



Almenide Avocats joins United Tax Network EMEA

United Tax Network is delighted to announce that Almenide Avocats has joined the EMEA association as their exclusive member firm in France. Almenide Avocats is a Paris based niche law firm dedicated to international assignment services (tax, social security, labour law, compensation & benefits). It is headed by Céline Rang and Sebastien Rodriguez.

With 40+ offices in the EMEA, United Tax Network is the fastest growing and almost the largest professional organisation providing a complete range of services in the field of international taxation. This reinforcement underlines United Tax Network's strategy expanding their client base globally and to become the leading independent provider of international tax services.

Statement of new memberfirm

We will remain rendering the usual services in our country. As a member of United Tax Network, however, we have strongly developed access to sources assisting our clients and their employees with the full package of strategic advice and practical matters concerning international assignments.

Statement from United Tax Network

Siegfried Jagga, Chairman of United Tax Network EMEA added: "We found Almenide Avocats and their team a perfect fit for us. This cooperation is indicative of the increasing power of our network. Moreover, this is another step in accomplishing our vision making world class expatriate tax consultancy and compliance services available at reasonable fees to everyone. Increasing our visibility we have included all our member firms on our EMEA website and that will be followed up shortly with an international marketing campaign."

*To learn more about United Tax Network EMEA members and their contact details please visit the website www.unitedtaxnetwork.com**

*UnitedTaxNetwork.com represents the EMEA website of a United Tax Network. The websites for the Americas and the Asia-Pacific regions will be released soon.

Quick news

» Italy

Penalty on failure to disclose assets held in blacklisted jurisdictions increases from 240% to 480% of the unpaid income tax on those assets.

» Germany

German health insurance contributions will be fully tax deductible as of tax year 2010.

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German tax deductibility of schooling costs will be extended from schools located in Germany to schools located in the European Union.

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As of July 2009, the German health insurance rate will be reduced from 15,5% to 14,9% (7% employer part / 7,9% employee part)





Italy : New CFC rules in place as of July 1, 2009



CFC rules will be applicable to companies that have their legal seat in a white list jurisdiction and that benefit from a special taxation regime in a way that the applicable tax rate is less than half the rate applicable in Italy. Next to this the companies need to derive more than 50 percent of their income from financial investments, royalties, and proceeds from sales of intellectual property or services to those controlling the nonresident company or belonging to the same group. Companies can request for a special ruling to prove that they are not subject to the rule.

Spain : Special taxation regime for foreign executives

In order to attract expatriates into Spain, foreign executives can apply for a special taxation regime by which they will be only taxed on the Spanish source income at a favourable tax rate of 24%.

Changes in Danish Labour Market Contribution

Danish Labour Market Contribution of 8% of the gross taxation will also be applicable for people working in Denmark who are subject to a foreign social security system. All persons liable under the Danish Hydrocarbon Tax Act are going to pay Labour Market Contribution of their earnings. Normally this sort of work is taxed with a final taxation of 30 % based on the salary. But now the salary must face two faces of taxation; first 8 % Labour Market Contribution of the gross salary and then 30 % final tax of the remaining resulting in a total taxation of 35.6 %. The change will take effect in 2011.

Quick news

» Denmark

Denmark lowers its marginal tax rate on labour from 63% to 56,5%

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Denmark signs new double tax agreements with Switzerland, Belgium, Luxembourg, Jersey, Guernsey and Singapore



Regulation of contractual tax exemptions or reductions in **Portugal**



The Portuguese Government approved a Decree-Law which regulates the contingent and temporary contractual tax exemptions and reductions. Said contractual tax regime is applicable to projects of direct investment carried out by Portuguese enterprises overseas and the tax exemptions or reductions associated with the same consist of a tax credit contractually granted for a period of up to 5 years starting from the conclusion of the investment project. Although the above mentioned tax credit is normally correspondent to 10% of relevant applications, it may be greater in view of specific conditions of the Project and of the company, especially in investment projects performed by small and medium-sized enterprises.

Reduced WHT rate on royalty and interest payments in **Poland**

Since July 1, 2009 the rate of the WHT in Poland on royalty and interest paid by a company seated in Poland may not exceed as a rule 5% unless the provisions of the adequate double tax treaty provide otherwise. As a result of this change, the “domestic” WHT rate has been reduced from 10% to 5%.

The reduced tax rate may be applied under certain additional conditions, in particular:

- the recipient of the royalty / interest is a tax resident of the EU country,
- certain shareholding requirement has to be met (holding of at least 25% of shares),
- the above shareholding structure has to be maintained at least for a period of two years (this condition may also be met after the date of the payment).

Quick news

» Norway

Norwegian late penalty tax will be limited to NOK 10000 for delays up to one month and NOK 15000 for additional delays.

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Norway : foreign tax is not deductible on Norwegian tax on income from share holdings that are taxed in Norway according to the three-percent rule



Polish Personal Income Tax (PIT) exemption for the employees' benefits financed from Company's Social Benefit Funds

Since 22 August 2009 the scope of exemption from Polish PIT tax has been extended by benefits in cash (up to the limit of PLN 380 per year) provided by the employer to an employee, financed from the Company's Social Benefit Fund (Company's Social Benefit Fund constitutes a separate fund created by the Polish employers regulated by Polish law aimed at financing social benefits for employees). Before the above change of the law, solely the benefits in kind were exempted from PIT tax. The change was introduced retroactively, effective for social benefits derived from January 1, 2009.

