In brief

Albania: A new electronic tax filing system launched in January 2015 aims to maximize the effectiveness of communications between taxpayers and the tax administration. The tax authorities have issued detailed guidance on the new system, including the new procedures for communicating with the tax administration.

China: The Ministry of Finance and the State Administration of Taxation have issued a circular that adjusts the export VAT refund rates for selected products. The circular increases and reduces some export VAT refund rates and cancels others.

Czech Republic: The tax authorities have clarified that Czech limited liability companies with nonresident statutory executives should have treated these executives as members of the statutory body of the corporate entity in 2014 (i.e. the executives’ income should have been subject to withholding tax rather than advance income tax). An amendment to the income tax act provided that withholding tax treatment applies to statutory executives as from 2015, but the proper treatment for 2014 previously was unclear.

European Union: The European Parliament voted on 12 February 2015 to set up a special parliamentary committee to look into EU member states’ tax rulings and other measures similar in nature or effect, and to make recommendations for the future. The committee will have 45 members and will be established for an initial period of six months. The committee will look into tax ruling practices as far back as 1 January 1991, but will review the way the European Commission treats state aid in member states and the extent to which they are transparent about their tax rulings. The committee also will seek to ascertain the negative impact of aggressive tax planning on public finances, and will come up with recommendations for the future. The committee is being set up in the wake of a series of investigations launched by the European Commission into tax rulings for multinational companies in Belgium, Ireland, Luxembourg and the Netherlands.

European Union: The European Commission has published “A Study on R&D Tax Incentives” on the effectiveness of research and development (R&D) tax incentives and what constitutes good practice. This includes a ranking of R&D tax incentives based on 20 best practice principles. According to the report, R&D tax incentive schemes are widely adopted in advanced economies. Within the EU, only Germany and Estonia currently do not have a tax policy aimed directly at stimulating innovation.

France: The tax authorities announced on 4 February 2015 that the additional 15 days previously granted to companies to electronically file their annual corporate income tax and CVAE (economic added value contribution) returns via the TDFC procedure (transfer of tax and accounting data procedure) is revoked as from 1 January 2015. However, a company may continue to benefit from the 15-day extension in 2015 if it makes a specific request when using the TDFC procedure. The request should be made in the appendix to the tax return.

Hong Kong: The Financial Secretary delivered the 2015/16 budget on 25 February 2015, which includes measures to support certain sectors, diversify economic development and reinforce long-term economic growth. More “sweeteners” and similar tax measures are offered to businesses and individuals than in the last few years’ budgets, including an extension of the
75% tax rebate on profits tax (up to HKD 20,000). Other proposals would provide incentives for companies in the asset management sector, corporate treasury centers and intellectual property hubs. The government also has committed to the global effort in combatting cross-border tax evasion arrangements, and proposes to implement the automatic exchange of specified financial account information with other jurisdictions from 2018.

**Isle of Man:** In the 2015 budget speech presented on 17 February 2015, the Treasury Minister stated that the 0% rate for companies will remain unchanged. However, with effect from 6 April 2015, the corporate income tax rate on companies receiving income from Isle of Man land and property will increase from 10% to 20%. Although no significant announcements were made in relation to international matters, mention was made of the growing global focus on tax transparency (in particular, with respect to the introduction of a centralized registry of beneficial ownership of companies, for which consultation responses currently are being reviewed), the automatic exchange of information based on the OECD common reporting standard and the emergence of new initiatives, such as the OECD’s base erosion and profit shifting (BEPS) project.

**Japan:** With effect from 1 October 2015, Japanese consumption tax (JCT) will be due on digital services supplied to Japanese customers by overseas suppliers. For business-to-business supplies, the tax will be collected under a reverse charge mechanism, but suppliers that make business-to-consumer supplies will need to register and account for JCT. In both cases, there will be specific invoicing requirements. The forthcoming change raises a range of tax, business and systems implications that need to be addressed in the period leading to its implementation.

**Singapore:** The finance minister presented the budget for 2015 to parliament on 23 February 2015. The 17% corporate income tax rate is broadly unchanged but the minister announced that the top rate of personal income tax will rise from 20% to 22% in 2017.

**Switzerland:** The government has announced changes that will tighten the requirements for expatriate employees transferred to Switzerland to qualify for certain tax benefits as from 1 January 2016. The changes will impose additional requirements to qualify as an expatriate employee and to benefit from the lump-sum deduction for monthly expatriate expenses (rather than deducting actual expenses) and the deductions for certain housing, travel, moving and schooling expenses.

**Taiwan:** The Ministry of Finance has announced that a preliminary consensus has been reached on a real estate capital gains tax reform package that aims to rectify flaws in the current system, simplify the rules and make them more equitable. Although a complete bill has not yet been drafted, the proposed reform tentatively would include a flat rate of 17% on capital gains derived by legal entities and individuals from the disposal of both land and buildings. However, a 30% rate would apply to foreign investors, or if the real property was held for less than two years before the disposal.
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