International Tax

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In this issue:

Malaysian government approves Goods and Services Tax

Malaysia's parliament passed the Goods and Services Tax Bill 2014 on 5 May 2014, and the bill will become law when it is published in the government gazette.

The government announced in budget 2014 that a long-awaited Goods and Services Tax (GST) would be charged and levied on the supply of taxable goods and services in Malaysia, and on the importation of goods and services, effective as from 1 April 2015. The GST would replace the sales tax and the service tax that currently apply to certain goods and services.

Types of supplies, GST rates and input tax credit mechanism

Supplies of goods and services would be either taxable or nontaxable under the GST. A taxable supply would be either standard-rated or zero-rated, and nontaxable supplies would be either exempt supplies or out-of-scope supplies.

- Standard-rated supplies – Standard-rated supplies would include taxable supplies of goods and services that would be subject to GST at the standard rate, which is expected to be 6%. A taxable person registered under the GST regime would be required to collect GST on the supply, and would be eligible to claim an input tax credit on business inputs used in making taxable supplies.
- Zero-rated supplies – Zero-rated supplies would include taxable supplies of goods and services that would be subject to GST at a zero rate. Businesses would not be required to collect GST on their zero-rated supplies, but would be entitled to claim a credit for inputs used in the course of the business.
- Exempt supplies – Exempt supplies would include supplies of goods or services that are not subject to GST. Businesses would not be required to collect GST on exempt supplies and would not be entitled to claim a credit for business inputs.

- **Supplies not within the scope of GST** – Supplies that would not fall within the scope of the GST would include nonbusiness transactions, sales of goods from a location outside Malaysia to another location outside Malaysia and certain services provided by the government sector (e.g. healthcare services, education and issuance of licenses). However, certain supplies provided by the government would be subject to GST, such as water and advertising services from government radio and television stations, due to the commercial nature of these services. Supplies by statutory bodies and local authorities also would be subject to GST, except for supplies in respect of their regulatory and enforcement functions, such as the issuance of licenses.

Registered persons (under the requirements described below) would have to charge and collect GST on all taxable goods and services supplied to consumers. The amount of GST paid on business inputs could be claimed by offsetting this amount against the output tax, and any excess amount of output tax would have to be remitted to the government within the stipulated period. In cases where the amount of input tax cannot be fully recovered, the payer would be able to make a claim for refund from the government.

Registration

GST could be levied and charged only by a person that is registered under the GST regime. A "person" would include an individual, sole proprietor, partnership, company, trust, estate, society, union, club, association or any other organization (including a government department or a local authority) that is involved in the business of making taxable supplies in Malaysia.

Registration would be required if a person's annual turnover of taxable supplies exceeds MYR 500,000 (the current prescribed threshold). However, persons that are below the threshold would be able to apply to be registered voluntarily. Once registered, a person would be required to charge GST on taxable supplies.

Group registration – Group registration would allow companies in a group to centralize their administration of GST accounting. Each company would be required to be registered individually before it could be grouped with other companies as a single registered person, and each company would be required to make wholly taxable supplies (i.e. a company making nontaxable supplies would not be eligible for group registration). One member of the group would be required to be nominated as the representative member, and any taxable supply made by or to a member of the group would be treated as a supply by or to the representative member. Supplies between group members would be disregarded, and GST would not be levied on these supplies.

Divisional/branch registration – A taxable person that carries on its business through several divisions or branches would be able to register in the names of those divisions/branches, subject to certain terms and conditions. Each of the divisions/branches would be required to be self-accounting. Each division/branch would be given a separate GST identification number, and would file its own returns. However, the taxable person would remain accountable for the GST liability of all related divisions/branches.

Agents – Supplies made by or to an agent acting on behalf of a resident principal that is a taxable person would be deemed to be made by the principal. The principal would have to account for GST on the supplies, while the agent would have to account for GST on its fees or commissions.

If an agent acts on behalf of a nonresident principal, a supply by that nonresident would be deemed to be made by the agent. The agent would be required to register a separate account for GST in the name of the nonresident.

