Nexia International

European Holding Company Analysis

2021 (Extended)

Nexia International

Dear Nexia member,

We are pleased to present an updated version of the (Extended) European Holding Company Analysis, as per 1 January 2021.

We gratefully acknowledge the contributions made by the following Nexia members (in alphabetical order per country):

- Belgium: VGD in Antwerpen (david.lornoy@vgd.eu)
- Cyprus: Nexia Poyiadjis in Nicosia (michael.mavrommatis@nexia.com.cy)
- Czech Republic: VGD s.r.o. in Prague (magda.vecerova@vgd.eu)
- Denmark: Christensen Kjaerulff in Copenhagen (ih@ck.dk)
- Finland: Nexia Fiscales Ltd in Helsinki (Karri.Nieminen@fiscales.fi)
- France: Sevestre & Associés in Paris (y.sevestre@sevestre-associes.com)
- Germany: DHPG dr Harzem & Partner mbB in Köln (heinrich.watermeyer@dhpg.de)
- Greece: Nexia Eurostatus Certified Auditors S.A. in Athens (ekaprani@eurostatus-nexia.gr)
- Hungary: VGD Hungary Kft. in Budapest (tamas.fuleki@vgd.hu)
- Italy: TCFCT in Milano (s.tarsia@tcfct.it)
- Luxembourg: VGD in Luxembourg (lut.laget@vgd.eu)
- Netherlands, The: Koenen en Co in Maastricht (c.leenders@koenenenco.nl)
- Poland: Advicero Tax Sp. z o.o. in Warsaw (kklimkiewicz@advicero.eu)
- Portugal: Nexia CPLA & Associados in Lisboa (dora.madureira@nexia.pt)
- Romania: Nexia CRG Audit srl in Bucharest (raluca.tutu@nexiacrg.ro)
- Slovakia: VG Slovakia s.r.o in Bratislava (ondrey.tupy@vgd.eu)
- Slovenia: Cautela Pros d.o.o. in Ljubljana (alan.maher@cautelapros.si)
- Spain: Laudis Consultor in Barcelona (cg@laudis.es)
- Switzerland: ABT Treuhandgesellschaft AG in Zürich (patricia.handschin@abt.ch)
- United Kingdom: Smith & Williamson in London (michael.beard@smithandwilliamson.com)

Extended with:
- Hong Kong: Nexia Charles Mar Fan Ltd in Kong Kong (brenda@charles-marfan.com)
- Singapore: Nexia TS Tax Services Pte.Ltd. in Singapore (shaunzheng@nexiats.com.sg)
- South Africa: Nexia SAB&T in Cape Town (bashier@nexia-sabt.co.za)

Last but not least I would like to express my gratitude to my assistant Mrs. Eugenie Gerritse for all the hard work she has done to complete this update.

This European Holding Company Analysis is meant as a practical tool for an initial comparison of relevant tax aspects of some holding company regimes. It should not be used as a substitute for obtaining local tax advice.

1 July 2021 Maastricht, The Netherlands

Chris Leenders
International Tax Partner at Koenen en Co

Country (notes code)	Belgium (B)	Cyprus (CY)	Czech Republic (CZ)	Denmark (DK)	Finland (FI)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
Type of Holding Company	Resident Company	Resident Company	Resident Company	Registered and/or resident company [1]	Resident Company
1 Treatment of Dividend Income How is Dividend Income treated for tax purposes – in particular, is the dividend income either (a) exempt from tax under "participation exemption" or (b) taxable with credit for foreign tax credits	100% Deduction [1]	Exempt from any Cyprus taxes subject to easily met conditions [1, 2]	Participation exemption	Participation exemption [2]	Participation exemption or, if taxable, with foreign tax credit [1]
2 Minimum Participation for Dividend income Minimum participation holding level (%) required to be satisfied	At least 10% or € 2,500,000	No	10%	At least 10%	Unlisted shares: none Listed shares: 10% [1]
3 Treatment of Capital Gains Income How is Capital Gains Income treated for tax purposes – in particular, is the capital gain either (a) exempt from tax under a "participation exemption" or (b) taxable with credit for foreign tax credits	Exempt from tax under a "participation", a "taxation" exemption and a "holding period" exemption	Exempt from taxation [3]	Participation exemption	Exempt from taxes	Participation exemption or, if taxable, with foreign tax credit [2]
4 Minimum Participation for Capital Gains Minimum participation holding level (%) required to be satisfied	At least 10% or € 2,500,000	No	10%	10% for quoted shares 0% for unquoted shares	For tax exempt disposals: 10% [2]

Country (notes code)	Belgium (B)	Cyprus (CY)	Czech Republic (CZ)	Denmark (DK)	Finland (FI)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
5 Minimum "ownership" period requirements What are the minimum "ownership" period Requirements in respect of: (a) Dividend income (b) Capital gains Derived from the participating holding?	a) At least 1 year b) If less than 1 year, the normal tax rate of 25% applies (20% if the company can benefit from the reduced rate for sme's)	a) None b) None	12 months [1]	No minimum ownership period [3]	None for tax exempt disposals: 1 year in addition to other criteria to be met [2]
6 "Active Business" Test on underlying participation Does the underlying subsidiary require to be an active operating company, or can the subsidiary be, itself, a passive holding company?	The underlying subsidiary can itself be a passive holding	No [2]	No	No [4]	Subsidiary has to be an active operating company [2]
7 "Subject to tax" Test on underlying participation Does the subsidiary require to be subject to taxation in its jurisdiction of registration? If so, what is the minimum acceptable level of taxation (% rate) in the jurisdiction of the holding company for the purposes of this test?	Yes [2] Similar to Belgian Corporate Income Tax	No [2]	Yes Should be the subject of similar CITR higher than 0%	Yes [5]	Yes/No [3] In order not to be considered a CFC: 12.0% [3]
8 Corporate Rate of Taxation Corporate tax rate in jurisdiction	25% [3]	12.5%	19%	22%	20.0%

Country (notes code)	Belgium (B)	Cyprus (CY)	Czech Republic (CZ)	Denmark (DK)	Finland (FI)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
9 Withholding Tax – Dividends (Outgoing) (a) Non-Treaty rate on Dividends (b) Treaty – range of withholding taxes	15% [4] or 30%	0% [4] 0% [4]	35% 0% - 15%	0% [6] / 27%	20% 0% - 20%
10 Withholding Tax - Dividends (Incoming) General range of withholding taxes on dividends in the foreign source jurisdiction in terms of treaty network.	0% - 15%	0% - 15%	0% - 15%	0% [5] - 15%	0% - 20%
11 Withholding Tax - Liquidation of Holding Co. Is a withholding tax imposed on the final distribution of assets of the holding company in liquidation?	In general: 30% [4]	0% [4]	Yes / 15% - Yes / 35% Non-Treaty	No [6]	No
12 Interest Deductions & Thin Capitalisation Rules - Debt: Equity Ratios (a) Interest Deductions Are Interest Expenses incurred on loans (received to finance the acquisition of the foreign participation) deductible against dividend income; capital gains or other income of the holding company?	Deductible [5]	Yes [5, 13], but subject to conditions i.e. Interest Limitation rule (ILR), Notional Interest Deduction (NID) available & actual interest expense deduction for 100% 'trading' subsidiaries	Interest expenses of foreign participation acquisition are non-tax deductible	No [7]	Yes with certain limitations [4]

Country (notes code)	Belgium (B)	Cyprus (CY)	Czech Republic (CZ)	Denmark (DK)	Finland (FI)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
(b) Debt: Equity Ratios Are there restrictions on the level of non- equity capital financing of the holding company in the form of prescribed Debt: Equity ratios?	Yes	No	Yes[4]	Yes [7]	
Debt: Equity ratio:	1 : 1 [6] and 5 : 1 [6]	N/A	6 : 1 [2] and 4 : 1 [3]	4 : 1 [7]	
13 Controlled Foreign Corporation ("CFC") & "anti-abuse" regulations					
(a) CFC Regulations Are CFC regulations applied? Are the regulations applied only to a prescribed "blacklist" of jurisdictions or with reference to the effective rate of tax imposed in the overseas jurisdiction?	Yes Blacklist [7]	Yes [12] Reference to effective tax rate	Yes N/A	Yes [4] N/A [4]	Yes [3] With the reference to the effective rate of tax [3]
b) Other "anti-abuse" regulations Are "anti-abuse" provisions applied in regard to the EU Parent-Subsidiary Directive (90 / 435 / EEC)?	Yes	Yes [6]	Yes [5]	No	Yes [1 & 6]
14 Binding Advance Tax Rulings (pre-transaction)					
Are Advance Tax Rulings available pre-transaction?	Yes [8]	Yes [7]	Yes [6]	Yes	Yes
Are these rulings granted only in respect of specific situations?	No	Yes [7]	Yes [6]	No	Yes

Country (notes code)	Belgium (B)	Cyprus (CY)	Czech Republic (CZ)	Denmark (DK)	Finland (FI)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
15 Other taxes (a) Capital Duty (b) Transfer Tax on shares (c) Annual Net Worth / Patrimonial Tax (d) Trade Tax	0% 0% 0% 0%	See the notes [8] 0% 0% 0%	No No No No	0% 0% 0% 0%	0% 0% & 1,6% [5] 0% 0%
16 Double Tax Treaty Network (a) Number of treaties in operation (b) Is the holding company type excluded from any of the treaties? (c) Do any of the treaties include "anti-treaty shopping" provisions and/or detailed "beneficial ownership" tests?	96 No Yes	Over 65 No Yes [9]	88 No [7] No/Yes	Over 75 No Yes [8]	76 full tax treaties, 6 gift and inheritance tax treaties and 38 agreements regarding ex-change of information on tax matters No Yes [6]
17 Substance requirements What kind of substance requirements are in place for holding companies?	Real place of management, no specific substance requirements	See note [10]	Place of effective management	None	None, if the entity is not a CFC [3]
18 Base Erosion Profit Shifting/ATAD What kind of tests have been introduced as a result of BEPS, other than the already mentioned?	Mandatory T/P reporting	See note [11]	Completing form concerning related parties' transactions and filing it together with income tax return with the Tax Office and transfer pricing regulations	Yes [9]	Yes [7]

Country (notes code)	Belgium (B)	Cyprus (CY)	Czech Republic (CZ)	Denmark (DK)	Finland (FI)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
19 Diverted Profits Tax (DPT) What kind of legislation is in place to target taxable profits that have been diverted overseas from the home country?	Transactions between related companies must be carried out at arm's length.[9] No specific Diverted Profits Tax.	N/A	It will be implemented during the year 2020.	From 2021 tax return filing upload of TP documentation is mandatory if the Group exceed the thresholds for preparing such TP documentation [10]	CFC legislation[3]
20 DAC 6 How about any mandatory disclosure of reportable cross border arrangements?	Belgian intermediaries are obliged to file information on reportable cross-border arrangements.	Yes[13]	It will be implemented during the year 2020.	DAC6 disclosure requirements has been implemented in Danish legislation 2020/21	Finland has implemented DAC 6
21 Anti-Hybrid rules Which rules have been introduced to tackle aggressive tax planning and neutralise the effects of hybrid mismatch arrangements?	Rules implemented in accordance with ATAD II.[10]	Yes[14]	It will be implemented during the year 2020.	The new hybrid mismatch rules are effective from 1 January 2020.[11]	Finland has implemented anti-hybrid rules according to ATAD

Country (notes code)	France (FR)	Germany (DE)	Greece (GR)	Hungary (HU)	Italy (IT)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
Type of Holding Company	Resident Company	Resident Company	Resident Company	Resident Company	Resident Company
1 Treatment of Dividend Income How is Dividend Income treated for tax purposes – in particular, is the dividend income either (a) exempt from tax under "participation exemption" or (b) taxable with credit for foreign tax credits	95% Participation exemption [1]	95% Participation exemption [1]	a) Except from tax under a participation exemption for EC subsidiaries b) Taxable with credit for foreign tax credits [1]	Participation exemption [1]	Exempt 95% or Fully taxable if coming from CFC countries
2 Minimum Participation for Dividend income Minimum participation holding level (%) required to be satisfied	At least 5% [2]	10% / 15% [2]	10%	None	None
3 Treatment of Capital Gains Income How is Capital Gains Income treated for tax purposes – in particular, is the capital gain either (a) exempt from tax under a "participation exemption" or (b) taxable with credit for foreign tax credits	88% Participation exemption [3]	95% Participation exemption [3]	a) for EU subsidiaries, exempt under a "participation exemption" b) for other cases taxable with credit under general provisions [1]	Participation exemption [2]	Fully taxable unless the conditions for the participation exemption are met [1] Participation exemption 95%

Country (notes code)	France (FR)	Germany (DE)	Greece (GR)	Hungary (HU)	Italy (IT)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
4 Minimum Participation for Capital Gains Minimum participation holding level (%) required to be satisfied	At least 5% [4]	N/A	10%	None [2]	None
5 Minimum "ownership" period requirements What are the minimum "ownership" period Requirements in respect of: (a) Dividend income (b) Capital gains Derived from the participating holding?	2 years [5]	Beginning of the calendar year [4] No	At least 24 months At least 24 months	None 1 year [2]	a) None b) None (fully taxable), or 12+1 months in order to apply participation exemption rules
6 "Active Business" Test on underlying participation Does the underlying subsidiary require to be an active operating company, or can the subsidiary be, itself, a passive holding company?	No [6]	N/A [5]	N/A	Yes. As of 2019 a "genuine transaction test" based on significant people functions has replaced the former substantive economic activity test. See the CFC rules [1]	Yes, in order to apply participation exemption rules (never for real property business)

Country (notes code)	France (FR)	Germany (DE)	Greece (GR)	Hungary (HU)	Italy (IT)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
7 "Subject to tax" Test on underlying participation Does the subsidiary require to be subject to taxation in its jurisdiction of registration? If so, what is the minimum acceptable level of taxation (% rate) in the jurisdiction of the holding company for the purposes of this test?	Yes [7] 17.354%	Yes [6] 25%	N/A	Yes (CFC rules) [1] 4.5%	Yes for applying 95% exemption The minimum acceptable level of taxation is 12%
8 Corporate Rate of Taxation Corporate tax rate in jurisdiction	27,5 %, 26,5%, 15%	15% [7]	24%	9% [3]	Corporate tax: 24% [1] Regional Tax on productivity: 4,65% - 5,72%
9 Withholding Tax – Dividends (Outgoing) (a) Non-Treaty rate on Dividends (b) Treaty – range of withholding taxes	30% [9]/12.8% [9] /75% [9] 0% - 20%	15% / 25% [8] 0% - 15%	5% 0% - 5%	0% [4] 0% [4]	0% - 26% 5% - 15% [2]
10 Withholding Tax - Dividends (Incoming) General range of withholding taxes on dividends in the foreign source jurisdiction in terms of treaty network.	0% - 20%	0% - 15%	0% - 5% or according to the relevant treaty	0% - 20%	0% - 26%

