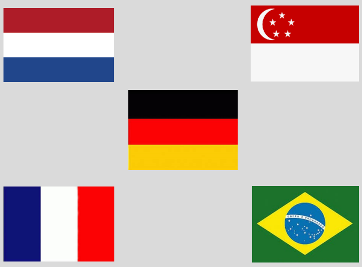
JPA INTERNATIONAL
Audit, Accounting, Consulting
Africa, Asia, Australia, Europe, North & South America

21th January 2015
Issue #5

Winter — 2015

The International Tax Newsletter

IN THIS ISSUE



« The same tax benefits that are available to resident tax subjects will apply »

THE NETHERLANDS:

INTRODUCTION

« QUALIFYING NON-RESIDENT TAX LIABILITY » REGULATION

Up to the tax year 2014, an individual living outside the Netherlands but with (some) income and/or assets from/in the Netherlands – a non-resident tax subject – could choose to be treated as a Dutch resident tax subject. As a consequence, the individual was entitled to the same tax deductible items, tax credits and tax allowances as a Dutch resident tax subject.

Starting 2015 this choice no longer exists. Instead the regulation **for 'qualifying non-resident tax liability' is introduced**. If the conditions are met, the non-resident tax subject will qualify as a 'qualifying non-resident tax subject'. If so, the same tax benefits that are available to resident tax subjects will apply. If not all conditions are met, no tax benefits apply.

Tax benefits

If all conditions are met the following tax benefits are available:

- Tax deductible items, but only if the tax subject or his/her tax partner is not entitled to these items in their country of residence.

The tax deductible items are:

- negative expenses from an owner-occupied home abroad;

- expenses for income provisions;

- personal allowances.

- Tax credits, depending on the personal situation (general tax credit, employed person's tax credit, single-parent tax credit, etc);
- The tax-free allowance in relation to income from assets (box 3).

There is a exception for Belgian tax residents. Following the special relationship between the Netherlands and Belgium, Belgian tax residents who do not meet the 90% income test will nevertheless be entitled to some of the tax deductible items and tax credits.

Conditions to enjoy tax benefits

The **conditions to qualify for the regulation** are:

* The individual lives in an EU country, Liechtenstein, Norway, Iceland, Switzerland, Bonaire, Sint Eustatius or Saba;

* The individual pays tax in the Netherlands on more than 90% of the worldwide income. In determining the 90% limit, the Dutch tax authorities assess income from work and home (box 1 income) as well as income from a substantial interest (box 2 income) as well as income from assets (box 3 income);

* The tax subject must be able to provide a personal income statement from the tax authorities in his/her country of residence in order to substantiate the worldwide income. The Dutch tax authorities yet have to reveal all requirements for such a personal income statement. It should, however, at least include an overview of the income which was submitted in the tax return in the country of residence.

JPA INTERNATIONAL IN **THE NETHERLANDS**

Van Noort Gassler & Co is an accounting and consultancy organization consisting of one small-scale branches, with a primary focus on small and medium sized businesses.

Our objective is to assist the entrepreneur to the maximum degree; to anticipate problems that might arise and to offer fast and tailor-made solutions when a problem arises. A personal approach of our clients, their individual wishes and expectations is key in our organization!

Keep focused on your business and count on us for the handling of your tax issues! You may benefit from an expert contribution on your various fiscal issues, an assistance in case of objection and appeal proceedings, or even any study of the inheritance tax legislation applicable to your projects.

Your personal tax advisor:

Bart Van der Veeken

b.vanderveeken@noortgassler.nl

Main office:

Van Noort Gassler & Co

Ruud P.G.M de KONING AA

Nieuwe Parklaan 73 The Hague

2597 LB DEN HAAG

Tel. +31 70 351 23 71

www.noortgassler.nl

Other offices in:

AMSTERDAM, BLOEMENDAAL, ROTTERDAM, DRIEBERGEN, RIJSENBURG, ZAANDAM

« Every business need to plan not just for the future, but to make full use of the diverse choices and incentives »

AN OVERVIEW OF THE SINGAPORE TAX SYSTEM

JPA INTERNATIONAL IN **SINGAPORE**

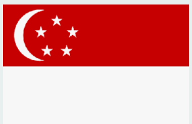
CSI & CO. PAC is a local audit firm since 1979, whose core business is in provision of audit and assurance services and the business of our clients is very diversified.