When a GST-registered agent imports and supplies goods on behalf of a nontaxable person, the goods would be deemed to be imported and supplied by the agent.

Tourist Refund Scheme (TRS)

Tourists would be able to claim a refund of GST paid on goods purchased and brought back to their respective countries by air. The following individuals would be eligible to claim a refund under the TRS:

- Foreign tourists that are neither citizens nor permanent residents of Malaysia, and that are not members of the cabin or flight crew of the aircraft leaving Malaysia;
- Students entering or staying in Malaysia on a student pass, provided the goods are taken out of Malaysia within three months from the date of purchase; and
- Foreign diplomats departing from Malaysia permanently, provided the goods are taken out of Malaysia within three months from the date of purchase or completion of service.

TRS claims could be made on all goods for which GST has been paid, with the exception of the following:

- Wine, spirits, beer and malt liquor;
- Tobacco and tobacco products;
- Jewelry, precious metals and gemstones; and
- Goods wholly or partially consumed in Malaysia.

Tax invoices

A tax invoice would be required to show the amount of GST and the price of the supplies separately. Information to be shown in the tax invoice would include the following:

- The words "tax invoice," displayed in a prominent place;
- The invoice serial number;
- The date of issuance of the invoice;
- The name (or trade name), address and GST identification number of the supplier;
- The name and address of the recipient of the supply;
- A description of the goods and/or services supplied;
- The quantity or volume of the goods and/or services supplied (for example, liters of petrol, kilos of meat or hours of labor);
- Any discount offered;
- The total amount payable (excluding tax), the rate of tax and the total tax chargeable (shown as a separate amount); and
- The total amount payable, including the total tax chargeable.

The Director General of Customs could allow a tax invoice to be simplified in certain cases. A simplified tax invoice would be required to contain the following:

- The invoice serial number;
- The date of issuance of the invoice;
- The name (or trade name), address and GST identification number of the supplier;
- A description of the goods and/or services supplied;
- The total amount payable, including the total tax chargeable; and
- For each rate of tax chargeable, the gross amount payable (including tax) and the applicable tax rate.

If a simplified tax invoice does not contain the name and address of the recipient, the maximum input tax that could be claimed would be MYR 20 (6% GST). If a recipient wants to claim the full amount of input tax (exceeding MYR 20), then it must request for its name and address to be included in the simplified tax invoice.

Filing GST returns

GST returns would be required to be submitted to the GST office no later than the last day of the month following the end of the taxable period.

The taxable period would be one month if a registrant's annual turnover exceeds MYR 5 million, and one quarter (three months) if the annual turnover does not exceed MYR 5 million. However, a registrant would be able to apply to the Director General for another taxable period.

Dispute of an assessment

A person that is aggrieved by a decision of a GST officer would be able to apply to the Director General for a review within 30 days from the date of notification of the decision. If the person is dissatisfied with a decision of the Director General, the person would be able to make an appeal to the tribunal within 30 days from the date of the decision. In an appeal, the taxpayer would be able to represent itself or be represented by a person it has appointed. The hearing would be conducted in a private proceeding, unless both parties agree to a hearing in open court.

Penalties

A person that has an annual turnover of taxable supplies exceeding the GST registration threshold and that fails to register may be liable to a maximum penalty of MYR 30,000, or imprisonment for a maximum of two years.

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China: New customs measures introduced in pilot FTZ

China's General Administration of Customs announced in a press conference on 22 April 2014 that 14 new customs measures are being implemented in the China (Shanghai) Pilot Free Trade Zone (Pilot FTZ). The measures aim to simplify and expedite the customs clearance process and have been tested on a select group of enterprises in the Pilot FTZ. The first tranche of the new rules were launched on or before 1 May 2014, with the remainder to be rolled out before 30 June.