French tax authorities introduce comments on French expat tax system

The French expatriate tax regime, that was initially introduced in 2004, is now extended to employees and directors directly recruited abroad and may also apply, under certain conditions, to individuals who are not employees.

Subject to certain conditions, inbound expatriates may opt for income tax exemption on their remuneration components linked to the assignment to France and the remuneration relating to their working days outside of France within the limit of 50% of their total remuneration or exemption on the total expatriate allowances and up to 20% of their remuneration for working days outside of France. Comparative calculations should be made in order to determine which system is the most advantageous.

Certain passive income such as non-French dividends, interest, capital gains, rental income, etc. may also benefit from a 50% income tax exemption. Wealth tax will not be assessed on assets located outside of France for the five first years following the year the individual becomes a French tax resident.

Furthermore, expatriates assigned to France who do not benefit from a French social security contributions exemption under a certificate of coverage may now, under certain conditions, avoid paying French pension contributions (basic scheme) in France during a period of three years".

Quick news

» Bahrain

Bahrain labour minister, Majeed bin Mohsen al-Awali: sponsorship system reforms will eliminate traders and give government control on expat numbers



» Korea & Libya

Korea & Libya initialled tax treaty on August 14, 2009: though this is yet to be signed or ratified.



Greece : Thin Capitalization Rules Introduction

From July 17th 2009 the following rules apply, between affiliate companies:

The accrued interest of loans paid or credited is recognized as tax deductible when the debit to the equity of the company is not higher than an average ratio of 3:1 for each accounting year.

Any exceeding amount is not recognized as tax deductible from the company's revenues.

Tax ruling for expatriate employees

*The 30% ruling in the **Netherlands***



Tax residency

Tax residency in the Netherlands is determined based on facts and circumstances. Factors to be taken into account in this respect include the ownership of residential or other property, the location of bank accounts, where the family is living, the duration of the employment and centre of an individual's social interests.

If based on the facts and circumstance the individual's social and economic centre lies in the Netherlands, that individual will be considered a resident taxpayer and consequently subject to Dutch taxation on his worldwide income, regardless of the place of origin.

If the individual's social and economic centre lies outside the Netherlands or is deemed stronger with another country, the individual may still be subject to Dutch taxation as a non-resident taxpayer with limited sources of income e.g. Dutch employment income, Dutch real estate, etc.

Quick news

» Switzerland & Qatar

Switzerland & Qatar have initialled a double taxation treaty: Including terms on information exchange as per guidelines of the OECD

» United Arab Emirates

UAE decree removes start-up capital requirement for new companies: AED 150,000 (US \$40,800) was previously the minimum amount required



The 30% ruling

Expatriates working in the Netherlands may qualify for the 30% ruling. This ruling provides special tax benefits to employees, recruited from abroad or assigned to the Netherlands, with special expertise which is scarce on the Dutch labor market. In general the 30% ruling provides the following benefits:

- The employer may grant a tax exempt lump-sum allowance for the extra costs of the employee's stay in the Netherlands (extraterritorial costs). This lump-sum allowance amounts to a maximum of 30% of the sum of the wages and the allowance from current employment. In practice, 30% of the salary as agreed is paid out tax exempt and therefore only the remaining 70% is subject to actual taxation in the Netherlands
- The school fees paid for children to attend an international school may be reimbursed free of tax in addition to the lump-sum allowance for the extraterritorial costs.
- If the employee is considered a tax resident for Dutch tax purposes, he may request to be considered a partial non-resident taxpayer.
- The employee and family members may exchange their foreign drivers license without taking driving exam or test.

To qualify for the 30% ruling, the following conditions should be met:

- The employee is hired from another country or is assigned to the Netherlands within the same group of companies.
- The employee must have specific expertise that is scarce or absent on the labor market in the Netherlands.
- The employee's remuneration has to be subject to Dutch wage tax withholding.
- In the employment agreement or in addendum, employer and employee have to agree that the 30% allowance is part of the total compensation package.

For the evaluation of whether an employee possesses specific expertise that is scarce or absent on the labor market in the Netherlands, the following are relevant:

- The level of education of the employee.
- Relevant experience and knowledge of the employee.
- The net salary for a similar position in the home country of the employee should be at least comparable to employee's net salary in the Netherlands.

Employees who have been working in a group of companies for a period of at least 2.5 years outside the Netherlands are deemed to meet the specific expertise test. This also applies to employees who entered the Netherlands based on the so-called skilled migrant scheme.

Quick news

» Kuwait

Kuwait follows Bahrain to change sponsorship laws: allowing expats to change jobs without sponsor's permission





To obtain the 30% ruling a joint application must be filled by the employer and the employee. Together with the application form certain documents should be submitted e.g. employment or assignment agreement, curriculum vitae of the employee.

Upon approval the ruling is granted for a maximum period of 120 months. This period will be reduced by the length of earlier stays or periods of employment in the Netherlands, unless more than 120 months have elapsed since the end of that stay or that employment. Only if the application is filled within four months as of commencement of the employment in the Netherlands, the ruling shall apply retroactively.