Our work is very diversified. Indeed we work in either the public sector or commercial audit teams and our missions are multifarious:

Your personal tax advisor:

Joan Choong

joan@csicpa.sg



CSI & CO. PAC

10 Anson Road International Plaza # 12—15

SINGAPORE—079903

Tel. + 65 6223 91 66

Fax. +65 6225 73 08

Today's business operate in a dynamic business climate amidst a background of ever changing legislation. As a result, every business need to plan not just for the future, but to make full use of the diverse choices and incentives as well as take note of the effects of changes made by various authorities in Singapore.

Income earned by business in Singapore is under the purview of:

* Corporate Income Tax (Tax rate @ 17%)
* Goods and Services Tax (Standard rate @ 7%)

Corporate Income Tax

In recent years under the Corporate Income Tax, The Inland Revenue Authority of Singapore ("IRAS") has been rolling out numerous tax incentives to encourage businesses to ride on these schemes in order to expand and export their brand and to remain competitive in the local businesses. On the other hand, IRAS is also trying to attract the bigger institutions to venture into and stay in Singapore.

Currently the more attractive tax incentive schemes that businesses are making full use are:

* ### Full tax exemption for newly incorporated companies

Full tax exemption on the first $100,000 of normal chargeable income for its first three consecutive YA and a further 50% exemption is given on the next $200,000 of the normal chargeable income

* ### Innovation and Productivity Credit ("PIC")

Under the PIC scheme, businesses can claim 400% tax deductions on up to $400,000 of qualifying expenditure incurred per YA in each of the six qualifying activities:

1. Acquisition / Leasing of IT and Automation Equipment
2. Training of Employees
3. Acquisition/ In-licensing of Intellectual Property Rights
4. Registration of IPRs
5. Research & Development activities
6. Design projects (approved by Design Singapore Council)

In case of a tax deduction, businesses may opt to convert up to $100,000 of the total qualifying expenditure incurred into a non-taxable cash pay-out. The cash pay-out rate for YA2013 to YA2015 is 60%. The expenditure cap of $100,000 is not combined across the three YAs.

* ### 3-Year Transition Support Package

A 3-Year Transition Support Package had been introduced and that will remain in effect until year 2015 comprising:

1. Wage Credit Scheme;

2. Productivity and Innovation Credit (PIC) Bonus of S$15,000.00;

3. Corporate Income Tax Rebate @ 30% capped at S$30,000.00.

Goods and Services Tax (GST)

GST is a form of revenue to the Singapore government and is commonly called the consumption tax. It is charged by IRAS on the purchase of goods and services. Businesses registered for GST are known as GST Registered Traders. As a GST registered trader, they are to charge GST on goods and on services. The GST collected is payable to IRAS.

Businesses may require to register for GST if they offer the following or mix of supplies:

* Standard-rated supplies – refer to most goods and services supplied in Singapore and are charged at the prevailing rate (7%).

* Zero-rated supplies – refer to goods which are exported or international services.

* Exempt supplies – refer to supplies where there is no GST levied.

* Out-of-scope supplies – refer to supplies which are outside the scope of the GST Act.

Businesses with turnover more than S$1 million for the past 12 months, or at any time the taxable supplies are expected to exceed S$1 million, you are required to register as a GST trader.

Today, the current economical climate suggests that attention is now being paid to players for the stability of the nation's growth. It is with the understanding of the direction of the government that we are able to steer our clients to move in tandem with the vision to the government.

Article was contributed by Ms Christina Chia & Ms Doris Lim of CSI & Co.PAC (JPA Singapore).

« The range of the tax rates can vary from 10% to 28% »

JPA International Tax Game—Stage 3

« What is left after Taxes on dividends that your company pays you? »

The result of stage 3 of our international Tax Game was presented by Hans Ronneberger during our meeting in Dubai in October 2014. This stage dealt with the payment of dividends from our typical medium sized company to its shareholders and asked for the corresponding tax implications in each country.