Measures to facilitate customs declarations

- Optional import tax treatment for qualified products (not yet implemented) – For goods produced in the Pilot FTZ and then sold into the non-FTZ domestic market, relevant enterprises may choose to have the import customs duty determined by reference to the value of the finished goods or to the imported materials/components making up the goods. This measure will enable an enterprise to opt for the treatment that best fits its business needs.
- Reducing logistics costs and/or improving the efficiency of customs –
    - Goods will be allowed to enter the Pilot FTZ before the relevant customs declaration procedures are made (launched 1 May);
    - Import tax may be paid on a consolidated basis (not yet implemented); and
    - A work order-based e-system will be adopted by the customs authorities in the Pilot FTZ to facilitate monitoring and management of bonded materials imported under the processing trade model (launched 1 May).

Measures to expand the functions of Pilot FTZ

- Display of bonded goods outside Pilot FTZ (launched before 1 May) – Enterprises in the Pilot FTZ will be allowed to ship bonded goods outside the Pilot FTZ for display purposes, provided they pay a deposit to the customs authorities. The import taxes due on the goods may not have to be paid until after the goods have been sold. This measure may be especially attractive to enterprises dealing with high value goods, such as vehicles and goods from auction houses.
- Repair and maintenance services (launched 1 May) – Qualified Pilot FTZ enterprises can provide "high-tech, high value-added, non-pollution" repair and maintenance services in the Pilot FTZ, irrespective of where the product was originally manufactured. Previously, repair and maintenance services could be carried out in the Pilot FTZ (or similar bonded zones) only on products that originally had been manufactured in and exported from the zone.
- Delivery of bonded goods for futures trading (launched before 1 May) – Bonded delivery services for futures trading will be provided throughout the Pilot FTZ and for all commodities listed on the Shanghai futures exchange. Previously, bonded delivery was limited to copper and aluminum in the Yangshan port area.

- Finance leasing (launched before 1 May) – Customs duty and import VAT under a finance leasing arrangement will be collected on an installment basis, subject to the review and approval of the customs authorities.

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Germany:
Federal government asked to fight aggressive tax planning

The upper house of the German parliament adopted a resolution on 23 May 2014 that requests the federal government to introduce additional measures against aggressive tax planning by multinational companies.

The initiative includes three areas in which the federal government is requested to take action:

- The federal government is asked to introduce additional measures against the creation of nontaxed income ("white income" that is not taxed in the country of the recipient) and double-dip strategies that allow taxpayers to deduct expenses multiple times in international structures. In addition, measures are requested against hybrid companies and hybrid instruments. The resolution specifically mentions structures that involve German partnerships, where interest expenses of a foreign partner are deducted for German tax purposes under the special tax accounting rules for partnerships and, at the same time, a deduction for the same expenses is claimed in the country in which the foreign partner is resident.
- The federal government is requested to put additional effort into the implementation of the common consolidated corporate tax base project at the EU level, and into initiatives to harmonize the corporate tax rates within the EU. The resolution states that a mandatory minimum tax rate should be introduced within the EU to stop the "race to the bottom" (i.e. competition to have a relatively low tax rate) and that the German government should proactively use its influence at the EU level to abolish preferential tax regimes, such as patent boxes, that exist in certain EU countries.
- The upper house supports the introduction of a disclosure and registration obligation for reportable transactions at an EU level. The federal government is requested to support such an EU initiative, and to introduce domestic rules for reportable transactions in the near future. The upper house refers to the UK rules for reportable transactions, and expresses a desire to have both Germany and the UK serve as role models for a future EU-wide rule.

The resolution does not have a binding effect on the federal government, nor does it initiate a legislative process. However, it can be viewed as an indication of the current atmosphere, including the OECD base erosion and profit sharing (BEPS) initiative, and the likelihood that Germany will take unilateral measures if recent initiatives against aggressive tax planning at an EU and an OECD level are unsuccessful.

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Greece:
Participation exemption rules amended

A law published in Greece's official gazette on 7 April 2014 makes several changes to the participation exemption that applies to dividends received by Greek companies.

For accounting periods commencing after 1 January 2014, dividend income received by a Greek company will be exempt from income tax under the participation exemption regime only if all of the following requirements are satisfied:

- The subsidiary distributing the dividends is located in Greece or in another EU member state;
- The Greek parent company holds more than 10% of the capital of the distributing company for at least 24 consecutive months;
- The subsidiary's legal form is listed in the annex to the EU parent-subsidiary directive; and
- All other conditions in the parent-subsidiary directive are satisfied.