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Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
11 Withholding Tax - Liquidation of Holding Co. Is a withholding tax imposed on the final distribution of assets of the holding company in liquidation?	Yes [10]	Yes [8]	Any amount over paid-in capital, is treated as dividend distribution.	As of January 1, 2020 exit tax has been introduced [4].	Yes
12 Interest Deductions & Thin Capitalisation Rules - Debt: Equity Ratios (a) Interest Deductions Are Interest Expenses incurred on loans (received to finance the acquisition of the foreign participation) deductible against dividend income; capital gains or other income of the holding company?	Yes Subject to conditions [11]	Deductible [9]	Interest expenses on loans to finance the acquisition of foreign participation is not deductible when dividend income is not taxable	Yes, thin capitalisation rules are replaced by the rules on interest deduction limitation as of 2019 as a result of ATAD	Net interest expenses are deductible by 30% of EBITDA
(b) Debt: Equity Ratios Are there restrictions on the level of non-equity capital financing of the holding company in the form of prescribed Debt: Equity ratios? Debt: Equity ratio:	Yes [11]	No [10] but tax EBITDA decisive N/A	Yes, subject to thin capitalisation rules as below. If a loan is granted by a related party interest corresponding to loans exceeding the 30% of EBITDA and in case they do not exceed the amount of € 3,000,000 per year is not deductible Excess loan cost not deductible in 1 year can be carried forward for unlimited period.	Yes, but instead of the former specific Debt: Equity ratio of 3:1, based on the interest deduction rule a maximum of 30% of the EBITDA or HUF 939,810,000 (approx. EUR 3,000,000) may be enforced as recognized cost from the net financing cost	N/A Thin capitalization rules are not applicable in Italy

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Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
13 Controlled Foreign Corporation ("CFC") & "anti-abuse" regulations (a) CFC Regulations Are CFC regulations applied? Are the regulations applied only to a prescribed "blacklist" of jurisdictions or with reference to the effective rate of tax imposed in the overseas jurisdiction? b) Other "anti-abuse" regulations Are "anti-abuse" provisions applied in regard to the EU Parent-Subsidiary Directive (90 / 435 / EEC)?	Yes [12] Effective rate of tax Yes [13]	Yes Effective Rate [11] Yes [12]	CFC rules provide the inclusion in the taxable income of the Greek taxpayer (individual or legal entity) of "passive" income "resting" undistributed in other jurisdictions, provided certain conditions are cumulatively met [3] Yes [4]	Abolition of the automatic exemption from CFC qualification of companies if any of its related parties are listed on a recognised stock exchange. A foreign company will not be considered as a CFC if all of its income is generated from genuine arrangements or a series of genuine arrangements (this fact must be verified by the company itself). Furthermore, under a certain level of profit, the entity may avoid qualifying as a CFC.[1]	Yes CFC rules are applied to jurisdictions: - that are subject to effective taxation lower than half of what they would have been subject to if resident in Italy (hence 12%); and - that over one third of the incomes generated is represented by passive income. Yes
14 Binding Advance Tax Rulings (pre-transaction) Are Advance Tax Rulings available pre-transaction? Are these rulings granted only in respect of specific situations?	Yes No	Yes [13] No [14]	An Advanced Pricing Agreement (APA) is available which will enable companies to obtain advance approval of their transfer pricing practices for future transactions. The APA will cover any relevant criteria used for the determination of the intra-group pricing	Yes [6] No, applicable to all transactions	No Yes [3]

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Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
15 Other taxes (a) Capital Duty (b) Transfer Tax on shares (c) Annual Net Worth / Patrimonial Tax (d) Trade Tax	No in most cases proportional taxation: 0,1% to 5% [14] No [14] Yes [14]	0% 0% 0% 12% - 17%	a) 1% b) the goodwill is treated as normal income/0.2% on the sale value for listed companies c) No/Annual Real Estate Tax d) Yes/Yearly small lump sum amount	Flat rate [7] 0%/4%/2% (Shares) [10] 0% [10] 0% - 2% [8]	No € 200 (Registration tax) No No Tobin tax
16 Double Tax Treaty Network (a) Number of treaties in operation	More than 120	97	57 [5]	Approx. 80	97
(b) Is the holding company type excluded from any of the treaties?	No	No	No	No	No
(c) Do any of the treaties include “anti-treaty shopping” provisions and/or detailed “beneficial ownership” tests?	Yes	Yes [15]	No	Yes [9]	Domestic law
17 Substance requirements What kind of substance requirements are in place for holding companies?	Yes decision taken in France or any member state of EU or EEA that has a tax treaty with France [15]	EC jurisdiction applied	N/A	No (As of 2019 a “genuine transaction test” is relevant when deciding if the subsidiary qualifies as a CFC) [1]	Formal requirements and facts and circumstances of the real activity done in the country

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Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
18 Base Erosion Profit Shifting/ATAD What kind of tests have been introduced as a result of BEPS, other than the already mentioned?	Adjustment of the favourable tax regime applicable to patent-related income (nexus approach) Implementation of the general anti-abuse provision from the EU ATAD (see hereafter)	No dividend exemption if distribution is tax deductible for distributing subsidiary. Introduction of additional "Linking rules" in discussion	The Greek Tax Administration Procedures Code allows the Greek Tax Authorities to ignore or override "any artificial arrangement or series of artificial arrangements which lead to tax avoidance and tax privileges" / New Hybrid Mismatch rules have been introduced	Anti-hybrid provision [11] In 2017 Hungary signed the Multilateral Convention to implement Tax Treaty Related Measures to prevent BEPS	Implementation of Directives ATAD1 and ATAD2
19 Diverted Profits Tax (DPT) What kind of legislation is in place to target taxable profits that have been diverted overseas from the home country?	Profits transferred to dependent companies located outside France by way of an increase or decrease in purchase or sale prices are reintegrated into the income statement.	Restriction on deductibility of royalty payments to countries with preferential tax regimes (e.g. patent box, IP box)	Changes in CFCs definition, restriction of right to carry forward losses for aggressive restructuring, general anti-avoidance concepts, non-deductibility of expenses from low tax or "privileged: regime jurisdictions, i.e. jurisdictions with effective tax rate below 60% of Greek CIT rate	There is not any similar legal institution in Hungary	D.Lgs 142/2018 art. from 1 to 5, and art. 12 1 – interest deduction (art.96 TUIR) 2 – Exit Tax (art.166 TUIR); 3 - Entry Tax (art.166-bis TUIR); 4 – CFC (art.167 TUIR); 5 – Dividends and capital gain; 12 – definition of financial intermediary

Country (notes code)	France (FR)	Germany (DE)	Greece (GR)	Hungary (HU)	Italy (IT)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
20 DAC 6 How about any mandatory disclosure of reportable cross border arrangements?	Final legislation adopted on 22 October 2019 and aligned with DAC 6	Transferred by German law of 21.12.2019 for cross border arrangements as of 24.7.2018	Not specified yet	The Hungarian scheme is a two-step process, the aim of the first step is to determine whether the main goal of the structure is to gain tax advantage. The second step is to determine whether the cross-border nature is met. Additional rules should be applied to the transfer pricing cross-border structures [12]	Italy implemented DAC6 discipline with D.Lgs 100 of 11/08/2020 in which all operations relevant for DAC6 put in place from 28 June 2018 are subject to be reported to the Italian Tax Authorities.
21 Anti-Hybrid rules Which rules have been introduced to tackle aggressive tax planning and neutralise the effects of hybrid mismatch arrangements?	ATAD 1 and 2 have been implemented. The new provisions are applicable to asymmetries arising between associated enterprises established in a Member State of the European Union or a non-EU country[16].	No dividend exemption if deductability in foreign country. ATAD II transfer in discussion[1], [2]	Guidelines issued with examples for hybrid mismatch arrangements, general anti-avoidance rules	ATAD and DAC-6	D.Lgs 142/2018 art. from 6 to 11; 6 – definitions 7 – Jurisdictions 8 – Hybrid mismatches 9 – Mismatches from reverse hybrids 10 – Tax residency mismatches 11 – Control provisions

Country (notes code)	Luxemburg (LUX)	Netherlands (NL)	Poland (PL)	Portugal (PO)	Romania (RO)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
Type of Holding Company	Resident Company	Resident Company	Resident Company	Resident Company	Resident Company
1 Treatment of Dividend Income How is Dividend Income treated for tax purposes – in particular, is the dividend income either (a) exempt from tax under a "participation exemption" or (b) taxable with credit for foreign tax credits	Participation exemption	Participation exemption[1]	Participation exemption based on so-called "Parent-Subsidiary Directive" still applicable[1] . However, the formal conditions in order to apply of exemptions have been changed due to the new provision 2019 (suspended till 1st July 2020 with possibility of its longer suspension). As a rule, a tax should be withheld (if formal requirements are not fulfilled at the moment of dividend payment) with possibility to apply for its refund to tax authorities.	Participation exemption	Both methods [1]
2 Minimum Participation for Dividend income Minimum participation holding level (%) required to be satisfied	At least 10% or € 1,200,000 [1]	At least 5%	10% for EU based companies, 25% for Swiss based	10%	10% [1]

Country (notes code)	Luxemburg (LUX)	Netherlands (NL)	Poland (PL)	Portugal (PO)	Romania (RO)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
3 Treatment of Capital Gains Income How is Capital Gains Income treated for tax purposes – in particular, is the capital gain either (a) exempt from tax under a "participation exemption" or (b) taxable with credit for foreign tax credits	Participation exemption	Participation exemption	Capital gains[2] subject to flat 19% CIT rate, tax credit applicable. As from 2018 capital gains are not cumulated with other incomes[3]	Participation exemption; Not applicable if the subsidiary holds real state located in PT in more than 50% its total assets	Exempt [2] Taxable [2]
4 Minimum Participation for Capital Gains Minimum participation holding level (%) required to be satisfied	At least 10% or € 6,000,000 [1]	At least 5%	Not applicable	10%	10% [2]
5 Minimum "ownership" period requirements What are the minimum "ownership" period requirements in respect of: (a) Dividend income (b) Capital gains Derived from the participating holding?	1 year 1 year	None None	2 years for dividend income Not applicable for capital gains	1 year 1 year	1 year for dividends [1] 1 year for capital gains [2]
6 "Active Business" Test on underlying participation Does the underlying subsidiary require to be an active operating company, or can the subsidiary be, itself, a passive holding company?	No active Can be passive	Yes [2]	Yes [4]	N/A	There is no need for the underlying subsidiary to be an active operating company.

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7 "Subject to tax" Test on underlying participation Does the subsidiary require to be subject to taxation in its jurisdiction of registration? If so, what is the minimum acceptable level of taxation (% rate) in the jurisdiction of the holding company for the purposes of this test?	No - if EU subsidiary Yes - if non-EU subsidiary Between 7,5% and 8,5% [2]	Yes [3] 10% [3]	Yes 9.5% or 4.5% [5]	Yes 12.6% (60% x 21% PT CIT); Not applicable if subject to one of the taxes listed in the Directive 2011/96/UE	Yes, the subsidiary must be subject to Corporate Income Tax in its jurisdiction of registration. There is no minimum level of taxation required.
8 Corporate Rate of Taxation Corporate tax rate in jurisdiction	Corporate tax: 15% [3] if taxable result is less then € 175.000 or 17% Municipal tax: city Luxemburg: 6.75% other cities: 3% - 10.5%	15-25% [4]	19% or 9% [6]	21%; small companies benefit from a reduced rate of 17% for the first € 25,000 of taxable income	16% Corporate Income Tax 1 % or 3% microenterprise tax
9 Withholding Tax - Dividend (Outgoing) (a) Non-Treaty rate on Dividends (b) Treaty – range of withholding taxes	15% 0% - 15%	15% 0% - 15%	19% 0% - 15%	25%; 35% if paid to residents in blacklisted territories 5% to 15%	0% - 5% [3] 0% - 5% [4]

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Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
10 Withholding Tax - Dividends (Incoming) General range of withholding taxes on dividends in the foreign source jurisdiction in terms of treaty network	0% - 15%	0% - 15%	19%	5% to 15%	0% - 15% [4]
11 Withholding Tax - Liquidation of Holding Co. Is a withholding tax imposed on the final distribution of assets of the holding company in liquidation?	No	Yes [5]	Yes [7]	No; Income obtained (other than repayment of share capital contributions) is deemed as capital gains and may benefit from participation exemption	Yes [5]

Country (notes code)	Luxemburg (LUX)	Netherlands (NL)	Poland (PL)	Portugal (PO)	Romania (RO)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
12 Interest Deductions & Thin Capitalisation Rules - Debt: Equity Ratios (a) Interest Deductions Are Interest Expenses incurred on loans (received to finance the acquisition of the foreign participation) deductible against dividend income: capital gains or other income of the holding company?	Yes [4]	Yes [6]	Tax recognition of such interest should be analysed case-by-case [8]	Yes but limited to € 1,000,000 or 30% of EBITDA, if higher. Excess may be deductible in the following 5-year-period; TP rules are also applicable	Yes[8]
(b) Debt: Equity Ratios Are there restrictions on the level of non- equity capital financing of the holding company in the form of prescribed Debt: Equity ratios?	Yes or transfer pricing study	Yes [6]	No [9]	No	No[8]
Debt: Equity ratio:	85 : 15 [5]	70 : 30 [6]		N/A	
13 Controlled Foreign Corporation ("CFC") & "anti-abuse" regulations (a) CFC Regulations Are CFC regulations applied?	Yes	Yes [7]	Yes [10]	Yes; some "anti-abuse" rules may also refer to effective tax rate, as well as consider the level of participation and type of activity of subsidiary	Yes [6]
Are the regulations applied only to a prescribed "blacklist" of jurisdictions or with reference to the effective rate of tax imposed in the overseas jurisdiction?	Yes With reference to the rate of tax imposed in the overseas jurisdiction	Yes [7]	Effective tax paid		No "blacklist" No reference to effective rate of tax

Nexia International

Country (notes code)	Luxemburg (LUX)	Netherlands (NL)	Poland (PL)	Portugal (PO)	Romania (RO)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
(b) Other "anti-abuse" regulations Are "anti-abuse" provisions applied in regard to the EU Parent-Subsidiary Directive (90 / 435 / EEC)?	Yes [6]	Yes	Yes	As a rule, not applicable to an EU/EEA subsidiary, provided it was incorporated on valid commercial reasons and carries out actual business activity	General anti-abuse rule [7] Interest deductibility rules [8] Exit taxation [9]
14 Binding Advance Tax Rulings (pre- transaction) Are Advance Tax Rulings available pre- transaction? Are these rulings granted only in respect of specific situations?	Yes Yes	Yes [8] Yes [8]	Yes [11] Yes	Yes, for APA (TP rules) and contractual benefits for investment projects. Taxpayers may also request binding information to the Tax Authorities, allowing to know in advance the official position and interpretation for a specific situation Yes	Yes No, the Tax Rulings are granted for every situation occurred for future dealings and situations
15 Other taxes (a) Capital Duty (b)Transfer Tax on shares I Annual Net Worth / Patrimonial Tax (d) Trade Tax	0% 0% 0.5% [7] 0%	N/A 0% / 2% / 6% [9] 0% 0%	(a) – (c) applicable, no specific trade tax[12]	N/A N/A N/A N/A See further the notes [1]	No No No No