During their preparations it seemed to be a simple task for our friends in Bonn, Germany, that would only produce a list of different tax rates. But again the result showed many astonishing differences between countries. In most countries a special withholding tax has to be deducted and to be paid by the company before distributing a net amount.

Only in 5 countries of our members participating in the game there was no such withholding tax. The range of the tax rates can vary from 10% to 28%. In some countries additional surcharges or contributions are imposed on top of the withholding tax. It might be unexpected, that there are even differences in the due date of these taxes. Mostly the withholding taxes are due with the payment but in some countries the due date is the day of the decision of the bodies of the company about a dividend-payment.

JPA INTERNATIONAL IN GERMANY

RENTROP & PARTNER is one of the founding members of JPA INTERNATIONAL starting from its head office in Bonn to expand the network all over Germany where at present six different member firms are situated in eight different cities. Nearly all German members have joined JPA Audit AG, a company for common purposes and especially common audit work.

RENTROP & PARTNER, a medium sized company of about 30 people, 10 of them professionals, is serving its clients for more than 50 years with a focus on tax services, consulting and auditing. Hans Ronneberger Wirtschaftsprüfer and Steuerberater, the leading Senior partner, chairman of JPA Audit AG, started his career in PWC as auditor for airline businesses. He is very much engaged now with his team of different professionals to find the right way for medium sized clients in a world of accelerating globalization.

Your personal advisor:

Hans Ronneberger

ronneberger@rentrop-partner.de

RENTROP & PARTNER KG

Godesberger Allee 105-107

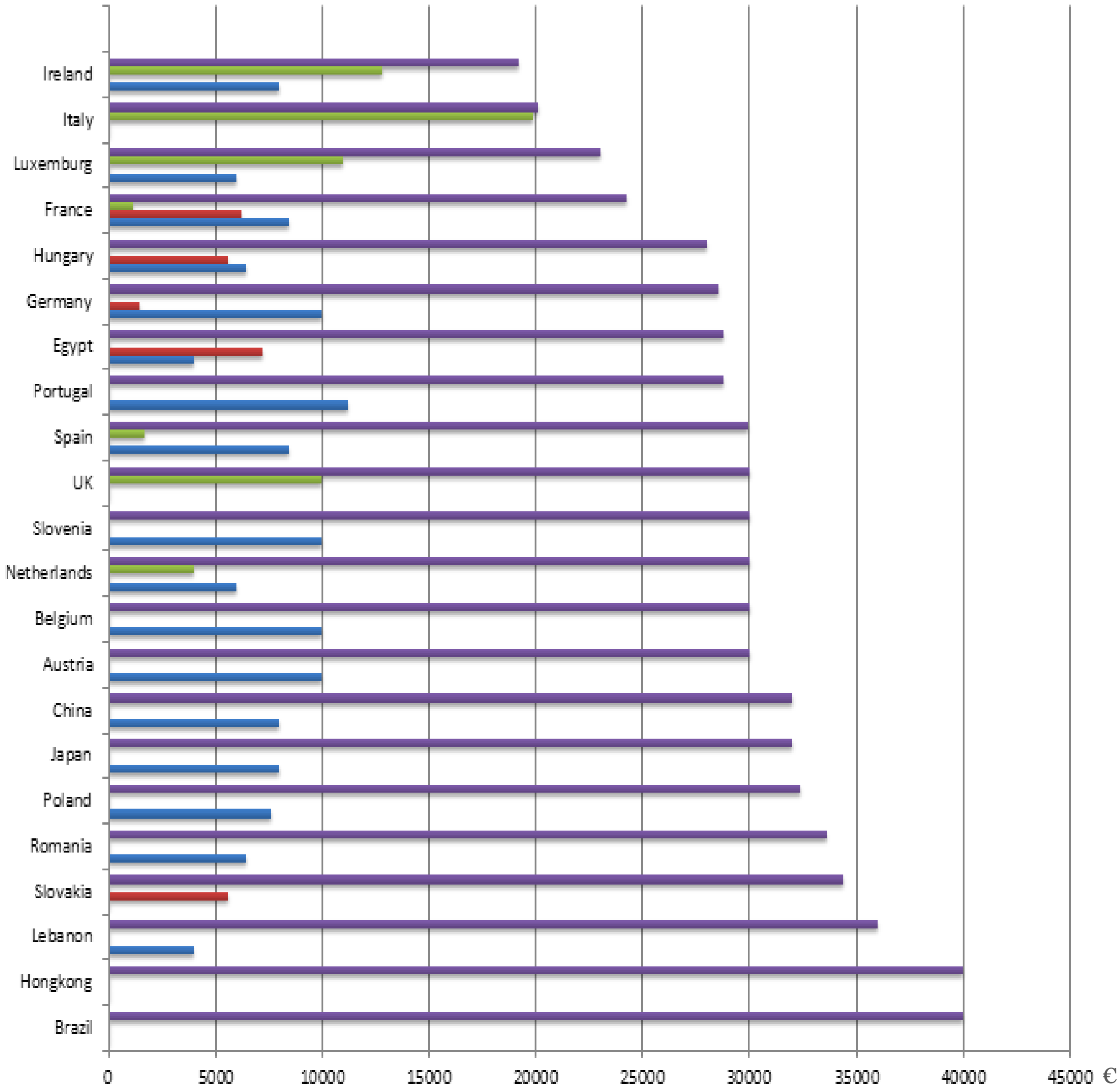
53175 BONN

T +49 228 957 410

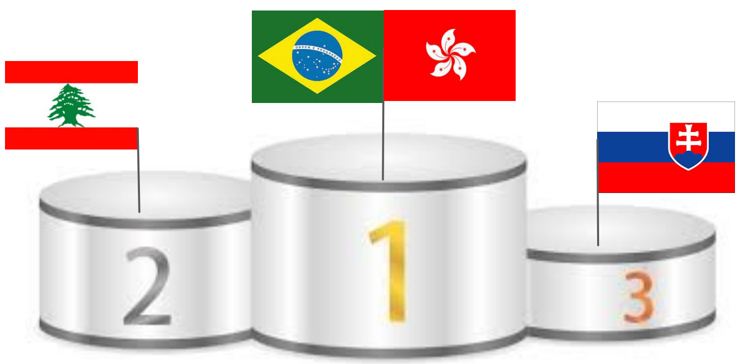
F +49 228 957 4199

www.rentrop-partner.de

Another important question is if the withholding tax is the ultimate tax for our typical family or will the payment of the net amount of the dividend be again subject of their annual tax return and possibly lead to an additional income tax. That was the case in 7 countries, from which in Italy and UK had no withholding tax but individual taxation with the annual tax return. **There are two winners of stage 3, the family in Brazil** with José da Silva and **the family in Hong Kong** with John Wong, **as in these two countries dividends are fully exempt from taxes**. The highest taxation of €20.800 on 40.000 dividends meets our family in Ireland with Paddy Murphy this time.



JPA International - World Tax Game - Stage 3



« 2014 winners of the tax game on net dividends »

« This measures offers new opportunities for international groups with French subsidiaries but without French holding company »

JPA INTERNATIONAL CONSULTING IN BORDEAUX

JPA International Consulting is the JPA International network dedicated to the consulting activities.

BDA is a French law firm located in Bordeaux specialized in tax & legal services.

Didier BREZILLON is BDA's Managing Partner.

BDA aims to provide all its clients with excellent and reactive services focused on clients 'needs.

BDA always seek to enhance its clients benefits, strategies and security.

Qualified attorneys working at BDA have extensive experience in French and international tax matters.

They focuses their practice on the taxation of French and multinational corporations, particularly on the structuring of merger & acquisition transactions, restructuring projects joint ventures and asset financing with special emphasis on transfer pricing issues.

They are also active in tax audits and litigation matters un EC, especially in cases relating to domestic and international tax issues, such as transfer pricing, mutual agreement procedures and double taxation treaties.

Your personal tax advisor:

Didier BREZILLON

Didier.brezillon@cabinetbda.com

BDA

10, Cours de Gourgue

33000 Bordeaux, FRANCE

T +33 (0)5 57 14 26 70

F +33 (0)5 57 14 26 73

www.cabinetbda.com

Horizontal tax consolidation allowed in France

The second Amended Finance Bill for 2014 reformed French tax consolidation regime with a view to allowing horizontal tax consolidation.