All other dividend income will be considered normal business income, taxed at the standard 26% rate, with a credit available for dividend tax withheld at source. For dividends from EU subsidiaries that do not qualify for the exemption, a credit is available for the aggregate sum of the dividends withholding tax and the underlying income tax; any excess credit is refunded. An applicable tax treaty may allow the same aggregate credit and will override domestic legislation.

The Ministry of Finance has not yet issued any guidance on the changes.

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Luxembourg:
Draft law submitted to parliament on exchange of information on request

The Luxembourg government has submitted a draft law to parliament on the exchange of information on request.

The exchange of information on request is one of the three main methods of exchanging information, along with the automatic exchange and the spontaneous exchange of information. An exchange of information on request occurs when a jurisdiction requests another jurisdiction to provide information on a case-by-case basis, generally because the requesting jurisdiction is conducting an audit or investigation and seeks information located in the other jurisdiction because that information is "foreseeably relevant" to the audit/investigation. To comply with such a request, the responding jurisdiction may ask the holder of the information (i.e. bank, taxpayer, etc.) to provide information for the country to send back to the requesting jurisdiction.

Since 2009, Luxembourg has applied international standards for transparency and the exchange of information for tax purposes. However, in November 2013, Luxembourg received a noncompliant rating from the Global Forum on Transparency and Exchange of Information for Tax Purposes, an organization that conducts peer reviews to assess member states (more than 120 jurisdictions) on their level of compliance with internationally agreed standards for the exchange of information. This rating mainly was due to the way Luxembourg exchanges information on request. Notably, the forum recommended that Luxembourg "should review its interpretation of the foreseeable relevance concept to conform with the standard" and "should exercise its powers to compel production of information and apply sanctions as appropriate."

On 31 December 2013, the Luxembourg tax authorities issued a circular clarifying the way they interpret some concepts related to the exchange of information on request. The new draft law is another step taken by the country to become compliant.

The key procedural aspects of the draft law are the following:

- It would apply to all exchange of information requests received from another jurisdiction under one of the various international tax agreements to which Luxembourg is a stakeholder, such as a tax treaty, the OECD Multilateral Convention on Mutual Administrative Assistance in Tax Matters (currently in the final stages of the ratification process by the Luxembourg parliament) and laws transposing the 2010 European directive on mutual assistance for recovery and the 2011 European directive on administrative cooperation in the field of taxation.
- The Luxembourg tax authorities would be obligated to verify only whether a request is formally in line with the applicable treaty or law. If so, the tax authorities would execute the foreign request by sending an "injunction notification" to the data holder for the requested information. The request received from the foreign jurisdiction would be viewed as confidential and could not be disclosed to the data holder.

- The data holder would be obligated to provide all of the information requested to the Luxembourg tax authorities, without alteration, within one month of receiving the injunction notification. If a document to be provided contains data connected with a third party, that data should not be hidden. Failure to comply (i.e. refusal to provide information within one month or alteration of the information) could result in a penalty of up to EUR 250,000.
- The requested data would be able to include data from prior to the entry into force of an applicable treaty or law, provided the requested data is foreseeably relevant in determining the income tax base for a year following the entry into force of the treaty or law.
- In case of urgency or where the request is likely to undermine the chance of success of an investigation conducted by the requesting jurisdiction, the Luxembourg tax authorities would be able to prevent a data holder that is a credit institution, and its directors or employees, from disclosing the existence and contents of the injunction notification to the client or taxpayer concerned. A data holder that discloses this information could be subject to a penalty of up to EUR 250,000.
- The procedural rules applicable before the courts would differ from the usual rules, to accelerate the treatment of requests for exchange of information (i.e. the period of time to file a claim before the court would be shorter, judges would be required to issue a decision in a specific timeframe, etc.).

The Luxembourg parliament must now review, discuss and, if necessary, modify the draft law before it can be approved.

