or after April 1, 2018. Japanese corporations and foreign corporations carrying on a business through a PE 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 3.6% 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

Jurisdiction	Combined national/ local rate (incl. surcharges, etc.)		Date the combined national/local rate enacted	Notes
	2017	2018		
				<p>the location of the corporation. The local enterprise tax is deductible for national corporate tax, local inhabitants tax and local enterprise tax purposes 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.</p> <p>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 JPY 100 million or less.</p>
Korea (ROK)	10%-22%	10%-25%	Jan 8, 2018	The tax rates are 10% on the first KRW 200 million of taxable income, 20% on taxable income above KRW 200 million and up to KRW 20 billion, 22% on taxable income above KRW 20 billion and up to KRW 300 billion and 25% on taxable income exceeding KRW 300 billion.
Luxembourg	~27.08%	~26.01%	Dec 23, 2016	The corporate income tax rate reduced from 19% to 18% on January 1, 2018. As a result, the effective combined income tax rate for a company in Luxembourg City is 26.01% for 2018 (including the corporate income tax, municipal business tax and the contribution for the unemployment fund). Rates for residents of other municipalities may vary.
Mexico	30%	30%	Dec 11, 2013	
Netherlands	25%	25%	N/A	A 20% tax rate applies to income below EUR 200,000.
Russia	20%	20%	Nov 26, 2008	<p>The standard tax rate is 20%, except for certain types of income. In 2017-2020, the inter-budgetary distribution is 17% to the regional budget and 3% to the federal budget. The 20% tax rate can be reduced to 15.5% (12.5% regional and 3% federal) by the regional governments. In some regions, profit tax may be reduced to zero due to special tax regimes.</p> <p>The regional authorities in special economic zones (SEZ) may grant a reduction of the regional tax rate to as low as 0%, leaving only the 3% federal portion. The maximum profit tax rate may be reduced depending on the type of SEZ and its location, from 20% to:</p> <ul style="list-style-type: none"> • 3% for manufacturing and port SEZ; • 0% for technology and innovation and tourism and recreation SEZ. <p>Qualifying investors in certain regions in the far eastern part of Russia 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. 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 exemption from profits tax.</p>

Jurisdiction	Combined national/local rate (incl. surcharges, etc.)		Date the combined national/local rate enacted	Notes
	2017	2018		
Singapore	17%	17%	N/A	The corporate tax rate is 17%, but 75% of the first SGD 10,000 of chargeable income and 50% of the next SGD 290,000 of chargeable income are exempt from tax. For year of assessment 2018 (income year 2017), a corporate income tax rebate of 20% on corporate income tax payable, subject to a cap of SGD 10,000, is available.
Switzerland	11.5%–24.5%	11.5%–24.5%	N/A	The tax rate includes federal and cantonal/communal taxes for an ordinarily taxed legal entity. The rate at the cantonal/communal level depends on the canton/municipality in which the company is located.
Taiwan	17%	20%	Feb. 7, 2018	The following rates apply for taxable years beginning on January 1, 2018: a 20% corporate income tax rate (increased from 17%) and a 5% corporate surtax (reduced from 10%).
Turkey	20%	22%	Dec. 5, 2017	The 22% rate applies for 2018, 2019 and 2020 and is applicable for tax returns filed after January 1, 2018.
United Kingdom	20%	20% and 19%	Jul 17, 2013 and Nov 18, 2015	The 20% reduced to 19% on April 1, 2017. Due to the mid-year change, a blended tax rate of 19.25% applies for taxpayers with a December 31, 2017 year-end. The corporate tax rate will drop to 17% beginning April 1, 2020.
United States	35%	21%	December 22, 2017	The graduated corporate rate structure has been replaced with a flat 21% rate, effective in 2018, and the corporate alternative minimum tax has been repealed.
Other Jurisdictions See 2018 Global Tax Rates				

Note 1:

Under the Finance Law for 2017, enacted on December 29, 2017, the corporate tax rate for FY 2017 is 33.33% (plus a surtax of 3.3% when the corporate income tax liability exceeds EUR 763,000), resulting in an ETR of 34.43%). A reduced rate of 28% applies to SMEs (i.e. micro, small and medium-sized enterprises with revenue below EUR 50 million) on the first EUR 75,000 of taxable income; above that threshold, the 33.33% applies.

The amended finance law for 2017 created a “one-time exceptional surtax” for certain entities closing their FY between December 31, 2017 and December 30, 2018. The surtax has the effect of increasing the corporate income tax due for one fiscal year (FY 2017 for companies with a closing date in line with the calendar year) and, for most affected companies, gave rise to a 95% surtax installment due by December 20, 2017 (companies closing their FY as of February 20, 2018 must pay the 95% installment in 2018). The rate of the surtax depends on the company’s turnover:

- Companies with turnover above EUR 1 billion, but below EUR 3 billion: 15% on the amount of the corporate income tax liability; and
- Companies whose turnover equals or exceeds EUR 3 billion: 30% since these companies are subject to an additional surtax equal to 15% of their corporate income tax liability.

The maximum effective tax rate, therefore is 39.4% and 44.4%, respectively.

Note 2:

The Finance law for 2018, enacted on December 29, 2017, provides for a progressive reduction of the corporate tax rate under the following timetable:

- FY opened as of January 1, 2018: The 28% rate applies to the first EUR 500,000 of taxable income for all companies, and 33.3% for income above this threshold (maximum ETR, including the 3.3% surtax: 34.43%)
- FY opened as of January 1, 2019: The standard corporate tax rate is 31% for all companies (the 28% rate will continue to apply to the first EUR 500,000 of taxable income for all companies) (maximum ETR, including the 3.3% surtax: 32%)
- FY opened as of January 1, 2020: The standard corporate tax rate is 28% for all companies (maximum ETR, including the 3.3% surtax: 28.9%)
- FY opened as of January 1, 2021: The standard corporate tax rate is 26.5% for all companies (maximum ETR, including the 3.3% surtax: 27.3%)
- FY opened as of January 1, 2022: The standard corporate tax rate is 25% for all companies (maximum ETR, including the 3.3% surtax: 25.8%)

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. Click to [subscribe](#) to receive Accounting for Income Taxes Hot Topics directly via email.

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[Tax Publications](#)—Various tax publications issued by Deloitte to help clients stay informed on tax legislation and regulations and the potential impact on their businesses.

[Tax Training](#)—Deloitte’s Financial Reporting for Taxes Training is scheduled for May 21 through May 25, 2018 in Orlando, Florida. The training features interactive courses taught by experienced professionals who will explain applicable guidance as well as share real world experiences and leading practices.

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