For fiscal years ended as from 31 December 2014, French sister companies having a common parent company established in an EU member state or in the European Economic Area (EEA), provided the EEA state has concluded an agreement on mutual administrative assistance with France, are entitled to set up a tax group.

In such a case, one of the French sister companies will be designated as the head of the tax consolidation.

This reform results from the decision of the Court of Justice of the European Union (CJEU) in SCA Group Holding and Others joined cases C-39/13, C-40/13 & C-41/13 dated 12 June 2014 and a formal notice against France issued by the European Commission (EC) in October 2014.

The CJEU ruled that the limitation of Dutch tax consolidation regime to subsidiaries of a parent company established in the same member state constitutes an unjustified restriction to the freedom of establishment set out in Section 49 of the Treaty on the Functioning of the European Union (TFEU).

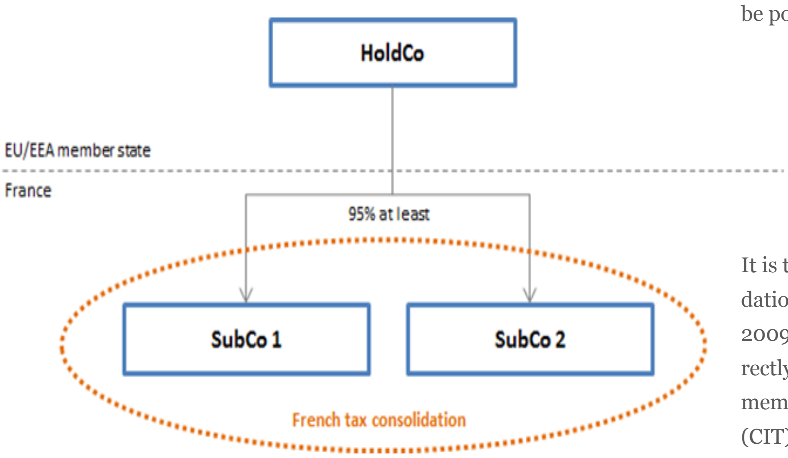
French tax consolidation regime being comparable to the Dutch regime, former French tax consolidation rules had thus to be brought into compliance with EC law.

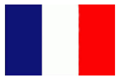
Illustration of possible organization charts under new French tax consolidation rules

This measures offers new opportunities for international groups with French subsidiaries but without French holding company.

In addition, groups eligible to horizontal tax consolidation should analyze the opportunity to file a claim in order to benefit from the new regime as regard previous fiscal years. Based on French statute of limitation rules, in 2015 litigation will still be possible for fiscal years 2012 to 2014.

Organizational chart 1 : EU common parent company

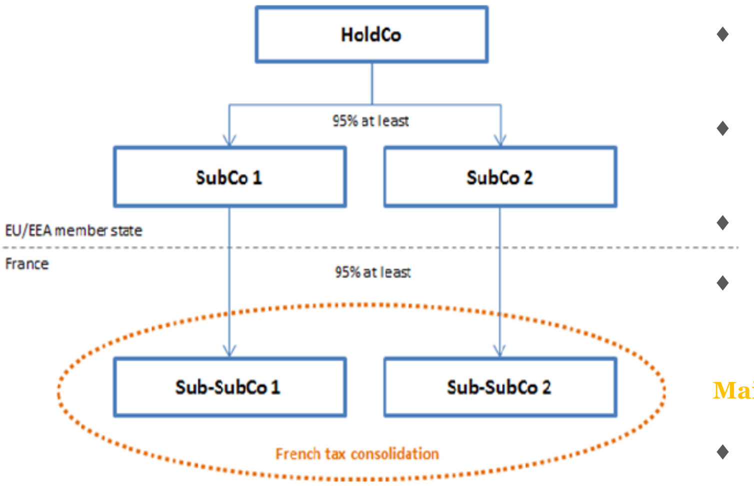




It is the second widening of the scope of the French tax consolidation regime. Indeed, the third Amended Finance Bill for 2009 authorized tax consolidation of French subsidiaries indirectly held through intermediate entities registered in a EU member state but not subject to French Corporate Income Tax (CIT).