Country (notes code)	Luxemburg (LUX)	Netherlands (NL)	Poland (PL)	Portugal (PO)	Romania (RO)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
16 Double Tax Treaty Network a. Number of treaties in operation	90	145	89 (please note that the MLI has impact on some treaties starting 2019)	78	Approx.87
b. IIs the holding company type excluded from any of the treaties?	No	No	No	No	No
c. Do any of the treaties include “anti-treaty shopping” provisions and/or detailed “beneficial ownership” tests?	Yes	Yes, some [10]	Yes [13]	Yes	No [10]
17 Substance requirements What kind of substance requirements are in place for holding companies?	Minimum substance requirements	Explicit substance requirements to economic nexus [11]	Running real business activity: (i) presence of an enterprise (office), (ii) commensurate relation between scope of activity and assets held, (iii) economic justification for agreements concluded[14]	No specific rules See further explanation in note [2]	N/A [11]

Country (notes code)	Luxemburg (LUX)	Netherlands (NL)	Poland (PL)	Portugal (PO)	Romania (RO)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
18 Base Erosion Profit Shifting What kind of tests have been introduced as a result of BEPS, other than the already mentioned?	Country-by-Country Reporting's, transfer pricing rules for intragroup financing transactions, exit taxation rules	In case of multinational operation special TP-documentation is required GroupWise if the group turnover exceeds € 750,000,000 (CBC)	Rules limiting deductibility of expenses for related-party intangible services and fees for using intangibles were introduced and scope of the CFC regulations changed [15]	Vat on B2C digital services Reduced taxation of intellectual property is limited to the income derived only from the taxpayers' own R&D activities (in line with the "modified nexus approach") Disclosure of aggressive tax planning CbC reporting	Transfer pricing compliance Obligation/CbC Reporting[12]
19 Diverted Profits Tax (DPT) What kind of legislation is in place to target taxable profits that have been diverted overseas from the home country?	No legislation	None	In 2019 provisions on the tax on income from unrealized gains, the so-called 'exit tax', have been introduced [16].	N/A	Effective place of management legislation[13]

Country (notes code)	Luxemburg (LUX)	Netherlands (NL)	Poland (PL)	Portugal (PO)	Romania (RO)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
20 DAC 6 How about any mandatory disclosure of reportable cross border arrangements?	Law adopted on March 25th, 2020 and entered into force on July 21st, 2020	DAC[12]	New regulations about mandatory disclosure rules are in force starting from 2019 [17].	DAC 6 was transposed into the PT legislation.	On 1 July 2020, Government Emergency Ordinance no. 107/2020 providing for postponement of deadlines in respect to DAC 6 entered into force in Romania and was published in the Official Gazette[14]
21 Anti-Hybrid rules Which rules have been introduced to tackle aggressive tax planning and neutralise the effects of hybrid mismatch arrangements?	ATAD2	ATAD2[13]	The anti-hybrid rules entered into force on January 1st, 2021[18].	Anti-Hybrid apply in line with the Anti-Tax Avoidance Directive (ATAD).	Yes[15]

Country (notes code)	Slovak Republic (SK)	Slovenia (SL)	Spain (SP)	Switzerland (SW)	U.K. (GB)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
Type of Holding Company	Resident Company	Resident Company	Resident Company	Resident Company	Resident Company
1 Treatment of Dividend Income How is Dividend Income treated for tax purposes – in particular, is the dividend income either (a) exempt from tax under a "participation exemption" or (b) taxable with credit for foreign tax credits	Dividends from profits after 1 January 2004 are 100 % not subject to tax. Other dividends from before are not subject to tax only if they fall under the general EU rules. Dividends from profits generated after 1 January 2017 are subject to tax if distributed from or to non-treaty state. See further the notes [1]	Participation Exemption or foreign tax credit [1]	Participation Exemption[1]	Yes [1] No	Exempt if the recipient company is small enterprise and the payer is resident in a treaty jurisdiction. If not small, exempt if the distribution falls into an exempt class [1] Can also elect to waive exemption. Otherwise, taxable with credit for overseas tax [2]
2 Minimum Participation for Dividend income Minimum participation holding level (%) required to be satisfied	Cfr general EU rules: 25 %	No	At least 5%[2]	At least 10% or CHF 1,000,000	None (although some of the exempt classes detailed in GB1 have participation requirements)

Country (notes code)	Slovak Republic (SK)	Slovenia (SL)	Spain (SP)	Switzerland (SW)	U.K. (GB)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
3 Treatment of Capital Gains Income How is Capital Gains Income treated for tax purposes – in particular, is the capital gain either (a) exempt from tax under a "participation exemption" or (b) taxable with credit for foreign tax credits	Fully taxed at normal income tax of 21 % or 15 %. See further the notes [2,3]	Exempt from taxation at 50% of capital gains under certain conditions [2]	Participation Exemption[3]	Yes [2] No	a) Participation exemption for gains on disposal of shares in trading companies b) If exemption not available, taxable with credit [3]
4 Minimum Participation for Capital Gains Minimum participation holding level (%) required to be satisfied	25 %	8% [2]	At least 5%[4]	10% and holding period at least 1 year	10% minimum shareholding requirement for participation exemption
5 Minimum "ownership" period requirements What are the minimum "ownership" period Requirements in respect of: (a) Dividend income (b) Capital gains Derived from the participating holding?	N/A 24 calendar months at time of payment	None Minimum 6 month holding period	1 year 1 year	None 1 year	No minimum ownership requirement for dividend 12 month minimum ownership requirement for capital gains exemption

Nexia International

Country (notes code)	Slovak Republic (SK)	Slovenia (SL)	Spain (SP)	Switzerland (SW)	U.K. (GB)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
6 “Active Business” Test on underlying participation Does the underlying subsidiary require to be an active operating company, or can the subsidiary be, itself, a passive holding company?	No further requirements	Subsidiary itself may be a passive holding company	Yes [3]	No [3] Yes [3]	Yes, if qualifying for capital gains exemption [3] No “active business” test on dividend exemption classes
7 “Subject to tax” Test on underlying participation Does the subsidiary require to be subject to taxation in its jurisdiction of registration? If so, what is the minimum acceptable level of taxation (% rate) in the jurisdiction of the holding company for the purposes of this test?	No further requirements	Yes 12.5%	Yes [4] 10%	No [4]	No “subject to tax” test for either dividend or capital gains exemption [4, 5]
8 Corporate Rate of Taxation Corporate tax rate in jurisdiction	21 % or 15 % See further the notes [3]	19%	25% [5]	Federal: 8.5% income tax rate Cantonal & communal: 0% - 21,5% income tax rate 0.0‰ - 0.5‰ capital tax rate [5]	19% [6]

Country (notes code)	Slovak Republic (SK)	Slovenia (SL)	Spain (SP)	Switzerland (SW)	U.K. (GB)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
9 Withholding Tax - Dividend (Outgoing) (a) Non-Treaty rate on Dividends (b) Treaty – range of withholding taxes	35 % 0 % - 19 % See further the notes [1]	15% 0%-15%	0% - 19% [6] 0% - 15%	35% 0% - 20% [6]	0% [7] N/A
10 Withholding Tax - Dividends (Incoming) General range of withholding taxes on dividends in the foreign source jurisdiction in terms of treaty network	0 % - 15 %	0%-15%	0% - 15%	0% - 20% [7]	Typically 0% - 15%
11 Withholding Tax - Liquidation of Holding Co. Is a withholding tax imposed on the final distribution of assets of the holding company in liquidation?	No, in general. WHT is imposed only on distribution of assets to non-treaty states. Exit tax was introduced in Slovakia with effect from 1 January 2018. See further the notes [4]	Yes/15% [3]	No	Yes [8]	No [7]

Country (notes code)	Slovak Republic (SK)	Slovenia (SL)	Spain (SP)	Switzerland (SW)	U.K. (GB)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
12 Interest Deductions & Thin Capitalisation Rules - Debt: Equity Ratios (a) Interest Deductions Are Interest Expenses incurred on loans (Received to finance the acquisition of the foreign participation) deductible against dividend income: capital gains or other income of the holding company?	In general, costs of credits and loans provided by related party will be tax-deductible up to 25 % of EBITDA (earnings before interest, taxes, depreciation and amortization). But the whole deductible amount of such costs arising from controlled transactions between related party shall be in compliance with arm's length principle. See further the notes [5, 6]	Yes [4]	Sometimes	Yes	Corporate Interest Restriction (CIR) Rules apply from 1 April 2017: In brief, these rules look to restrict UK interest deductions for a group's net interest expense (above a £2m de minimis) to the lower of: • 30% of the UK tax EBITDA; and • A measure of the worldwide group's net external finance expense. A "group ratio" election available [8]

Country (notes code)	Slovak Republic (SK)	Slovenia (SL)	Spain (SP)	Switzerland (SW)	U.K. (GB)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
(b) Debt: Equity Ratios Are there restrictions on the level of non-equity capital financing of the holding company in the form of prescribed Debt: Equity ratios?	See further the notes [5, 6]	Yes [4]	See additional measure	Yes [9]	Yes, based on transfer pricing rules, advance thin capitalisation agreements are available. Further, the debt cap rules add a layer of further restrictions.
Debt: Equity ratio:		4:1		Yes [9]	No safe harbour debt: equity ratio
13 Controlled Foreign Corporation ("CFC") & "anti-abuse" regulations (a) CFC Regulations Are CFC regulations applied?	Yes See further the notes [7]	Yes	Yes	No	Yes [9]
Are the regulations applied only to a prescribed "blacklist" of jurisdictions or with reference to the effective rate of tax imposed in the overseas jurisdiction?		No	Both		The CFC rules only apply if the profits fall within the Gateway provisions and none of the exemptions apply

Country (notes code)	Slovak Republic (SK)	Slovenia (SL)	Spain (SP)	Switzerland (SW)	U.K. (GB)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
(b) Other "anti-abuse" regulations Are "anti-abuse" provisions applied in regard to the EU Parent-Subsidiary Directive (90 / 435 / EEC)?	See further the notes [7]	Yes[5]	Yes	Yes [10]	No
14 Binding Advance Tax Rulings (pre-transaction) Are Advance Tax Rulings available pre-transaction? Are these rulings granted only in respect of specific situations?	According to the Act on administration of taxes and fees taxable entity may request Slovak financial directorate in writing for binding regulation on application of tax regulations. See further the notes [8, 9, 10]	Yes Yes	Yes Yes	Yes Yes	Non statutory clearances can be obtained where there is uncertainty about the application of the legislation. Statutory clearances are available for reorganisations [10] Advance Pricing Agreements and Advance Thin Capitalisation Agreements are also available
15 Other taxes (a) Capital Duty (b) Transfer Tax on shares (c) Annual Net Worth / Patrimonial Tax (d) Trade Tax	N/A; but we have other taxes, i.e. Insurance Premium Tax, Special tax on retail chain [11]	No No Yes [6] No	0% Progressive 0% 0%	1% [11] 1.5‰ [12] / 3‰ [12] 0% [13] 0%	0% 0.5% [11,12] 0% 0%

Country (notes code)	Slovak Republic (SK)	Slovenia (SL)	Spain (SP)	Switzerland (SW)	U.K. (GB)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
16 Double Tax Treaty Network					
(a) Number of treaties in operation	69	59	97 [5]	119	Currently 150.
(b) Is the holding company type excluded from any of the treaties?	We are not aware of such exclusion.	No	No expressly even though it may be affected by some LOB clause	No	Additionally, multilateral agreement has been signed in order to implement tax treaty related measures to prevent base erosion and profit shifting[13]
(c) Do any of the treaties include "anti-treaty shopping" provisions and/or detailed "beneficial ownership" tests?	Most of the treaties include beneficial ownership tests for dividends, interests and royalties.	Yes [7]	Yes	Yes	
17 Substance requirements What kind of substance requirements are in place for holding companies	Registered seat of company or place of effective management.	Majority participation in the capital of another company. Engagement in the establishment, financing and management of such companies. [8]	See the notes	None	None, but mention of substance in DPT (see point 19 below) legislation[14]
18 Base Erosion Profit Shifting What kind of tests have been introduced as a result of BEPS, other than the already mentioned?	Transfer pricing regulations, as of 1.1.2015 also for local transactions. Arrangements for hybrid mismatches. [12]	Exit taxation[9], ATAD and ATAD II	None	None at the moment	Anti-hybrid rules apply with effect from 1 January 2017

Country (notes code)	Slovak Republic (SK)	Slovenia (SL)	Spain (SP)	Switzerland (SW)	U.K. (GB)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21	Jan-21	Jan-21
19 Diverted Profits Tax (DPT) What kind of legislation is in place to target taxable profits that have been diverted overseas from the home country?	No specific legislation other than Income Tax Act. Standard income tax is applicable	Transfer pricing rules, Controlled Foreign Company rules	See the notes	None explicit [15]	Applies from 1 April 2015 to deter the diversion of profits either where a permanent establishment is not created or where arrangements lacking economic substance are used to reduce the tax base [15]
20 DAC 6 How about any mandatory disclosure of reportable cross border arrangements?	DAC 6 - implemented in the Slovak Act on International Assistance and Cooperation in Tax Administration. See further the notes [13]	DAC 6 Directive is implemented [10]	See the notes [6]	None at the moment [16]	UK will no longer be applying DAC 6 in its entirety, only arrangements that would have fallen with Category D of DAC6 will now be reportable, in line with the OECD's mandatory disclosure rules.
21 Anti-Hybrid rules Which rules have been introduced to tackle aggressive tax planning and neutralise the effects of hybrid mismatch arrangements?	As of January 1, 2020, the ATAD and ATAD II as implemented into the Income Tax Act became effective in the part dealing with the prevention of tax avoidance with respect to hybrid mismatches. See further the notes [12]	Rules on hybrid entity and hybrid financial instrument mismatches between member states as well as with 3rd countries have been implemented in 2019 (ATAD and ATAD 2).	See the notes	None at the moment [10]	UK rules introduced from 1 January 2017 go beyond the ATAD requirements. The rules seek to eliminate tax arbitrage by eliminating double deductions or deductions with no corresponding taxation of income for the payee[16]

Country (notes code)	Hong Kong (HK)	Singapore (SG)	South Africa (ZA)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21
Type of Holding Company	Resident Company	Resident Company [1]	Resident Company
1 Treatment of Dividend Income How is Dividend Income treated for tax purposes – in particular, is the dividend income either (a) exempt from tax under a "participation exemption" or (b) taxable with credit for foreign tax credits	Exempt from tax	a) Local-sourced dividend is not taxable b) Foreign-sourced dividend income received in Singapore is not taxable under certain circumstances [2]	Dividends from South African resident companies to other South African resident companies are exempt from normal income tax in terms of section 10(1)(k), and exempt from dividends tax Dividends from foreign companies are partially exempt from tax in terms of section 10B
2 Minimum Participation for Dividend income Minimum participation holding level (%) required to be satisfied	No such regulation	N/A	10%