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Poland:
Domestic court rules on tax exemption for investment funds

As a result of a decision issued on 10 April 2014 by the Court of Justice of the European Union (CJEU) (*Emerging Markets Series of DFA Investment Trust Company v. Dyrektor Izby Skarbowej w Bydgoszczy* (*EMS* case); see the *World Tax Advisor* article dated 9 May 2014 for prior coverage), in two recent rulings, the Polish Supreme Administrative Court has held that the exchange of information provisions in the Poland-US tax treaty and in the OECD Convention on Mutual Administrative Assistance in Tax Matters provide sufficient mechanisms to allow the Polish tax authorities to verify if US investment funds operate under conditions comparable to those that would render an EU/EEA investment fund eligible for an exemption from tax on Polish-source dividends.
URL: http://newsletters.usdbriefs.com/2014/Tax/WTA/140509_1.html

The CJEU held in the *EMS* case that denying a non-EU/EEA investment fund an exemption from tax on Polish-source dividends when an exemption is available to comparable Polish funds violates the free movement of capital principle in the Treaty on the Functioning of the European Union if sufficient mechanisms for the exchange of information exist between Poland and the country in which the investment fund is resident.

In its rulings, the Polish Supreme Administrative Court determined that sufficient mechanisms for the exchange of information existed and held that the exemption must be granted to the US investment funds considered in the cases, to avoid violating the free movement of capital principle. It is important to note that the two rulings were issued in individual cases that were separate from the *EMS* case, and that the full text of the opinions is not yet available. Nevertheless, it is likely that other, similar rulings will be issued in the near future by Polish administrative courts in previously remanded cases (to include the *EMS* case).

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Taiwan:
Changes made to imputation system and VAT rules

The Taiwan Legislative Yuan passed several amendments to the Income Tax Act (ITA) and Value-added and Non-value-added Business Tax Act (VAT Act) on 16 May 2014. The most important changes are the following:

1. The imputed tax credit on dividends distributed to Taiwan resident individual shareholders will be reduced to 50% of the amount currently allowed under the ITA.
2. The surtax credit, if any, against the withholding tax on dividends distributed to nonresident individual and corporate shareholders will be reduced to 50% of the amount currently allowed under the ITA.
3. A marginal individual income tax rate of 45% will be applied to annual taxable income exceeding NTD 10 million.
4. The non-value-added tax rate that applies on core business activities of banks and insurance companies will be increased from 2% to 5%; the definition and scope of core business activities will be further regulated by the Ministry of Finance. No changes have been made to the rate applicable to other financial industries.

The changes will apply as from 1 January 2015 for items 1 and 2 above. For item 3, the change will apply as from taxable year 2015 (i.e. for individual tax returns filed in calendar year 2016). For item 4, the effective date will be determined by an announcement that will be issued by the Taiwan president.

Taiwan operates an imputation system to avoid double taxation of dividends. Under this system, when a Taiwan company distributes after-tax profits as dividends to resident shareholders, the corporate income tax paid is attributable to the shareholders as an imputed tax credit. Taiwan resident individual shareholders can use the imputed credit to offset their individual income tax liabilities. For Taiwan resident corporate shareholders, dividends received are not considered taxable income, but the imputed tax credit is included in the balance of the recipient company's shareholder-imputed credit account (ICA) and imputed to the company for future dividend distributions. There is no mechanism for passing on the imputation tax credit to nonresident foreign individual or corporate shareholders. For foreign shareholders, tax is withheld at source on cash or share dividends distributed by a Taiwan resident company. (The withholding tax rate on dividends generally is 20%, but this rate can be reduced under many of Taiwan's tax treaties.)

A 10% surtax is levied on a Taiwan company's current year profits, if the profits are not distributed to shareholders by the end of the following fiscal year. Surtax paid will be included in the ICA as part of the imputed tax credit. The surtax paid may be used as a credit against the withholding tax payable on dividends distributed to nonresident individual or corporate shareholders in subsequent years. The new rule will limit the amount of the credit to 50% of the surtax paid by the distributing company.

