INTRODUCTION OF THE BEPS INITIATIVE AND INTERNATIONAL TAX NEWS

International Tax

INTRODUCTION

The **Fiscal Countdown**, a monthly summary of international tax news, provides you with regular insights into the introduction of the OECD's BEPS initiative and the ongoing international tax reforms. This seventeenth edition deals with the new measures published in September by the OECD, the ECOFIN, the CJEU, the EFTA Court and in 27 countries: Belgium, Canada, Chili, Denmark, Dominican Republic, Equator, Germany, Ghana, Greece, Hong Kong, India, Ireland, Israel, Italy, Japan, Kosovo, Mozambique, the Netherlands, Panama, Romania, Saudi Arabia, Slovenia, South Africa, Spain, Taiwan, the United Kingdom, and Vietnam.

OECD

The OECD released two sets of guidance to give greater certainty to tax administrations and multinational enterprise (MNE) groups on the implementation and operation of Country-by-Country (CbC) Reporting (BEPS Action 13). The existing Guidance on the implementation of CbC Reporting (the Guidance) has been updated to addresses three new issues: (i) the definition of revenues (adding to the definition already provided in the April 2017 updated version of the Guidance); (ii) the treatment of MNE groups with a short accounting period; and (iii) the treatment of the amount of income tax accrued and income tax paid. In addition to the Guidance, the OECD released guidance for tax administrations on the appropriate use of the information contained in CbC reports. This includes guidance on the meaning of "appropriate use", the consequences of non-compliance with the appropriate use condition and approaches that may be used by tax administrations to ensure the appropriate use of CbC Reporting information.

In 2014, the OECD and the G20 approved the Common Reporting Standard (CRS), which will be the basis for the automatic annual exchange of information on offshore financial accounts to the tax authorities of the residence country of account holders. As of 15 September 2017, 102 jurisdictions have publicly committed to implement the CRS, with 49 being committed to start exchanges this month and a further 53 taking up exchanges in September 2018.

OECD

On 22 September 2017, the OECD has released updated and new IT-tools and guidance to support the technical implementation of the exchange of tax information under the Common Reporting Standard (CRS), on Country-by-Country (CbC) Reporting and in relation to tax rulings (ETR).

On 26 September 2017, as part of its continuing efforts to improve the international tax framework, the OECD has released the first analysis of individual country efforts to improve dispute resolution mechanisms (Action 14). The six peer review reports (focusing on Belgium, Canada, the Netherlands, Switzerland, the United Kingdom and the United States) represent the first evaluation of how countries are implementing new minimum standards agreed in the OECD/G20 BEPS Project.

ECOFIN

ECOFIN discusses development of new digital taxation rules.

CJEU

The Court of Justice of the European Union (CJEU) issued its decision in the French case C-6/16. This case concerns the application of a (former) French anti-tax treaty shopping provision. The CJEU ruled that this provision infringed both the Parent-Subsidiary Directive and the right of freedom of establishment.

EFTA

The Court of Justice of the European Free Trade Association (EFTA Court) issued its decision in the Norwegian case E-15/16. This case concerns the application of the Norwegian group contribution rules. The EFTA Court ruled that the rules infringe the right of freedom of establishment under Articles 31 and 34 of the Agreement on the European Economic Area.

BELGIUM

Belgium's Country-by-Country Reporting notification deadline is September 2017.

CANADA
Canada releases GST/HST draft legislation.

Innovative Canadian companies can now benefit from a federal funding program to support strategic quality business investments.

Québec implements transparency measures in the mining oil and gas industries.

British Columbia issues budget update 2017–18.

CHILI
Chilean Congress to discuss new tax reform bill on BEPS, CRS and preferential regimes.

DENMARK
Danish Government proposes exempting foreign investors from dividend tax on Danish mutual investment funds. Proposal would also ease taxes on foreign mutual investment funds for Danish individual investors.

DOMINICAN REPUBLIC
Effective 21 September 2017, the tax form used for the registration of companies as taxpayers is modified to include a specific schedule for the identification of UBOs. The tax authorities also created a new form for the registration of trusts, investment funds and similar entities as taxpayers. The new form will include a schedule for the identification of UBOs.

ECUADOR
Ecuador's Tax Authority amends income tax withholding rates.

GERMANY
German Ministry of Finance issues guidance regarding VAT retroactive option to tax.

GHANA
Ghana discontinues upfront payment of import duties and taxes on exempt imports.

GREECE
The Tax Authorities issued a Circular addressing the provisions on CbC reporting. The Circular summarizes the CbC reporting provisions and their purpose. It also states that an implementing circular will follow.

HONG KONG
Hong Kong signs income tax treaty with Saudi Arabia.

INDIA
To encourage offshore fund management from India, the Indian Income Tax Law (ITL) provides a safe harbor regime for onshore management of offshore funds to neutralize the impact of business connection, permanent establishment (PE) and tax residence risks for the offshore funds in India. Certain conditions must be complied with by an entity to qualify as an Eligible Investment Fund (EIF) or Eligible Fund Manager (EFM).

IRELAND
Ireland publishes Independent Review of Irish Corporate Tax Code.

ISRAEL
The Tax Authority published a circular on the taxation of shareholders upon withdrawals from a company.

ITALY
Italy issues implementing instructions for branch exemption regime.

JAPAN
Japan signs revised income tax treaty with Russia.

KOSOVO
Kosovo's administrative instruction on the implementation of transfer pricing legislation entered into force. The Instruction is based on the OECD Transfer Pricing Guidelines and provides guidance on the application of the arm's-length principle and the preparation of transfer pricing documentation.

MOZAMBIQUE
Mozambique approves transfer pricing regulations.

THE NETHERLAND
The Netherlands publishes 2018 Budget Proposals including changes to Dutch Dividend Withholding Tax Act.
Dutch court upholds dividend withholding tax exemption under most favored nation clause of treaty with South Africa.

PANAMA
Panama modifies eligibility requirements for Multinational Companies Headquarters special regime.
Panama's Tax Authorities further extend first FATCA reporting date for Panamanian financial institutions to 8 September 2017.

ROMANIA
Romania's online portal, the Virtual Private Space (the VPS) is extended to enable electronic access to an online environment to facilitate correspondence with the ANAF and the Romanian Ministry of Finance. It is also envisaged that in the future, VPS will allow the effective submission of all relevant tax returns.
Romania publishes Ordinance on implementation of VAT split payment mechanism.

SAUDI ARABIA
Saudi Arabia publishes final VAT Implementing Regulations.

SOUTH AFRICA
The South African Revenue Service (SARS) published a draft list of 92 jurisdictions that do not have a Qualifying Competent Authority Agreement (QCAA) in place with South Africa.

SLOVENIA
Slovenia clarifies VAT registration requirement for foreign established entities performing only zero-rated supplies in Slovenia.

SPAIN
Spain's new Form 232 updates existing reporting obligations for related party transactions, blacklisted jurisdictions and "patent box" regime.

TAIWAN

Taiwan announces tax reform proposals.

THE UK

The UK published a number of draft clauses intended to form part of the Bill that will eventually become *Finance Act 2018*, together with further draft legislation in relation to Making Tax Digital as well as other policy papers and consultation outcome documents.

UK's new Finance Bill reintroduces postponed measures and amendments made to termination payments proposals.
UK Tax Authority reconsiders its approach to evaluating tax risk profile of large businesses.

VIETNAM

Vietnam's Ministry of Finance announced proposals to amend and supplement the current laws on corporate income tax, personal income tax, value added tax, special sales tax and natural resources tax.

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