Country (notes code)	Hong Kong (HK)	Singapore (SG)	South Africa (ZA)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21
3 Treatment of Capital Gains Income How is Capital Gains Income treated for tax purposes – in particular, is the capital gain either (a) exempt from tax under a "participation exemption" or (b) taxable with credit for foreign tax credits	Exempt from tax	Per note [3]	80% of a Capital Gain is included in the taxable income of a company. Foreign capital gain is taxable with credit for foreign tax subject to DTA
4 Minimum Participation for Capital Gains Minimum participation holding level (%) required to be satisfied	No such requirements	N/A (however see also item 3 above)	N/A

Country (notes code)	Hong Kong (HK)	Singapore (SG)	South Africa (ZA)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21
5 Minimum "ownership" period requirements What are the minimum "ownership" period requirements in respect of: (a) Dividend income (b) Capital gains derived from the participating holding?	No such requirements	N/A N/A (however, see also item 3 above)	None Shares 18 months, other assets none
6 "Active Business" Test on underlying participation Does the underlying subsidiary require to be an active operating company, or can the subsidiary be, itself, a passive holding company?	No such requirements	Can be passive	Active or passive income

Country (notes code)	Hong Kong (HK)	Singapore (SG)	South Africa (ZA)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21
7 "Subject to tax" Test on underlying participation Does the subsidiary require to be subject to taxation in its jurisdiction of registration? If so, what is the minimum acceptable level of taxation (% rate) in the jurisdiction of the holding company for the purposes of this test?	No such requirements	See the notes [4]	Yes 28%
8 Corporate Rate of Taxation Corporate tax rate in jurisdiction	8.25% for first HK$ 2 million. Profits above that at 16.5% (restricted only one enterprise nominated among connected entities)	See the notes [5]	28%
9 Withholding Tax - Dividend (Outgoing) (a) Non-Treaty rate on Dividends (b) Treaty – range of withholding taxes	 Zero Zero	 NIL N/A	 20% Schedule enclosed [1]

Country (notes code)	Hong Kong (HK)	Singapore (SG)	South Africa (ZA)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21
10 Withholding Tax - Dividends (Incoming) General range of withholding taxes on dividends in the foreign source jurisdiction in terms of treaty network	0% - 10%	0% - 15%	Dividends from foreign companies can be partially exempt from tax in terms of section 10B in certain circumstances
11 Withholding Tax - Liquidation of Holding Co. Is a withholding tax imposed on the final distribution of assets of the holding company in liquidation?	None	No	Liquidation dividends from South African resident companies to other South African resident companies are exempt from dividends withholding tax

Country (notes code)	Hong Kong (HK)	Singapore (SG)	South Africa (ZA)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21
12 Interest Deductions & Thin Capitalisation Rules - Debt: Equity Ratios (a) Interest Deductions Are Interest Expenses incurred on loans (received to finance the acquisition of the foreign participation) deductible against dividend income; capital gains or other income of the holding company? (b) Debt: Equity Ratios Are there restrictions on the level of non- equity capital financing of the holding company in the form of prescribed Debt: Equity ratios? Debt: Equity ratio:	No. Interest is used to finance capital investment. Income from capital investment not taxable No restrictions N/A	Such interest expenses are generally deductible against dividend income as well as against any taxable gains from the disposal of investment(s) to the extent that the loan was used to fund the acquisition of the investment(s) No	No No. The transaction has to be at arm's length. A local financial institution should be willing to lend the company money on the same basis
13 Controlled Foreign Corporation ("CFC") & "anti-abuse" regulations (a) CFC Regulations Are CFC regulations applied? Are the regulations applied only to a prescribed "blacklist" of jurisdictions or with reference to the effective rate of tax imposed in the overseas jurisdiction? (b) Other "anti-abuse" regulations Are "anti-abuse" provisions applied in regard to the EU Parent-Subsidiary Directive (90 / 435 / EEC)?	No such regulations	No General anti-avoidance rules and arm's length requirement for related party transactions	Yes Effective rate of tax imposed N/A

Country (notes code)	Hong Kong (HK)	Singapore (SG)	South Africa (ZA)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21
14 Binding Advance Tax Rulings (pre-transaction) Are Advance Tax Rulings available pre-transaction? Are these rulings granted only in respect of specific situations?	 Yes Yes	 Yes Yes	 Yes Yes
15 Other taxes (a) Capital Duty (b) Transfer Tax on shares (c) Annual Net Worth / Patrimonial Tax (d) Trade Tax	a) None b) 0.2% of the amount of the consideration or of financial statement value on every bought and sold note c) None d) None	a) N/A b) 0.2% c) N/A d) see notes [6]	a) Transfer duty on immovable property. Between 0% - 13% depending on the property value. b) .25% to the consideration c) -- d) Value Added Tax – 15%
16 Double Tax Treaty Network (a) Number of treaties in operation (b) Is the holding company type excluded from any of the treaties? (c) Do any of the treaties include “anti-treaty shopping” provisions and/or detailed “beneficial ownership” tests?	a) 34 b) Generally no c) Yes	a) 88 (comprehensive), 8 (limited) & 7 (signed, but not ratified) b) Generally no c) Yes	a) 101 b) No c) Yes

Country (notes code)	Hong Kong (HK)	Singapore (SG)	South Africa (ZA)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21
17 Substance requirements What kind of substance requirements are in place for holding companies?	None	Please refer to type of holding company as mentioned above	None Consider place of effective management
18 Base Erosion Profit Shifting What kind of tests have been introduced as a result of BEPS, other than the already mentioned?	None	See the notes [7]	CbC reporting See note [2]
19 Diverted Profits Tax (DPT) What kind of legislation is in place to target taxable profits that have been diverted overseas from the home country?	Inland Revues Ordinance containing provisions on the prices charged in transactions between associated persons.	N/A	Withholding tax on interest-section 50A to 50H – withholding tax of 15% unless a DTA applies. Withholding tax on royalties – section 49A to 49H-withholding tax of 15% unless a DTA applies.

Country (notes code)	Hong Kong (HK)	Singapore (SG)	South Africa (ZA)
Relevant criteria / Date last update	Jan-21	Jan-21	Jan-21
20 DAC 6 How about any mandatory disclosure of reportable cross border arrangements?	Master file and local file have to be prepared for entities which meet any two or more of the thresholds: -revenue > HK$400million; -assets > HK$$300 million; -employee >100	See notes [7]	CbC reporting as part of the corporate income tax return
21 Anti-Hybrid rules Which rules have been introduced to tackle aggressive tax planning and neutralise the effects of hybrid mismatch arrangements?	General anti-avoidance provisions in the Inland Revues Ordinance	See notes [7]	Section 8FA-limitation of interest deduction and the receipt of a dividend *in specie* on which dividend tax is payable

B	BELGIUM (B)
B1	In Belgium, provided the conditions for the participating holding are satisfied, 100% of the dividend income will be tax exempt.
B2	Subsidiaries located in an EU Member State are generally considered to be subject in principle to a tax regime similar to the Belgian CIT. For subsidiaries located in a non-EU Member State, a nominal or effective tax rate of at least 15% is required. A list of countries with unusual tax rates exists.
B3	As from tax year 2021, the standard rate of Belgian Corporate Income Tax is decreased to 25%. SME's can benefit from a reduced rate equal to 20% on the first bracket of € 100,000 of net taxable income. This SME tax rate will only apply if a minimum salary of at least 45,000 EUR is paid to a director (individual) of the company. Capital gains on share are exempt when all the conditions are met; taxed at 25% if the participation, holding period and/or the taxation condition is not met. For SME's the rate is 20%. As from January 1, 2006 a notional interest deduction (NID) regime (deemed interest, cost of capital) applies; as a result thereof the effective tax rate can be less than the rates mentioned above. Notional interest rates for tax year 2021: 0% or 0,408% for small and middle-sized companies. The NID will be calculated based on the incremental equity (over a period of five years). Current rules related to the equity formation and exclusions, as well as the stock of carry forward NID remain applicable.
B4	15% for SME's if certain conditions are met (only for dividends remunerating new capital paid-in cash as from July 1, 2013). This is not available upon liquidation. All SME's are allowed to allocate part or total of their yearly "profit after taxes" to a "liquidation reserve". This reserve needs to be recorded on a separate equity account and will be (immediately) subject to a separate 10% tax. No additional taxation (withholding or personal tax) will be due provided the "liquidation reserve" is maintained until liquidation and hence distributed as a liquidation bonus. If the "liquidation reserve" is distributed as a dividend during the first 5 years, a withholding tax will be due (20% for liquidation reserves built up as from January 1, 2017). If the "liquidation reserve" is distributed as a dividend after 5 years and before liquidation, a 5% withholding tax will be due. The FIFO method will apply for any withdrawal from the "liquidation reserve".
B5	Interest expenses will be deductible provided the interest rate does not exceed the usual market rates. As from tax year 2020, an additional condition for group companies will put in place for certain loans: Net interest expenses will be deductible to the highest of the following thresholds: 30% of EBITDA or 3 million EUR (ATAD)..
B6	Debt: Equity ratio of 5: 1 applies in respect of loans from individual directors, shareholders and non-resident corporate directors. Equity ratio of 5 : 1 applies when interest is paid to companies exempt from taxation or taxed at a low rate and in case the ATAD regime is not applicable.

B7	As from tax year 2020 profits of a controlled foreign company are taxable with the Belgian parent company, if these profits arise from artificial constructions whose essential purpose is to obtain tax benefits. This rule is only applicable if the parent company holds (in)directly a participation of more than 50% in the CFC and the CFC is subject to a tax rate below 12,5%. In addition, Belgium also has a black list of "tax havens" and, as a consequence of which, the 100% dividend deduction rule will not apply to dividends received from investment of financing companies with a special tax regime; dividends relating to offshore activities subject to special tax regimes; dividends from foreign branches subject to special tax regimes; dividends received from "screen" companies. In such case, the dividends received will be subject to Belgian Corporate Income Tax at the ordinary tax rate and no tax credit is available for foreign withholding tax.
B8	Tax rulings are available. No Rulings will be issued in respect of questions involving "tax haven" countries; special tax privileges; purely theoretical situations.
B9	Abnormal or benevolent advantages granted by an Belgian company to a non-resident related company or to companies situated in a tax haven must be added to the taxable base. Interest, royalties and fees paid to non-resident holding company or any other recipient in a tax haven may be disallowed as deductible expense unless taxpayer proves that the transaction is real and genuine and that the payments are not excessive. Transfer of certain assets (bonds, claims, money,..) to a holding company or any other person in a tax haven may be disregarded by the tax authorities, except if the taxpayer shows that the transaction corresponds to legitimate business needs or that he received an actual consideration producing an amount of income subject in Belgium to a normal tax rate.
B10	As from January 1, 2019 Belgium has implemented legislation in regard to hybrid mismatches in accordance with ATAD II. A possible *double deduction* of certain costs will result in the non-deductibility of these costs for the Belgian company. A *deduction non-inclusion* will result in a taxation of the income or, as the case may be, in the non-deductibility of the cost in Belgium.

CY	CYPRUS (CY)
CY1	Dividends paid by a resident company to another resident company are not subject to tax in Cyprus. Dividends received by a resident company from a non-resident company are not subject to Corporate income tax (CIT). They are not subject to Special Defence Contribution (SDC) either - please refer to note 2 below for more details (There are anti-hybrid and general anti-avoidance provisions in the CIT legislation in relation to the distribution of profits from a subsidiary to a parent company within the EU – again please refer to note 2 below).

CY2	Dividend income from abroad is exempt from SDC. This exemption does not apply if: i) more than 50% of the paying company's activities result directly or indirectly in investment income and ii) the foreign tax is significantly lower than the tax burden in Cyprus. "Significantly lower", means a tax burden rate below 6.25%. When the exemption does not apply, the dividend income is subject to SDC at the rate of 17%. In such a rare case, a credit for foreign taxes will be granted. The above does not apply to dividends which are deductible for tax purposes by the paying company. In such cases, dividends are subject to CIT and not SDC in accordance with the anti-hybrid provision (BEPS action 4).
CY3	Profits / Gains arising from transactions in 'titles' is unconditionally tax exempt. 'Titles' are defined in the law as shares, bonds, debentures, founder and other titles of companies or legal persons whether established in Cyprus or not and rights thereon. A list of qualifying "titles" has been published in a circular issued by the Commissioner of Income Tax and it includes futures / forwards, swaps on titles, depositary receipts, Repos, units in open or close C.I.S's, ICIS, UCITS, Investment Trusts & Funds, Mutual Funds, REITS and units in Stock Exchange Indices, participations in other companies etc. Participation exemption on such gains is unconditional – no minimum shareholding and no minimum holding period requirements. Capital Gains Tax (CGT) is imposed at the rate of 20% on gains from the disposal of immovable property situated in Cyprus including gains from the disposal of shares in companies which own such immovable property excluding shares listed in any recognized stock exchange- if immovable property has been acquired between 16 July 2015 to 31 December 2016, and is disposed at any time during or after that period, any potential capital gain will be exempt from CGT. Also a set-off of capital losses resulting from the disposal of immovable property located in Cyprus or shares in companies owning such property against taxable capital gains of the same and future years without any time limits is possible.
CY4	No withholding or other Cyprus taxes of any nature are imposed on dividend and interest payments by a Cyprus Company to non-residents of Cyprus. Upon dissolution / liquidation, the accounting profits of the previous 5 years before dissolution that have not been distributed or deemed to have been distributed are deemed to be distributed upon dissolution. In such situations, a 17% SDC is payable to the tax authorities to the extent that the shareholders are Cyprus tax residents and Cyprus domiciled individuals. These provisions do not apply in the case of liquidation under reorganization or where the shareholders are non- residents of Cyprus or even when they are tax residents but non-Cyprus domiciled.
CY5	Equity introduced to a company as from 1 January 2015 (new equity) in the form of paid-up share capital or share premium is eligible for an annual notional interest deduction (NID). The annual NID is calculated as an interest rate on the new equity. The relevant interest rate is the yield on 10 year government bonds (as at December 31 of the prior tax year) of the country where the funds are employed in the business of the company plus a 5% premium. Certain anti-avoidance provisions apply - The NID deduction cannot exceed 80% of the taxable profit derived from assets financed by new equity (as calculated prior to the NID deduction) and thus the effective tax rate can be as low as 2.5% As from 1 January 2012 onwards, Interest expense incurred by a Cyprus tax resident company to finance an equity investment into 100% (direct or indirect) subsidiary, will be treated as tax deductible provided that the subsidiary invests in business assets. If the subsidiary also invests in non-business assets, the interest expense incurred by the Cyprus tax resident parent company which corresponds to such assets will be treated as non-tax deductible (Loans to related parties are considered business assets).