The following table illustrates the changes to the imputed tax credit and surtax credit:

Tax credit	Resident individual shareholder	Resident corporate shareholder	Nonresident individual and corporate shareholders
Imputed corporate income tax	50%	100% (No change)	N/A
Surtax	50%*	100%* (No change)	50%
*For resident shareholders, the surtax credit is treated as part of the imputed tax credit.			

Where a Taiwan resident individual shareholder owns an interest in a Taiwan resident company (directly or through another Taiwan resident entity), the combination of the 50% reduction in the imputed corporate income tax and surtax credits and the increase in the top marginal individual income tax rate to 45% could result in a significant increase in the total tax payable on corporate income distributed to the shareholder (up to 24% where no surtax is levied, or up to 30% where surtax is levied).

The following calculations illustrate the tax treatment of the surtax credit applied to nonresident shareholders before and after the amendment.

Surtax credit calculation and limitation

Before the amendment, the surtax credit and its ceiling were calculated as follows:

Surtax credit:

$$X = \text{Remaining balance of surtax paid on undistributed retained earnings, as of distribution date} \times \frac{\text{Distributed dividends levied with surtax}}{\text{Accumulated undistributed retained earnings levied with surtax, as of distribution date}} \times \text{Holding percentage of nonresident shareholders}$$

Ceiling of surtax credit:

Y = Dividends levied with surtax distributed to nonresident shareholders × 10%

Surtax credit allowed (Z) = Lesser of X or Y

Surtax credit limitation applied to nonresident shareholders

As noted above, the surtax credit will be reduced by 50% after the amendment; as a result, the total tax payable for nonresident shareholders on NTD 100 of corporate income will increase by 11%, from NTD 32.77 to NTD 36.50.

		Pre-amendment	Post- amendment
Income – Corporate level		100.00	100.00
Corporate income tax @ 17%	(A)	(17.00)	(17.00)
Net Income – Corporate Level		83.00	83.00
10% Surtax	(B)	(8.30)	(8.30)
Dividends payable		74.70	74.70
Withholding tax @ 20%	(C)	14.94	14.94
Lesser of (B) or ceiling of surtax credit	(D)	(7.47)	(3.74)
Net withholding tax	(C) + (D) = (E)	7.47	11.20
Total tax	(A) + (B) + (E)	32.77	36.50

If after-tax profits are distributed by the end of the following fiscal year, no surtax credit would be available, since no surtax would be levied on the profits. In this case, there would be no impact on the total tax liability after the amendment. Therefore, to minimize the impact of the new rules, profit-seeking enterprises may consider distributing profits no later than the end of the following fiscal year. In addition, if there are undistributed earnings accumulated from previous years, companies also may wish to consider distributing all or part of these accumulated earnings by the end of FY 2014 to reduce their overall tax costs.

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In brief

Denmark – As from 1 July 2014, the VAT reverse charge mechanism will apply to the supply of certain information technology equipment (e.g. mobile phones, iPads, iPhones and laptops) to other businesses. The change will affect both the purchaser of these products, which will have to account for reverse charge VAT, and the provider. If the provider primarily (i.e. more than 50%) sells the affected products to private consumers, the domestic reverse charge mechanism will not apply. The change will have a particular impact on companies that are not VAT-registered, because these companies will have to register to account for the VAT.

European Union – The European Commission has adopted a communication that includes guidelines on three aspects of the treatment of transfer pricing transactions: risk management in dealing with transfer pricing, the application of secondary adjustments and the use of compensating adjustments. It also has published some frequently-asked questions that explain the status and purpose of its transfer pricing guidelines and the work of the EU Joint Transfer Pricing Forum.

Indonesia – Certain VAT entrepreneurs that are registered with a large or medium-sized tax office, or with the special Jakarta regional office, must begin issuing VAT invoices electronically as from 1 July 2014. The electronic invoice requirement will apply to entrepreneurs that are registered with a tax office in Java or Bali as from 1 July 2015, and to all other entrepreneurs as from 1 July 2016. A regulation issued in November 2013 provides the procedures for preparing, amending or replacing a VAT invoice, and the Directorate General of Taxation is expected to issue a new implementing regulation on electronic VAT invoices.