As a reminder, below are the main pros and cons of the French tax consolidation regime.

Organizational chart 2 : EU common grand-parent company



Main advantages:

- Possibility to offset tax losses against taxable income within the tax group
- Avoid the 3% additional tax to CIT on intragroup dividend distributions
- Neutralize the 5% portion of dividends subject to CIT (French participation exemption)
- Neutralize all intragroup transactions
- Secure transfer pricing issues within the tax group

Main constraints:

- Filing of additional tax forms
- Possible additional CVAE charge as the total turnover of the tax group determines the CVAE taxation rate
- Possible additional CIT charge as the total turnover of the tax group determines the liability threshold to the 10.7% exceptional tax on CIT (ongoing debate on the liability threshold for tax groups)

NEWS IN BRIEF

« Brazil has one of the most complex tax systems of the world, with different kinds of reports and filings »

BRAZILIAN CENTRAL BANK REPORT
« CBE» 2015/2014

Brazil has one of the most complex tax systems of the world, with different kinds of reports and filings. One of them, is the Central Bank Annual Report, a specific report for individuals who have assets abroad.

WHY?

- The best way to know and evaluate Brazilian investments outside Brazil
- Help to evaluate the Brazilian debts outside Brazil
- Avoid money laundering

HOW?

- Online - Brazilian Central Bank

WHEN?

The period for filing the report, for 2014, was not informed yet. However, in the past two years it started in mid-February and expired in the beginning of April.

NEWS IN BRIEF

WHO?

- Annual report : Mandatory for individuals with residency in Brazil, who have more than USD 100,000.00 held abroad, in December 31,2014.

- Quarterly Report

Mandatory for individuals with residency in Brazil, who have more than USD 100,000,000.00, held abroad, in the last day of each quarter.

1st quarter - March 31, 2014

2nd quarter - June 30, 2014

3rd quarter - September 30,2014

4th quarter - December 31, 2014 (will be filed in the annual report)

WHAT?

- Deposits abroad
- Cash loans asset
- Financing
- Operational and financial leasing
- Direct investments
- Portfolio investments
- Investment in derivatives; and
- Other investments, including real estate and other assets

BANCO DO BRASIL

Supporting documents should be kept on file for 5 years !

JPA INTERNATIONAL IN **BRAZIL**

Assessor Bordin, a consulting, audit and accounting firm, has been created in 1983. Thanks to its expertise and to its values, Assesor Bordin has gained the trust of its clients by delivering services and customer care with quality and respect of professional ethics.

Nowadays, the firm is one of the leading business consulting firms in Brazil.

One of its key features is its continuous investment in knowledge & technology, and it allows Assessor Bordin to offer diversified services to its clients: business process outsourcing, audit & tax consulting, individual income taxes, judicial, extrajudicial and arbitration expert testimony, digital audit...

Furthermore, the company has an international network thanks to various partnerships and specifically its cooperation with the JPA International network. These alliances stimulate professional and technological interchange, as well as access to new prospects.

Your personal tax advisor:

Allan BORDIN

abordin@abordin.com.br

Assessor-Bordin

Av. Pedroso de Morais, 433,

5° ao 8° andar

05419—000, Sao Paulo, SP, Brazil

T +55 11 35 267346

F +55 11 3526—7008

www.abordin.com.br

Business travelers ?

...you might be interested ...

Have you ever been faced with some **uncomfortable situations** abroad, during your **business travels,** where the **lack of information** on the **lifestyle** or the **different regulations proved fatal ?**

Do YOU REMEMBER

... beeing face to face with a new business partner for two hours in a restaurant **without any conversation topics** ?

... standing in meetings with your potential clients while they all look at you embarrassed because of an **unintended hasty action** of yours ?