CY6	The Cyprus tax framework has been harmonized with the European Directive 2011/96/EU and related amending directives.
CY7	A ruling request should be submitted to the Tax Commissioner. In 2016 the Council of Ministers issued a decree stipulating the imposition of a € 1,000 fee for the issuance of tax rulings without expedition and € 2,000 fee for the issuance of tax rulings with expedition. Tax rulings filed with an expedition request will be issued within 21 working days. The taxpayer may not appeal against a ruling. Rulings obtained from the Tax Commissioner are not legally binding. Nevertheless, such rulings cannot be easily challenged. Each ruling is obtained on the facts and circumstances of the specific case and it should not be relied upon for other cases, no matter how similar they may be.
CY8	Incorporation of a company in Cyprus should give rise to capital duty. • Share Capital Authorization: this would be EUR 105. • Share Capital Issue: No capital duty is payable if the shares are issued at their nominal value. There is a EUR 20 flat duty if the shares are issued at a premium. Upon subsequent increases of the authorized/issued share capital there is: • Additional share capital authorized: Nil. • Additional share capital issued: There is a flat fee of EUR 20 on subsequent increases of issued share capital.
CY9	The Cyprus-Russia & Cyprus-US double tax treaties contain 'limitation of benefits' provisions.
CY10	As per the tax legislation, a company is considered as a tax resident of Cyprus, if its management and control takes place in Cyprus. No other definition/explanation is included in the tax law but the Cyprus tax authorities would consider things like place of effective management i.e. board meetings to take place in Cyprus, key management and strategic decisions to be taken during those meetings, majority of directors to be tax residents of Cyprus etc.

CY11	Since year 2016, the new Cyprus IP Box, which gives an 80% deduction on qualifying IP profits, is fully aligned with the OECD/G20 Base Erosion and Profit Shifting (BEPS) Action 5 report. The IP Regulations are effective as from 1 July 2016. In accordance with the anti-hybrid provision (BEPS action 4), to the extent where the profits which are distributed from a subsidiary company to its Cypriot parent company are deductible from the taxable income of the subsidiary company, Cyprus is required to tax such profits. The respective profits are subject to taxation in accordance with the provisions of the Income Tax Law and are not considered as dividends for SDC purposes. Country by Country reporting has been implemented as per BEPS action 13. Cyprus has also co-signed the Multilateral Tax Convention on Tax Treaty Related Measures which will pave the way for updating all existing Double Tax Agreements by incorporating the two minimum standards of Action 6 (Preventing the Granting of Treaty Benefits in Inappropriate Circumstances) and the minimum standard of Action 14 (Making Dispute Resolution Mechanisms More Effective) of BEPS project in the context of safeguarding and orderly application of the existing Double Tax Agreements. Implementation of the provisions of the ATAD as from 1 January 2019 in relation to the limitation on interest expense deductibility, the concept of Controlled Foreign Company (CFC) and the General Anti-Abuse Rule (GAAR). Exit taxation rules and hybrid mismatches rules have also been introduced as from 1 January 2020, while the reverse anti-hybrid rules should become effective in 2022.

CY12	Implementation of the provisions of the ATAD as from 1 January 2019 in relation to the limitation on interest expense deductibility, the concept of Controlled Foreign Company (CFC) and the General Anti-Abuse Rule (GAAR). *The CFC rule:* A CFC is a low taxed non-Cyprus tax resident company in which the Cyprus corporate income taxpayer, alone or together with its associated enterprises, holds a direct or indirect interest of more than 50%. A non-Cyprus tax resident company (or an exempt foreign PE) is considered as low-taxed if the actual foreign corporate tax paid by it on its profits is lower than 50% of the corporate income tax charge that would have been payable in Cyprus under the Cyprus corporate income tax rules had it been a Cyprus tax resident company. The CFC rule does not apply to non-Cyprus tax resident companies (or exempt foreign PEs): a) with accounting profits of no more than €750.000 and non-trading income of no more than €75.000, or b) of which the accounting profits amount to no more than 10% of their operating costs for the tax period. Cyprus has opted for the Model B approach as foreseen in ATAD. The Cyprus corporate income taxpayer must include in its taxable profit the non-distributed income of the CFC to the extent such income arises from non-genuine arrangements. Provisions for the avoidance of double taxation on CFC income are also in place. *Interest limitation rule (ILR):* Cyprus excluded from the scope of application of this rule: i) standalone companies i.e. companies that on a worldwide basis are not members of a group/have no associates/no PEs, and ii) financial undertakings / regulated financial undertakings such as banks, insurance entities, investment funds, pension funds and securitization vehicles. The ILR limits the otherwise deductible exceeding borrowing costs (EBCs) of the Cyprus corporate income taxpayer / Cyprus group up to 30% of adjusted taxable profit, taxable EBITDA. The ILR contains an annual €3.000.000 safe-harbour threshold. EBCs up to and including €3.000.000 is in any case not restricted by this rule (the €3.000.000 threshold would apply in cases where 30% of the taxable EBIDTA results to an amount below €3.000.000). In the case of a Cyprus group the €3.000.000 applies for the aggregate EBCs of the Cyprus group and not per taxpayer. Consistent with the OECD BEPS Action 4, the annual Cyprus NID as explained in note 5 above, is not considered as 'borrowing costs' for the purposes of this rule.
CY13	In early January 2021, the Cyprus Tax Department announced that the EU Directive 2018/822, known as DAC6, is expected to be transposed into national law within January 2021 and then a notification will be issued with relevant guidelines for the implementation of the said legislation. The relevant legislation bill should be in line with the text and requirements of the Directive and does not include any additional provisions beyond those required under the Directive.

CY14	ATAD provisions in relation to exit taxation and hybrid mismatch rules have now been implemented in Cyprus and are applicable as follows: - Exit taxation provisions as from 1 January 2020. - Hybrid mismatch rules as from 1 January 2020 (an exception for certain reverse-hybrid mismatch provisions up to 1 January 2022). The Cyprus legislation strictly follows, but does not go beyond, ATAD II's mandatory "minimum standards" aiming to address these hybrid mismatches. Cyprus has also decided to opt in for all possible exceptions provided for by ATAD II. The hybrid mismatch rules cover situations of 'double deduction' or 'deduction without inclusion' relating to hybrid entities, hybrid financial instruments, hybridity involving PEs, imported mismatches and tax residency mismatches. The new tax provisions also include rules on hybrid transfers and on reverse hybrid entities.

CZ	CZECH REPUBLIC (CZ)
CZ1	Beneficial treatment may be obtained during the 12-month period but the minimum ownership period must be fulfilled consequently.
CZ2	Applies on bank providing that they are related parties. If not related D/E rules shall not apply.
CZ3	For taxable period beginning in the year 2009.
CZ4	The Czech Republic is going to implement the EU Anti-tax avoidance Directive (ATAD). Among other things, the implementation will lead to restrictions in the field of tax deductibility of borrowing costs. Borrowing costs will be tax deductible if they do not exceed CZK 80 million or 30 % EBITDA (earnings before interest, taxes, depreciation and amortization); borrowing costs exceeding such limits will be considered tax non-deductible.
CZ5	General rules: that the purpose of transaction, does not relate to tax avoidance. In general for foreign related parties: the OECD rules on transfer prices are applicable and also the Act of Money laundering from criminal proceeds is effective.
CZ6	Binding Assessment of the Method of Setting the Price Agreed between Associated Persons and Binding Assessment of the Method of Determination of the Tax Base of a Tax Non-resident Regarding the Activities Performed Through a Permanent Establishment.
CZ7	Legal forms of companies under the Council directive 2014/86/EU.

DK	DENMARK (DK)
DK1	Resident company is a company registered in another jurisdiction, but with daily management in Denmark.
DK2	Taxable with no credit for foreign tax paid if dividend is from a company resident in a country where DK has no double taxation treaty.
DK3	From 2010.
DK4	In terms of Danish CFC legislation the Danish holding company shall include the income of the subsidiary in the taxable income.
DK5	In terms of Danish domestic tax legislation, no taxation of dividend from the subsidiary if: (a) the Danish company owns at least 10% of the subsidiary, (b) the dividend is covered by the EU Parent/Subsidiary Directive (90/435/EEC) or by a tax treaty entered between Denmark and the country of residence of the subsidiary. The corporate tax rate will apply if any one of the above conditions is not satisfied.
DK6	Withholding tax of 27% is imposed if the parent company is resident in a country where DK has no double taxation.
DK7	The limitation for the deductibility of interest expenses is only related to debt to parties with a participation in excess of 50% and where the debt is more than DKK 10M (Euro 1,35m) by the end of the fiscal year. The limitation on deductibility of the interest is only related to the proportion of the debt which should be converted to equity in order to avoid the thin capitalisation rules. Special but general rules apply if the Danish company group in all has net financial cost in excess of DKK 22,3M (Euro 3,m).
DK8	The Denmark/United Kingdom and Denmark/U.S. treaties include beneficial ownership tests.
DK9	The Danish government has repeatedly acceded to the OECD's BEPS action plan. In some areas there are already within BEPS action plan implemented rules in Denmark that combat aggressive tax planning and double non-taxation. As something distinct from most other countries, Denmark has special rules that combat use of the interaction between the tax rules in other countries and in Denmark, for example rules that neutralize if a US parent company uses the "check-the-box" rule in the US, so that a Danish private limited company in the United States is considered a transparent company - In such cases, this Danish company will in Denmark be taxed as a transparent company, that is, as a branch (The Danish Corporation Tax Act § 2A).
DK10	If the group employs less than 250 employees, it will qualify for the small business exemption if it meets either of the following criteria: (i) has revenue under DKK 250 million, or (ii) has a balance sheet sum under DKK 125 million. A bill (Bill L 28) on 3 December 2020 has been adopted, which applies to income years beginning on 1 January 2021 or later. The companies are now required to submit the transfer pricing documentation no later than 60 days after the deadline for filing the tax return (the first time 60 days after 30 June 2022).

DK11	One of the main components of the adopted rules is the introduction of a GAAR, which applies not only to cross-border transactions, but also to domestic Danish transactions, where benefits may be denied if tax avoidance is a key purpose of the transactions and the transactions do not have real substance. The definition of an associated person is, as a starting point, a person that has an influence over another person of at least 25% voting rights, profits, and share capital, but can range to a requirement of 50% ownership for specific hybrid mismatches.

FI	FINLAND (FI)
FI1	Dividend income from unlisted companies is tax exempt if the distributing company is a resident company or a company which is mentioned in the Parent- Subsidiary Directive or a company resident in a EEA country which is liable to pay at least 10% tax on its income. Dividend income from listed companies is 100% subject to corporate tax if the recipient is an unlisted company owning less than 10% of the share capital of the distributing listed company. Dividend income from outside of EU and EEA is 100% subject to corporate tax. However, if there is a tax treaty in force, the tax treaty provisions have to be taken into account. Tax treaties usually prevent taxation of dividends if the recipient's ownership exceeds 10% or 25%. If the dividend income is taxable in Finland, Finland will credit the taxes paid in the foreign country according to the tax treaty provisions or domestic tax law. However, despite the previous, the dividend income would not be tax exempt for the recipient company in Finland if the dividends were tax deductible for the distributing company.
FI2	Capital Gains Income is taxed as ordinary business income subject to corporate income tax 20%. A participation exemption is available for capital gains derived from the disposal of shares treated as fixed assets that are deemed to be part of the seller's business income-generating assets rather than passive income, the seller company owns at least 10% of the share capital of the entity, and the shares disposed form part of that 10% holding, the disposed shares have been held continuously at least for 1 year and the shares are not shares in a real estate company or limited liability company whose business activities consist principally of governing or owning real estate. Participation exemption does not apply if the seller is a private equity / venture capital investor. Where the participation exemption applies, capital losses are not correspondingly tax deductible. Participation exemption applies also if the disposed shares are a foreign company listed in the EU parent-subsidiary directive or a company resident in a country that has concluded a tax treaty with Finland, provided the treaty provisions on dividends are applicable to distributions by the company. Participation exemption in general does not require the subsidiary to be subject to taxation in its jurisdiction of registration. In practice the requirements for the capital gains participation exemption are rarely met. If the capital gain is taxable in Finland, Finland will credit the taxes paid in the foreign country according to the tax treaty provisions or domestic tax law. Correspondingly in these kinds of shares' capital losses are also deductible but can be used only against capital gains, not against other business income.

FI3	A foreign entity can be deemed in Finland a CFC if at least 25% of the entity's share capital or voting rights is owned by a Finnish taxpayer or its related parties or they have entitlement to 25% of the entity's profits, and the entity is subject to effective tax rate in its state of residence which is less than 3/5 of the Finnish corporate income tax rate, i.e. currently 12% (3/5 * 20%). Both resident and non-resident related parties' direct or indirect holdings would be taken into account in assessing the control threshold. The CFC rules are applicable also to taxpayers subject to limited tax liability, if the CFC income is related to the taxpayer's PE in Finland. However, a foreign entity is not considered a CFC if it is genuinely established in an EEA-country and if it carries out genuine economic activities in that jurisdiction. The entity needs to have sufficient personnel, premises and assets in order to be regarded as genuinely established in that jurisdiction. The aforementioned exemption is applied also to foreign entities established outside EEA-area if the residence country is not included in the so called EU's black list, Finland has sufficient exchange of information in place with the entity's country of residence, and the entity conducts industrial, manufacturing or shipping activities or sales and marketing activities related to such activities. As of 2021 the definition of unlimited tax liability in the Finnish income tax act was amended to include also foreign entities whose the facto management operates in Finland. Such foreign entities are not considered CFC-entities and thus not subjected to CFC legislation but the entity itself is tax liable in Finland. If the foreign company is deemed a CFC the net income of the CFC is taxable income for the Finnish shareholder entity's, regardless of whether the net income is distributed to the shareholder or not. If the entity's income is taxed as CFC income then the distributed dividend is tax exempt. If a CFC later on distributes profits the profits are taxable for the shareholder only to the extent that the distributed profit exceeds the amount of income taxed as CFC income during the same and last five tax years. The foreign tax paid by the foreign entity (CFC) can be credited in Finland against the taxes the shareholder has to pay for the same income in Finland.
FI4	Finland has no thin capitalisation rules, but Finland has a separate regime under which the deductibility of interest expenses is limited. Firstly, interest expenses are fully deductible against any interest income. Secondly, if the net interest expenses (including third party and related party interests) exceed interest income (i.e. net interest expenses), the net interest expenses are fully deductible up to EUR 500,000 during the fiscal year. If the net interest expenses exceed EUR 500,000, the deductibility of interest expense is limited to a maximum of 25% of adjusted taxable business income before interests and depreciations. Nevertheless, interest paid to non-related parties is always deductible up to EUR 3,000,000. The interest deduction limitations are not applicable if the equity ratio (i.e. the ratio between the total equity and total assets) of the company is equal to or greater than the equity ratio of the whole group, based on the audited financial statements. Any amount of interest expenses may be carried forward indefinitely and deducted against unused capacity in later years. Interest expense should be made according to the arm's length principle.
FI5	4% of the purchase price of real property, 2.0% for purchase price of the shares in a real estate company (incl. real estate holding companies and housing companies) and 1,6% of the purchase price of the ordinary limited liability company's shares.