Japan – In January 2015, the highest marginal national personal income tax rate will increase from 40% to 45% for resident taxpayers, which will bring the marginal combined tax rate for resident taxpayers to almost 56% (taking into account the national tax, national surtax and local inhabitants tax).

Lebanon – The Ministry of Finance has extended the deadline for joint stock companies, limited liability companies, offshore companies, holding companies and branches and representative offices of nonresident companies to file their 2013 corporate income tax returns from 31 May 2014 to 30 June 2014.

New Zealand – Inland Revenue has released a transitional statement to clarify the new guidelines on tax residence that are effective as from 1 April 2014. The statement acknowledges that taxpayers may rely on the former guidelines until 31 March 2014. It notes that certain situations that would have resulted in nonresident status under the former guidelines may now result in resident status, particularly since the new guidelines clarify that there is no bright-line test in determining residence (previously, a three-year absence from New Zealand generally was considered sufficient to prevent tax residence, if certain conditions were satisfied). The statement also offers the possibility that individuals who assumed they remained residents in previous years (e.g. because they were absent from New Zealand less than three years) but that would qualify as nonresidents under the new guidelines may apply for reassessment of those past years (although these applications are not guaranteed to be accepted in all cases).

Thailand – The Business Development Department of the Ministry of Commerce has issued a notification on filing a financial statement for international investments. Companies or partnerships incorporated under Thai law that have one or more foreign shareholders that hold 1% or more of the voting shares, foreign juristic persons and companies/partnerships incorporated under Thai law that have a foreign branch or agent, or a foreign investment, are required to file a financial statement on international investments that contains information on their foreign shareholders and foreign investments.

Vietnam – The Ministry of Finance has issued an official letter granting tax and customs relief to enterprises damaged by protests in May 2014. Certain tax and customs deadlines may be extended for enterprises that follow the requirements provided in the letter, including a two-year extension for the payment of tax liabilities (not exceeding the damaged value) incurred up to 30 April 2014. Enterprises may be entitled to a 30% reduction on special consumption taxes payable in 2014 (not exceeding the value of damaged assets after compensation), and to a duty exemption, reduction or refund for damaged imports or exports. The letter also requires the tax and customs authorities to help enterprises recover tax and customs documentation.

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Brazil

Tax authorities issue guidance on transition tax regime and CFC election procedures

Brazil's tax authorities have issued guidance on the procedures for making elections relating to the repeal of the transition tax regime and to the new controlled foreign company rules set out in Law 12,973/14.
Issue date: 3 June 2014
URL: http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-alert-brazil-030614.pdf?id=us:em:na:wta:eng:tax:061314

IOF on short-term external loan transactions revised again

The Brazilian government published a decree on 4 June 2014 that revises the definition of "short-term" for purposes of inbound loans and offshore bond issues (overseas debt) from 360 days to 180 days. The decree is effective as from the date of publication.
Issue date: 5 June 2014
URL: http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-alert-brazil-050614.pdf?id=us:em:na:wta:eng:tax:061314

European Union

CJEU declares Netherlands dividend withholding tax compatible with EU law

The Court of Justice of the European Union (CJEU) issued a decision on 5 June 2014, concluding that the imposition of Dutch withholding tax on dividend distributions by a Dutch company to its 100% parent company resident in the (former) Netherlands Antilles is compatible with the free movement of capital principle in the Treaty on the Functioning of the European Union. Advocate General Jääskinen of the CJEU issued an opinion on 16 January 2014 reaching the opposite conclusion.
Issue date: 5 June 2014
URL: http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-alert-eu-050614.pdf?id=us:em:na:wta:eng:tax:061314

Ireland

BEPS consultation process launched

Ireland's Minister for Finance launched a base erosion and profit shifting (BEPS) consultation process on 27 May 2014 to gather views on how Ireland's tax system may need to change in response to a changing international tax landscape.
Issue date: 27 May 2014
URL: http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-alert-ireland-270514.pdf?id=us:em:na:wta:eng:tax:061314