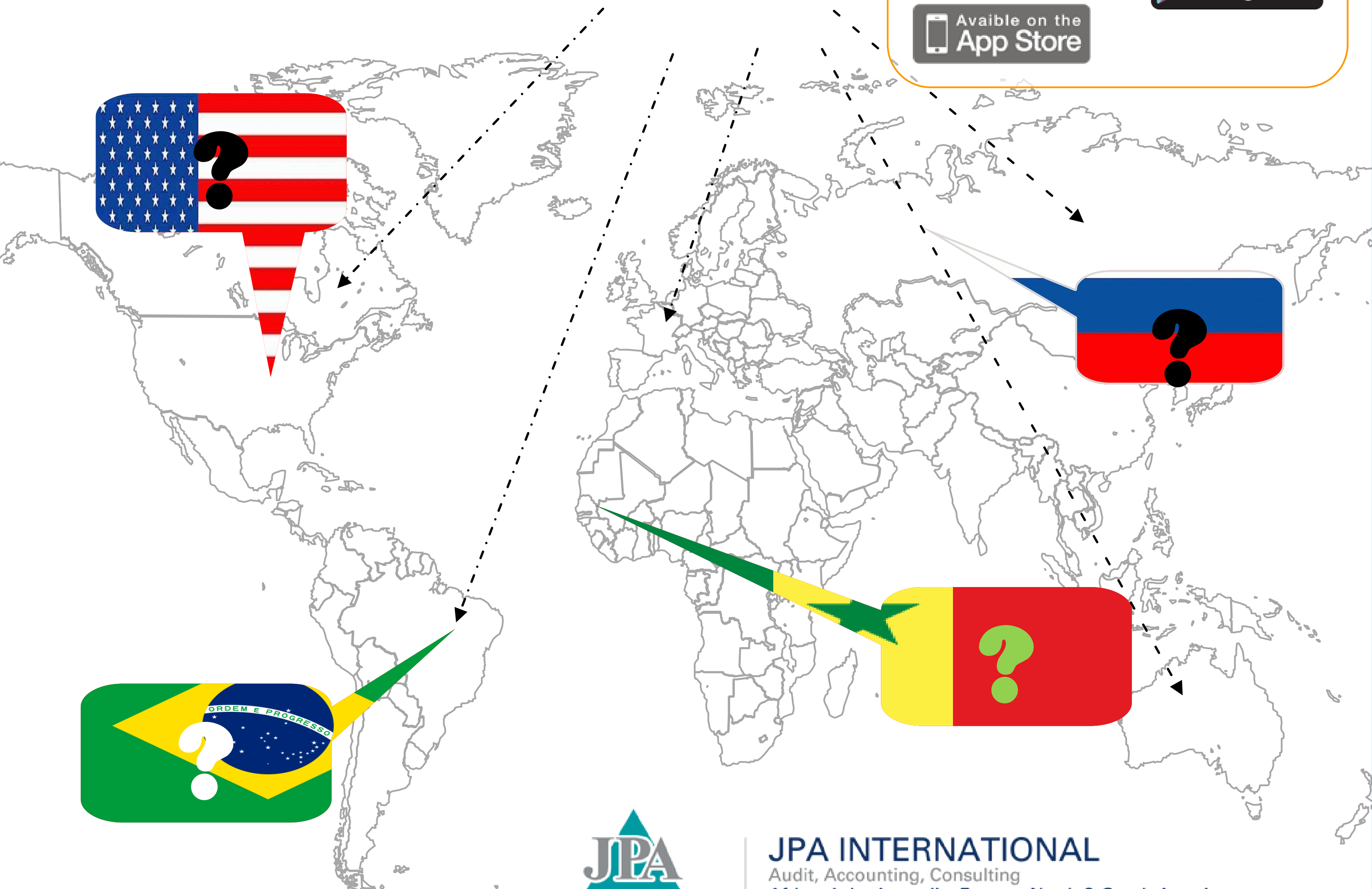
*... explaining your point of view about a crossborder project and having **no idea of the regulatory consequences** of your choices ?*

If you ever met these awkward situations during your business trips, **that's you've never used the JPA iTraveler application !**

NOW ON

iPhone App
JPA iTraveler
Avaible on the App Store

JPA iTraveler
Android
GET IT ON Google play



JPA INTERNATIONAL
Audit, Accounting, Consulting
Africa, Asia, Australia, Europe, North & South America