FI6	The principal purpose test is applied according to the OECD's multilateral convention that Finland is a party of. In addition, the treaty with the US contains "limitation of benefits" clause and the treaties with the UK and Ireland contain a "limitation of relief" clause. Finland has a domestic anti-avoidance provision which can be applied if a transaction has been given a legal form that does not correspond with its actual nature or meaning or if the legal form of the transaction does not correspond to the actual behaviour of the taxpayer – especially in cases where no commercial reasons have been shown for the transaction. In these cases taxes can be imposed as if the actual form of the transaction had been used.
FI7	The transfer pricing documentation contents have been updated and country-by-country reporting requirements have been introduced. These came into force on 1 January 2017. Limitations regarding the deductibility of interest expenses as well as controlled-foreign-company (CFC) legislation has been in force in Finnish tax legislation already before OECD's BEPS-project.

FR	FRANCE (FR)
FR1	The amended finance bill for 2015 modifies the tax treatment applying to certain distribution of dividends received by French companies under the dividend participation exemption regime following the CJEU Steria case C-386/14. For fiscal years starting on or after January 1st 2016, distributions made within a French tax consolidated group are no longer exempted from the taxable fraction applying to qualified dividends under the participation exemption. In addition, the rate of taxable fraction will be set at 1% for those distributions made within a French tax consolidated group. The taxable fraction of 1% will also apply to distributions received from a European Union (EU) or European Economic Area (EEA) Company with qualifying subsidiaries for French tax consolidation regime i.e. held at 95% or more. Finance Bill for 2019 also provides the taxable fraction of 1% will apply to dividends received by French companies, that are not members of a French tax consolidated group, from foreign companies that are resident for tax purposes in the EU or in the EEA and that could be part of a French tax consolidated group if they were subject to corporate income tax in France. This reduced non-deductible share of expenses will only apply if the non-tax consolidation of the French beneficiary companies does not result from the mere absence of option for the French tax consolidation regime whereas that option was technically possible. For all other cases, the rate of taxable fraction is still 5% of the amount distributed. Finally, the dividend participation exemption regime will apply to not-for-profit organizations, for fiscal years ending on or after 31 December 2015, holding 2.5% of the capital and 5% of the voting rights of the issuing company, but the holding period is increased to five years.
FR2	As from 1st January 2017 parent/subsidiary regime is applicable when 5% of capital is held, regardless of voting rights or not.

FR3	Amended Finance Bill for 2016 introduces a safe harbour clause for capital gain on shares of companies located in a non-cooperative state or territory. If companies are located in a non-cooperative state or territory, the participation exemption applied if the company proves that the share detention corresponds to an effective activity and has not for effect or purpose to localise the benefits in a non-cooperative state or territory in aims of tax evasion.
FR4	At least 5% of voting right should be held to benefit a participation exemption for capital gain.
FR5	The exemption regime applies as from the acquisition of the shareholding. In case of dividends, the exemption regime is retroactively challenged if the shareholding is sold within the 2-year period. This 2-year period is increased to five years for holding detained by NFPO with a holding participation of 2.5% (see F1).
FR6	The activity carried out by the underlying subsidiary does not matter, i.e., it may be an active company or a passive holding company.
FR7	CFC rules require comparing the CIT effectively paid by the subsidiary in its country of residence and the CIT it would have paid in France if it had been a French tax resident. CFC rules may apply (refer note F10) where the subsidiary is subject to a low rate of tax (i.e. less than 50% of the CIT standard rate of 33.1/3).
FR8	The French corporate income tax rate will still progressively decrease down to 26.5% in 2021 (except for companies which turnover exceeds €250 million which will bear a 27.5% rate) and to 25% for all companies in 2022. Finance Bill for 2021 extended the scope of application of the 15% reduced rate to companies with sales between 7,630,000 and 10,000,000 euros for fiscal years beginning on or after January 1, 2021.
FR9	Finance Bill for 2018 also changes the withholding tax rate on all dividends paid as from January 1, 2018. For companies = application of 30% rate (28% rate as of January 1, 2020). For individuals = application of 12.8% rate. For payments to all beneficiaries residing in a non-cooperative State or Territory (incomes paid as from January, 1st 2013) : application of 75% rate.
FR10	The repayment of the initial share capital contribution is tax exempted. The excess is treated as a deemed dividend which may be subject to withholding tax depending on the application of the relevant tax treaty.

FR11	In an effort to comply with the EU ATAD, Finance Bill for 2019 changes to the current French interest deductibility limitation rules: • New general limitation: net interest expenses are deductible from the taxable income only to the extent that they do not exceed the higher of the two following thresholds: (i) € 3 million or (ii) 30% of the adjusted taxable income of the company (i.e., taxable income before offsetting the tax losses and without taking into consideration net financial expenses and – to some extent – depreciation, provisions and capital gains/losses); • Debt to-equity ratio: should the company be thin capitalized and exceed a specific debt-to-equity ratio (i.e., similar to the current debt-to-equity thin-cap ratio), a portion of the net interest expense will be subject to the regular threshold based on the following ratio: Average amount of indebtedness towards unrelated parties + [1.5 x equity] (numerator) and Average amount of indebtedness (denominator). The remaining portion of the net interest expense will be tax deductible only within the limit of the higher of the two following thresholds: (i) € 1 million or (ii) 10% of the abovementioned adjusted taxable income (strengthened threshold). The Amendement Carrez (25% general reduction applicable upon the purchase of a new shareholding) and the three-current thin-cap ratios (i.e., debt-to-equity ratio, interest coverage ratio, interest test) are repealed. These adjustments of the French interest deductibility limitation rules apply to fiscal years open as from 1 January 2019.
FR12	The amended finance bill for 2015 introduces a safe-harbour clause for French parent companies receiving dividends from entities located in a Non Cooperative State or Territory (NCST) if they can establish that the activities of entities based in NCST relate to operations which purpose is not the localization of profits in a NCST, with a tax fraud intention. For fiscal years starting on or after 1 January 2016, the amended finance bill for 2015 implements in French domestic law the general anti-abuse clause set by the amended EU Parent-Subsidiary Directive 2015/121/EU from January, 27th 2015, which deny the application of the participation exemption regime and the WHT exemption to certain dividends paid and received by a French resident entity, if the tax scheme is not complying with the regime's purpose (i.e. "not put into place for valid commercial reasons which reflect economic reality).
FR13	As from August 1st, 2012, transfer of shares of SA, SAS are subject to proportional taxation of 0.1%, except if the sales involve company of the same tax consolidation group. A transfer of shares in a French S.a.r.l. (limited liability company) triggers a stamp duty at the rate of 3%, after a deduction of € 23,000, based on the price or market value of the shares. The rate will be fixed at 5% for a transfer of shares in real estate companies (sociétés à prépondérance immobilière). Only individuals are subject to wealth tax on properties located in France. Under certain conditions, some companies can be subject to a 3% tax based on the immovable properties and assets value located in France As from August 1st, 2012, a tax applies to acquisition of capital on a regulated market at a rate of 0.2%. (Companies with an equity market capitalization exceeding € 1billion. This criterion is assessed on December 1st of the year before the year of taxation). For the operations performed on a high frequency basis, a 0.01% tax is based on the amount of certain orders. This tax is exclusive of the first one.

FR14	The deductibility of the interest expenses incurred for the acquisition of qualified shares (titres de participation) is limited in situations where the holding company is unable to demonstrate that the decisions relating to the substantial shareholdings it has acquired are in fact taken in France or, as from tax year closed after December 31, 2017, in any member state of European Union (EU) or European Economic Area (EEA) that has a tax treaty with France, by it or by another company resident of one of these state.(Amendment Carrez: 209 IX). This Amendment Carrez is repealed by Finance Bill for 2019 (see F12).
FR15	Finance Bill 2019 modifies this favourable tax regime in an effort to make it compatible with the nexus approach of BEPS2 Action 5, thereby conditioning its application to the actual performance by the claiming taxpayer of research and development (R&D) activities in France. The favourable rate will be reduced to 10% and will apply to the net income derived from the licensing of qualifying patents, after deduction of R&D expenses, and after the application of a ratio comparing: (i) the R&D expenses incurred for the creation, or the development of the qualifying patent, either by the claiming taxpayer in France or by non-related parties to (ii) the total R&D expenses including acquisition costs. This election can be performed on an asset-by-asset basis or on a group of asset basis and will be available for consolidated groups (subject to compliance with certain conditions). From 1 January 2019, a new anti-abuse provision will be applicable as a result of the transposition of article 6 of the ATAD. Therefore, regarding the assessment of the CIT liability, no account will be taken of an arrangement or a series of arrangements which, having been put into place for the main purpose, or one of the main purposes, of obtaining a tax benefit that is contrary to the object or purpose of the applicable legal provisions, are not genuine considering all relevant facts and circumstances.
FR16	The Finance Bill for 2020 implements the ATAD 2 into domestic law. The finance bill introduces rules (article 205 B, 205 C and 205 D of the FTC) that address the following types of arrangements: • Situations that give rise to a deduction without inclusion of: A payment under a financial instrument; A payment to/by a hybrid entity; A payment to an entity with one or more permanent establishments (PEs); A payment to a PE; or A deemed payment between a head office and a PE, or between two or more PEs; • Situations that give rise to a double deduction; and • Specific situations involving: An imported hybrid; A payment to a PE that is disregarded in its jurisdiction; A hybrid transfer; A reverse hybrid; or A double deduction by a payer that is a dual tax resident. These measures apply as from 1st January 2020; the measures regarding reverse hybrids will be effective as from 1st January 2022.

DE	GERMANY (DE)
DE1	Income from dividends of domestic German corporations and of foreign corporations is 95 % exempt from tax. The remaining 5% of the dividend income is taxable (deemed non-deductible costs). For municipal trade tax the same applies. Exceptions for financial institutes and insurance companies may be applicable. No dividend exemption in case the distribution is tax-deductible for the distributing subsidiary.
DE2	A minimum participation level of 10% is required for corporate tax purposes. For municipal tax purposes, the participation exemption is granted provided that the participation is at least 15% of the share capital of the participating holding unless a lower participation level of a double taxation treaty is applicable. Please see DE8.
DE3	Capital gains from the sale of shareholdings in domestic or foreign corporations are generally 95% exempt from corporate tax and municipal trade tax (5% are deemed non-deductible costs). However, there are exceptions for gains arising from earlier tax-deductible write-downs and for shares received in connection with contributions in kind on a bookvalue basis as well as for financial institutes and insurance companies. Please see DE8.
DE4	The exemption from corporate taxation on capital gains income from the sale of shareholdings does not depend on a minimum ownership period. For corporate taxation on dividend income the minimum shareholding of 10% the participation has to be held at the beginning of the calendar year (minimum shareholding not for capital gains but in discussion from time to time). For municipal trade tax purposes, the exemption on dividend income requires that the participation with a minimum shareholding of 15% has been held at the beginning of the calendar year; a different treatment for foreign non-EU companies was challenged by the ECJ, please see DE 5. This is not necessary if a "participation exemption" of a Double Tax Treaty is applicable.
DE5	The exemption from corporate tax on dividend income and on capital gains income from the sale of shareholdings does not require an active operating company. The same applies to municipal trade tax. The former opposite law is abolished due to violating the free capital moment (ECJ decision of 20.9.2018- C-685/16 “EV/FA Lippstadt”).
DE6	Passive income from a foreign subsidiary must be subject to tax of at least 25% (see DE 11 German CFC rules). May be revised in future due to “ATAD”.
DE7	The rate of German corporate tax is 15%. In addition, a solidarity surcharge, amounting to 5.5% of the 15% corporate tax, is also levied. Accordingly, the effective tax rate is 15.825%. The rate of municipal trade tax depends on the levy rate of the respective local community. The effective rate is normally between 12% and 17%. The municipal trade tax is neither deductible in terms of its own calculation nor for corporate tax (no business expense). As a result, the overall nominal tax burden for corporations (corporate tax + solidarity tax + municipal trade tax) is normally between 28% and 33%.
DE8	The non-treaty rate of withholding tax on dividends paid from a German corporation is 25% plus 5.5% solidarity surcharge based on 25%. Independent from a double tax treaty or the EU-Parent-Subsidiary Directive a refund of 10% (effective withholding tax 15%) can be claimed for by foreign corporate parents which are limited tax liable in Germany, provided the foreign corporation meets the substance requirements as described in note D12.

DE9	Interest expenses incurred on loans to finance the acquisition of the foreign participation are fully deductible for corporate tax purposes. In the case of municipal trade tax, only 75% of the interest is deductible. In addition, as noted in note D1 above, 5% of the dividend income and capital gains are taxable as it is considered as non-deductible business expenses. As 95% is tax exempted, the deduction leads to a loss carry forward only in a pure holding.
DE10	The thin capitalisation rules have been modified as of 2008 and do not longer refer to debt: equity ratios. An interest barrier is introduced as of 2008 covering all interest expenses. If interest expenses exceed interest income, the exceeding amount is only deductible up to 30% of the EBITDA as defined for tax purposes. The non-deductible interest can be carried forward. In case the interest is lower than 30% of the respective EBITDA, the non-used EBITDA can be carried forward for a five-years-period. Nevertheless, the thin capitalisation rules will not apply if the interest expenses do not exceed interest income of more than € 3,000,000. A further exception is made for companies not belonging to a group. The thin capitalisation rules will also not apply if the company can prove that the own equity ratio is higher or less than 2 percentage points lower than the group equity ratio. Re-exceptions may be made in case of shareholder's financing. A positive EBITDA which is not set off against interest can be carried forward for five years. According to the Federal Tax Court (decisions of 18.12.2013, I B 85/13 and 13.03.2012, I B 111/11) the restriction of the interest deduction may not be in line with constitutional law.
DE11	In terms of German Controlled Foreign Company ("CFC") legislation, where the German corporation holds at least 50% of the share capital of a foreign subsidiary and the subsidiary is subject to a low level of taxation (tax rate under 25%) and has passive income, as a rule the German corporation will be liable to German corporate income tax on the profits of the foreign subsidiary (special re-exceptions for EU/EEA-companies) irrespective of whether these are distributed by the foreign subsidiary. In the event that the foreign subsidiary distributes profits to the German corporation, the distributed dividend is exempt from German corporate tax. Germany does not operate a "blacklist" of jurisdictions. Modification of CFC rules in discussion due to ATAD II.
DE12	Based on current law the exemption from withholding tax under the EU Parent/Subsidiary Directive does not apply for dividends that are paid to a foreign holding company if in case of a direct shareholding the holding would not be entitled or if the holding does not generate its income from economic activities or there are no economic reasons for intermediation of holding and holding does not participate in business maintaining a substantial business organisation. This is challenged by the ECJ (decision of 14.06.2018 – C-440/17 "GS") for EU cases. Government accepts since then holding activities as a (operative) business but requires a substantial/adequate business organisation There is no such decision made for treaty protection, but the situation is similar in EU treaty cases,, please see D15.
DE13	Binding Advance Tax Rulings, pre-transaction, are available (with costs depending on the tax saving). However, these rulings are not granted only in specific situations but require that the taxpayer explains the reasons for the request for the ruling. Additionally advanced pricing agreements are available. There is to be a negotiating fee of € 20.000 ($ 29.000) for each a.p.a.
DE14	Binding Advance Tax Rulings are not applicable with respect to anti-abuse questions or constructive dividends.
DE15	In terms of German domestic law, the exemption from withholding tax in terms of a Double Tax Treaty will not apply for dividends that are paid to a foreign holding company which does not exercise an active operation. For details see DE12. The domestic regulation is applicable only where there is no specific treaty provision which has to be checked for each treaty. Rules concerning "beneficial owner" are included only in some Double Tax Treaties, e.g. Italy, Norway, Sweden.
DE16	Please see DE 1. A draft by government of 10.12.2019 to transfer ATAD II into German law is published but legislative procedure is postponed; it contains provisions which deal with deduction or non-inclusion structures, reverse hybrid situations, double dip situations. (double) tax residency issues, mismatch arrangement.

GR	GREECE (GR)
GR1	In order for the foreign tax credit to be recognised, a special application form must be submitted with evidence for the tax paid certified by the foreign tax administration.
GR2	For EU holding companies no dividend withholding tax is imposed provided that the dividend is covered by the EU Parent/Subsidiary Directive (90/435/EEC), unless there is a double deduction mismatch or group restructuring has occurred for non-valid commercial purposes.
GR3	a) the taxpayer, on his/her own or jointly with related persons, holds, directly or indirectly, shares, participation or voting rights in the capital at a percentage exceeding 50% or is entitled to receive a percentage exceeding 50% of the profits of the said entity, b) the above legal entity is subject to taxation in a non-cooperative state or in a state with a "privileged" tax regime, meaning countries with effective tax rate below 60% of Greek CIT rate, i.e. 14,4% c) a percentage exceeding 30% of the net income before taxes realized by the legal entity falls in one or more of the following categories AND 50% of each category is income from a related party: 1. Interest or any other income generated from financial assets, 2. royalties or any other income generated from intellectual property, 3. income derived from dividends and the transfer of shares, 4. income derived from movable assets, 5. income derived from real estate property, 6. income derived from insurance, bank and other financial activities. An exemption is provided in case the CFC is tax resident in an EU or EEA Member State and an agreement for the exchange of information, as provided by Directive 2011/16/EU exists, unless the establishment or financial activity of the legal entity constitutes an artificial arrangement created in essence for tax avoidance.
GR4	Test for double deduction mismatch and hybrid mismatch has been introduced, moreover exemptions can be raised if group restructuring has occurred for non-valid commercial purposes.
GR5	The double tax treaties between Greece and: Albania, Armenia, Austria, Azerbaijan, Belgium, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Estonia, France, Finland, Germany, Georgia, Hungary, India, Ireland, Iceland, Israel, Italy, Korea, Kuwait, Latvia, Lithuania, Luxembourg, Mexico, Malta, Moldova, Morocco, Netherlands, Norway, Poland, Portugal, Qatar, Romania, Russian Federation, San Marino, Saudi Arabia, Serbia, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Tunisia, Turkey, United Arab Emirates, Uzbekistan, Ukraine, USA, U.K., Bosnia Herzegovina.

HU	HUNGARY (HU)

HU1	Foreign dividends are exempt from Hungarian corporate income tax, provided that the dividend is not accounted for by the company paying the dividend as an expenditure from its pre-tax profit and except the dividend is received from a Controlled Foreign Company (CFC).
	
	Based on the affected provision of the Hungarian Corporate Income Tax Act, a company is considered as a CFC if each of the below conditions is met:
	• it is a foreign company in which the taxpayer (Hungarian company) controls
	  more than 50 per cent of the voting rights directly or indirectly, or
	  more than 50 per cent of the subscribed capital directly or indirectly, or
	  is entitled to more than 50 per cent of after-tax profit
	• or a foreign fixed establishment of a Hungarian taxable person if
	• the foreign company or fixed establishment is obliged to pay less than 4.5% corporate income tax in the tax year.
	
	In line with the option provided by Council Directive (EU) 2016/1164 (ATAD), as of 2019 a "*genuine transaction test*" based on significant people functions has replaced the former substantive economic activity test. Accordingly, as of 2019 a foreign person (or the foreign permanent establishment) shall not be considered as a CFC if its income derives exclusively from genuine transactions (or series of transactions). A transaction shall not be considered as genuine if it is performed primarily with the aim of obtaining a tax advantage and the foreign company or fixed establishment would not own the assets or would not have undertaken the risks related to the gainful activity, therefore without the contribution of a Hungarian resident company it could not fulfil the significant people functions, which are relevant to those assets and risks and are instrumental in generating the income of the controlled company or fixed establishment.
	
	Furthermore, a foreign company or foreign fixed establishment should not be considered as a CFC if:
	• its profit before tax does not exceed HUF 243,952,000 (approx. EUR 750,000) and its income from non-trading activities does not exceed HUF 23,495,250 (approx. EUR 75,000); or
	• if its profit before tax does not exceed 10 % of its operating costs.
	
	The following incomes shall be considered as non-trading incomes:
	• interest income;
	• income generated by financial assets;
	• income deriving from intellectual property rights;
	• income from the holding and disposal of shares;
	• income from financial leasing;
	• income from insurance, banking and other financial activities;
	• income from a person that is deriving from supply of goods or services to associated enterprises or from acquisitions from associated enterprises if this person does not add economic value or the added economic value is marginal.
	
	Furthermore, a foreign fixed establishment shall not be considered as a CFC if it is located in a country outside of the EU or EEC with which Hungary entered into an agreement that exempts the profit of the fixed establishment from the Hungarian corporate income tax.

HU2	As of 1 January 2020, there is no minimum requirement in relation to the participation of shares subject to participation exemption. That means participation exemption related rules have become less strict in Hungary from this year. Any other participation exemption related provisions have remained the same, namely: • the participation has to be declared to the Hungarian tax Office within 75 days after acquisition of the participation, otherwise, the rule cannot be used; • the participation declared shall be hold by the taxpayer under its assets for at least 1 year prior to the sale or retiring from the records as non-monetary, in-kind contribution. Capital gains which are not covered by a participation exemption are included in the company's total ordinary income and taxed at the ordinary corporate income tax rate of 9%.
HU3	The corporate income tax rate is 9%.
HU4	No withholding tax is imposed on dividend and interest payments to non-resident legal entities. Dividends and interests paid to individuals are subject to withholding tax at 15% (or at a lower rate specified by the relevant double tax treaty). Final distribution of assets of the holding company in liquidation might be subject to 15% personal income tax as capital gain if the shareholder of the company is a Hungarian resident individual or a non-resident considering the provisions of the relevant double tax treaty with Hungary. Otherwise, personal income tax liability might only be withheld in Hungary in case of transfer or withdrawal of interest in a company qualifying as a company owning real estate (provided that the Treaty allows the taxation of the capital gains by the source country (e.g. gains derived from alienation of shares deriving directly or indirectly from immovable property situated in the source country). If the shareholder of the company is a foreign company, in general there is no withholding tax applicable. However, Hungarian corporate income tax liability might arise in case of transfer of shares of a company owning real estate (if the relevant treaty allows the taxation in the source country). For further information see *comment HU10*.

HU5	In order to comply with Council Directive (EU) 2016/1164 (ATAD), the thin capitalisation rules are replaced by the rules on interest deduction limitation as of 1 January 2019. Based on the rules of legal harmonisation, when determining the corporate tax base, from the net financing cost, a maximum of 30% of the EBITDA (*earnings before interest, taxes, depreciation and amortization*) or HUF 939,810,000 (approx. EUR 3,000,000; whichever is higher) may be enforced as recognized cost. From the net financing cost, the part the higher of the above thresholds increases the profit before tax. According to the former thin capitalisation rules applicable in relation to contracts concluded before 17 June 2016, the tax base is required to be increased with the proportionate interest amount related to any loan liability (except debts and loans from credit institutions or financial companies and liabilities to suppliers deriving from supply of goods or provision of services) which is higher than 3 times the shareholders' equity.
HU6	Binding tax rulings may be requested by both resident and non-resident companies on any type of tax. An application together with a detailed description of the transaction and the opinion on the tax treatment shall be made by the taxpayer to the Ministry of National Economy who is required to determine, within 90 days (the deadline can be extended by 60 days, in an urgent procedure the deadline is 60 days which can be extended by 30 days), whether any tax liability arises and, if possible, the tax base and the tax with regard to the future transaction. Such advance rulings shall be binding on the tax authority only for the particular case in question and under unaltered conditions, however, in general it will no longer be valid in the event of any future change / amendment to relevant tax law. Binding tax rulings may be used up to the last day of the fifth tax year following the date when the related decision (permission) was issued. Such permission may be extended once for another two years upon the taxpayer's request. The applicability of durable binding tax rulings issued for 3 years period shall not be affected by future changes in the relevant legislation, however, it is affected by changes in the facts. In general binding rulings can be requested for future transaction not started yet, however with certain conditions binding ruling can also be requested for currently performed transactions. The application shall be subject to a fee amounting to HUF 5,000,000, in an urgent procedure HUF 8,000,000. The fee for a durable advance tax ruling amounts to HUF 8,000,000, in an urgent procedure HUF 11,000,000. In case of advance tax rulings concerning the establishment of the fair market value (APA-Advance pricing arrangement) the fee amounts to HUF 2,000,000 for each of the number of the parties to the initiated procedure. The APA procedure shall be conducted within 120 days, which can be extended on two occasions by 60 days. Prior personal consultation can be requested by the applicant for a fee of HUF 500,000 (a protocol shall be prepared on the result of the prior consultation, which shall not be binding). If the tax cannot be assessed tentatively, a refund of 85% of the fee paid is made to the applicant.
HU7	Capital duty on the registration of a company is free of charge as of 16 March 2017 except for LLC-s and PLC-s (it is remained HUF 100,000) and European public limited-liability companies (it continues to amounts to HUF 600,000). In the event of an increase in the subscribed capital of the company, in general the duty is HUF 15.000 as of 16 March 2017, but it remained 40% of the duty on registration in case of LLC-s, PLC-s and European public limited liability companies.

HU8	Local Business Tax: Business activities pursued on the effective territory of the local government are subject to local business tax. The company pursuing the activity is the subject of the tax. The tax liability commences at the same time that the business commences and all enterprises that are subject to local business tax are required to register with the local government authority within 15 days from the commencement of their activities. The annual local business tax rate is maximum 2% based on the net accounted sales revenues (decreased by the royalty revenues) and the revenues are reduced by the purchase value of goods sold, mediated services, subcontractor services, material expenses and direct costs of basic research and applied research and development. As of July 2016, the scope of royalty revenues deductible from the sales revenues is limited. The sum of cost of goods sold and mediated services deductible from the tax base will be limited to a percentage of the net sales revenue if the net sales revenue exceeds HUF 500 million, i.e. the decreasing item cannot exceed the following percentages of the net sales revenue within the following net sales revenue ranges: • up to HUF 500 million net sales revenue: 100%, • between HUF 500 million and 20 billion: 85%, • between HUF 20 billion and 80 billion: 75%, • above HUF 80 billion: 7% Related parties are obliged to calculate their local business tax liability based on a consolidated tax base if the aggregated amount of costs of goods sold plus mediated services exceeds 50 percent of their net sales revenue. As of 2017 the above consolidation of the tax base is only applicable for companies qualifying as related parties as a result of demerger following 1 October 2016. Advance payments are required to be made each year for the local business tax. However, newly incorporated companies are not obliged to effect an advance payment of local business tax in the first year of their activities. Other taxes: (i) Property Tax: The local government may at its discretion impose a tax on property. For property tax, the tax base is either (a) the useful floor area of the property calculated in m^2 or (b) the adjusted market value of the property. The tax rate is either HUF 1,100 per m^2 or 3.6% of the adjusted market value. (ii) Land Tax: For land tax, the tax base is either (a) the territory of the land calculated in m^2, or (b) the adjusted market value of the land. The tax rate is either HUF 200 per m^2 or 3% of the adjusted market value. The above upper limits determined by the Local Taxes Act might be increased by the local governments in accordance with the consumer price index.

	(iii) Innovation Contribution: Innovation contribution shall be paid by Hungarian companies on the basis of the local business tax at a rate of 0.3%. Small and micro enterprises (as well as newly incorporated companies in the first year of activity) are exempt from the innovation contribution. A contribution advance is payable quarterly. (iv) Transfer Tax: The acquisition of real estate property or movable property or rights specified in the law is subject to transfer tax. The general rate is 4% of the market value of the property acquired for consideration. The acquisition of a real estate or holdings in a company with holdings in real estate properties located in Hungary might be subject to transfer tax even if the supply takes place between foreign resident persons (for further information see *comment HU10*). The general rate of the inheritance and gift transfer tax is 18%, in case of inheritance or free of charge acquisition of residential property 9%.
HU9	The new Treaty concluded with the US (under ratification, not yet applicable) include Limitation on Benefits clause, while our recently concluded treaties use the Principle Purposes Test rules (e.g. treaties with Liechtenstein, Bahrein, Saudi-Arabia, Kosovo, Turkmenistan, Sultanate of Oman, Islamic Republic of Iran). Furthermore, according to the guidance of the National Tax and Customs Administration the explanations concerning beneficial ownership concept introduced in the Commentary to the OECD Model shall be applied concerning all existing Treaties concluded by Hungary (unless specified otherwise in the Treaty).

HU10	Transfer tax on the acquisition of holdings in a company with holdings in real estate properties located in Hungary. Transfer tax payment liability might arise concerning the acquisition of holdings (stocks, business shares, cooperative shares, investor share certificates, converted investor shares) in a company with holdings in real estate properties located in Hungary, if the company with real estate holdings in Hungary is a business association, in whose balance sheet the value of the real estate located in Hungary represents more than 75% of the aggregate value of the assets (excluding the liquid assets, pecuniary claims, furthermore the prepayments and accrued income and loans) or it has a –direct or indirect- share of not less than 75% in an economic operator in whose balance sheet the value of the real estate located in Hungary represents more than 75% of the aggregate value of the assets. As of 2014 the principal activity of the company is not relevant. The general rate of the duty for the acquisition of holdings in a company with holdings in real estate properties located in Hungary amounts to 4% up to HUF 1 billion of the market value of each real estate property acquired, the amount of the market value exceeding HUF 1 billion per real estate shall be subject to 2% transfer tax, however, the total amount of the tax payable may not exceed HUF 200 million per property. <u>Corporate income tax payable by members of a company owning real estate</u> The taxpayer qualifies as a company owning real estate if • the value of the real estate located in Hungary represents more than 75% of the aggregate amount of book value of assets included in the taxpayer's financial statements or in each individual financial statement of the resident taxpayer or collectively with its non-resident related parties; and • its member, or any member of the group was resident in a country at least for one day of the tax year, with which the Republic of Hungary has not concluded a convention on the avoidance of double taxation, or the convention allows the taxation of capital gain in Hungary. This provision does not apply to taxpayers registered on a recognised stock exchange. The tax base of a member of the company owning real estate is the positive amount of the consideration of the transfer of the business share or of the reduction of the share capital decreased by certain costs (e.g. cost of acquisition or costs related to the holding of the share). For the above purposes transfer means sale, contribution in kind or transactions without consideration (i.e. free-of- charge transfers). The rate of the corporate income tax is 9%.

HU11	As of 2015 a new principle addressing primarily hybrid mismatch arrangements was introduced by the Act on Rules of Taxation. Accordingly, in the case of relationships affected by international treaties, where in consequence of differences in the interpretation of the facts on hand or the provisions of the relevant international agreement between the states affected, having regard to incomes from such relationships, neither of those states considers such income taxable in its territory, Hungary shall not exempt such income from taxation. The GAAR in the CIT Act has been slightly changed in order to be in line with the Council Directive (EU) 2016/1164 (ATAD). Any rule, tax incentive (tax relief, tax allowance) which affects tax liability or the amount of taxes, or that results in the reduction of taxes may be used, claimed to the extent that the essence of the transaction (or series of transactions) to which it pertains manifests the purpose of the rule or tax allowance and that it has been put into place for valid commercial reasons which reflect economic reality. The burden of proof as to applicability or enforceability lies with the party in whose interest it stands. If the transaction (or series of transactions) suggests that the main purpose or one of its main purpose of the transaction is to obtain a tax advantage in favour of any or all parties concerned, which is contrary to the subject or purpose of the applicable tax law, the costs and expenditures charged on the basis of such transaction (or series of transactions) shall not be treated as ordinary business expenses, i.e. that have been paid or incurred in the course of business, and no tax allowance may be claimed.
HU12	The DAC-6legislation will be effective from 1 July 2020, however all concerning structures after 25 June 2018 should be reported until 31 August 2020.

IT	ITALY (IT)
IT1	From Jan. 1st 2017, standard rate is 24,00%; non-operating companies are subjected to a 10,5% surcharge.
IT2	The most common range is 5% - 15%; in rare cases the range is 0% - 40%.
IT3	In general, the ruling can refer to cases in which there is uncertainty in the law. Further to this, there are other method of rulings: -Fiscal advice for Associations; -Rulings on specific topic i.e. merger, transformation, advertising expenses, CFC rules, etc.; -For the application of the anti-avoidance rules.

LUX	LUXEMBURG (LUX)
LUX1	Following the 2002 Luxembourg Tax Reform, the participation exemption will still be applicable where the participation is held indirectly through Luxembourg transparent entities as defined by Luxembourg tax law I.e.: SNC; SCS; GIE; GEIE; Societies Civils.
LUX2	The minimum level of taxation does not apply in relation to EU resident participations - the latter only needs to be subject to tax. The non-EU resident foreign participations must be subject to a level of taxation which is comparable to Luxembourg taxation, i.e, in practice to an effective tax rate equal to half the Luxembourg Corporate Tax.
LUX3	The taxpayer is also liable to a Contribution to the employment fund (7%) computed on the Corporate Tax liability
LUX4	The interest deductions will be denied where the holding company receives exempt income only.
LUX5	This is a safe-harbour debt: equity ratio applied in practice - there is no prescribed statutory debt: equity ratio.
LUX6	Anti-Hybrid and General Anti Abuse Rules have been introduced.
LUX7	Qualifying participations are exempt from the Annual Net Wealth Tax (NWT). This exemption is also applicable where the participation is held indirectly through a Luxembourg transparent entity - see note LUX1. There is a minimum of 4815 EUR to be paid by financial companies, including holdings.

NL	NETHERLANDS (NL)
NL1	In case of so-called hybrid financial instruments like hybrid loans, the participation exemption only applies when the dividend received is in no way tax deductible at the payers' level.
NL2	The exemption applies to a participation in a subsidiary merely investing and/or undertaking passive intercompany financing provided that its results are taxed against a minimum level of taxation (10%) from a Dutch perspective. A credit may be given in such situations, if certain criteria are satisfied.
NL3	There exists a "subject to tax" requirement for application of the "participation exemption". The minimum acceptable level of taxation is 10% (effectively) whereby the tax base is calculated according to Dutch standards.
NL4	The first € 245,000 are taxed at 15%. Chargeable income in excess of € 245,000 is taxed at 25%. From 2022 onwards € 0-395,000 tax rate 15%, > € 395,000 tax rate 25%.
NL5	Liquidation distributions are treated in the same manner as dividend distributions and, hence, subject to dividend withholding tax where applicable.

NL6	The deduction of interest expenses on excessive loans obtained by a Dutch company that acquires a participation is limited by a general interest deduction limitation. Most old, specific interest deduction limitations (old article 13l and article 15ad CITA) will be abolished as from financial year 2019. The new, general deduction limitation roughly corresponds with article 4 ATAD I and limits the deduction of interest to max 30% * EBITDA or € 1,000,000. Non-deductible interest may be carry forwarded to an unlimited extent. The Dutch GAAR is changed. There is a new article 15ba. The essence of article 15ba of the CIT 1969 is that if the ultimate interest in a taxpayer has changed to a significant extent (more than 30%), the accrued interest balances that arose prior to that change in interest and have not yet been taken into account in determining the profit can no longer be taken into account after the change in interest. If an entity and its subsidiaries form a fiscal unity, the € 1,000,000 threshold may be applied once.
NL7	CFC regulations apply to entities located in jurisdictions with a statutory CIT-rate of 9% or less. Next to that, CFC regulations apply to entities located in jurisdictions mentioned on the EU-list of non-cooperative jurisdictions (EU Blacklist).
NL8	Besides Advance Tax Rulings (ATRs) which give clarity upfront about the fiscal consequences of the intended transactions in an international setting, there are also Advance Price Agreements (APAs). These APAs give clarity upfront about the ‘at arms-length’ determination of a cross-border transaction between associated companies. The transfer-pricing guidelines are leading. Starting July 1st, 2019, ATR’s and APA’s will only be concluded if the following criteria are satisfied: • The entity doesn’t do business with other entities located in jurisdictions mentioned on the EU Blacklist; • The (international) structure of the entity doesn’t have any international tax advantage at aim, and; • The economic and operational activities have to be allocated to the Dutch entity.
NL9	The acquisition of shares in a real estate company is subject to transfer tax if the acquisition gives the acquirer a substantial interest (at least one third of the subscribed share capital) in that company. A real estate company is a company whose purpose or actual activity is to invest in real estate or real estate rights and 70% or more of whose assets consists of real estate (or real estate rights) of which at least 30% is located in the Netherlands. Depending on the nature of the real estate the tax rate could be either 2% or 6%.
NL10	Amongst others: NL-Portugal, NL-US, NL-Malta, NL-Japan.
NL11	There is a stricter standard with which taxpayers who require a ruling of an international scope must comply. Instead of a list of substance requirements, there will be a requirement of 'economic nexus' which the company must comply with in the Netherlands. The Tax Authorities will take a closer look at the purpose of the specific structure for which the ruling is sought. If the decisive motive of the taxpayer is to save Dutch or foreign tax, no ruling will be given. Rulings with an international character shall be issued for a maximum period of 5 years; in exceptional cases this period may be extended to a maximum of 10 years. There will be a standard design for all rulings with an international character.

NL12	Netherland has implemented the directive DAC6. The notification obligation will only apply from 1 July 2020. However, the guideline contains a provision requiring the intermediaries and relevant taxpayers to report constructions of which the first step was implemented between 25 June 2018 and 1 July 2020. The construction have to be filed between 1 July 2020 and 31 August 2020. Cross-border constructions that are mandatory to report and that are implemented after 1 July 2020 must be reported within 30 days. Non-compliance with the reporting obligation is subject to sanctions. The law contains a maximum fine of €830,000 or a maximum term of imprisonment of 4 years.
NL13	The Netherlands has implemented ATAD 2 with effect from 1 January 2020. ATAD2 prescribes rules to combat tax avoidance with hybrid mismatches both between EU Member States and between EU Member States and third countries. A distinction is made between mismatches with hybrid entities, hybrid financial instruments, hybrid permanent establishments, imported hybrid mismatches and situations of dual domicile. ATAD2 puts an end to the fiscal attractiveness of the Dutch CV/BV structure. An important point of attention is the documentation requirement. The documentation must show why a hybrid mismatch measure has or has not been applied in the tax return.

PL	POLAND (PL)
PL1	The general principle is that a PL resident company is subject to PL corporation tax on its worldwide profits and gains. From 1 January 2014 tax provisions included in the Polish Act on Corporate Income Tax also apply to limited partnerships on shares. If the Polish company receives the dividends from the subsidiaries having a seat outside of the territory of Poland and if that income is taxable in a foreign state, that dividend is combined with the income earned in Poland in a tax return for the fiscal year. If this is the case, the amount equivalent to the tax paid on dividend in a foreign state is deducted from the tax due in Poland. However, the deducted amount must not exceed the part of the tax calculated before deduction that is proportionately associated with the income earned in a foreign state. In the case if the Polish company directly holds no less than 75% of shares in the equity of a foreign (excluding EU and Switzerland) company and Poland has binding double taxation agreement with this country, the amount of income tax, is also deductible. The dividends received by the Polish companies are exempt from income tax, excluding income received by the partner with unlimited tax liability, if all the following conditions are satisfied: • the payer of dividends is a company having a registered seat in EU, whose entire income is subject to income tax in EU, • the Polish company (recipient) of dividends is a company that directly holds not less than 10% of shares (25% for Switzerland) in the equity of a company (payer of dividend) for an uninterrupted period of two years, • the recipient of dividend does not enjoy exemption from income tax. Dividends paid by the Polish company are exempt if the following conditions are satisfied: • the company receiving a dividend directly holds not less than 10% of the shares (25% for Switzerland) for an uninterrupted period of two years, • the receiving company is subject to unlimited tax liability in Poland or other EU state, and does not enjoy exemption from income tax irrespectively of the sources from which the income is earned, • the tax certificate confirming the place of the tax residence of the recipient is required. If these conditions are not met, then the dividend is subject to 19% CIT rate. From 1st January 2016 the amendment to Polish CIT Act introduces an additional condition for applying tax exemption for dividend payment by a subsidiary to its parent company – the taxpayers will be obliged to confirm that the dividend does not result from an activity aimed mainly at acquiring the right to tax exemption or other artificial activity having no factual substance.
PL2	Capital gains understood as income from sale of shares and stock. They also include dividends, dividend-like incomes, a number of other, generally non-operating incomes. Starting from January 1st, 2021, income gained from limited partnerships and some general partnerships qualify as capital gains (the same applies to income from joint-stock partnerships).
PL3	As from 2018 incomes are divided into two groups: capital gains and other incomes. The most important practical consequence is that losses generated in one group may not be set off against profits of the other group. The above rules do not influence the participation exemption itself but may affect taxation of dividends in other situations.

PL4	As of 1 January 2015 CFC, rules have been introduced in Poland. In case the underlying subsidiary is a passive company and additional conditions are met, the income received by that company is subject to CIT taxation in Poland.
PL5	The tax effectively paid should not be less than 50% of what would be paid in Poland. The standard CIT rate in Poland is 19%, but in the case of certain taxpayers it is 9%.
PL6	Generally, the 9% rate applies to so called small taxpayers and – in the first tax year – to taxpayers that commence activity. A small taxpayer is a taxpayer whose sale revenues did not exceed in the preceding tax year 2m EUR (including VAT). From 2021 the 9% rate applies solely in case of net revenues lower than 2m EUR net and is not applicable to capital gains.
PL7	The value of property gained as a result of the liquidation of a legal person is treated as income from share in the profits of legal persons. This income is taxed under the same regime as the dividends. (19% flat rate, however PSD exemption not available).
PL8	Interest accrued on loans assumed to finance acquisition of foreign participation is generally tax deductible, however, cannot be deducted from dividend income (as in case of dividends 19% CIT is due on revenues). As from 2018 incomes were divided into two groups (capital gains and other incomes), and costs should be allocated respectively. As from 2018 also limits/exclusions for interest treated as tax-deductible costs were introduced/changed. Impact of all these rules on recognition of the said interest should be analysed case-by-case.
PL9	Financing costs should be treated as non-deductible in the part in which the excess of financing costs exceeds 30% of the difference between the sum of revenues from all sources (decreased by interest revenues) and sum of tax-deductible costs (decreased by depreciation and interest expenses). The rule does not apply to excess of financial costs that is equal / lower than 3m PLN in the tax year. Costs non-deductible under the above rules in the tax year may be deducted in the following 5 tax years (provided that they meet the above rules in these future years). Other specific regulations apply.
PL10	The CFC rules have been introduced as of 1 January 2015. In addition, special transfer pricing rules apply for transactions performed by taxpayers with subjects having the place of residence, seat or board of management within a territory of or in a country admitting detrimental tax competition – in case the value of such a transaction exceeds PLN 100,000 per year, taxpayers shall be obliged to prepare tax documentation of such transaction(s). On the list are the following jurisdictions: Andorra, Anguilla, Antigua, Barbuda, Aruba, Bahama, Bahrain, Barbados, Belize, Bermuda, Gibraltar, Grenada, Guernsey, Liberia, Liechtenstein, Macau, Maldives, Monaco, The Netherlands Antilles, Panama, Montserrat.
PL11	Taxpayers have the right to apply to the Minister of Finance for a written interpretation of tax regulations (a tax ruling). The application can refer to both past of future transaction. A tax ruling is binding for tax authorities with regard to the specific applicant. No individual interpretation shall be issued regarding such elements of the state of affairs which, on the day of filing the application for interpretation, are the subject-matter of pending tax proceedings, tax control, control proceedings by a fiscal control authority or if, in this regard, the case has been settled as to its merits in a decision or ruling of a tax authority or fiscal control authority. Interpretation shall be issued within 3 months after filing relevant application. As of 15 July 2016, tax authorities have the right to refuse issuing a tax rulings in case they state that the question asked is aimed at tax avoidance, or aimed at achieving unauthorised tax benefit on the grounds of VAT law.

PL12	A minimum income tax was introduced for taxpayers who own a commercial real estate (a building generating lease revenues). However, buildings used for own purposes or buildings/arears not rented/leased are excluded from this type of taxation). The tax is 0.035% per month of a building's gross tax value (as a rule initial value being basis for depreciation). The tax-free amount is PLN 10m per a taxpayer (potentially lower in case of possessing subsidiaries with real estates). The tax may be deducted from standard advance payments for income tax. The Polish Tax on Civil Law Transactions applies for (a) equity increase (0.5%), (b) transfer of shares (1%), (d) sale of movable or immovable property, or property rights (1% or 2%). As a rule, application of Tax on Civil Law Transactions is excluded when a given transaction is subject to Value Added Tax.
PL13	The Polish agreements on avoidance of double taxation as a rule refer to a definition of the beneficial owner provided in the Model Convention OECD. The DTT between Poland and the US, signed on 13th February 2013 (however not ratified yet by the US) provides for beneficial owner test and LOB clause.
PL14	In practice having a registered seat in Poland is sufficient for Polish tax residence. CFC rules, described above, provide an exception to this rule (for a foreign holding company). According to amended WHT rules, binding as of January 1st, 2019, foreign entities gaining Polish sourced revenues underlying Polish withholding taxation shall prove beneficial ownership in order to apply WHT exemption or reduced rate. One of conditions is to run real business activity, in the meaning of Polish CFC rules.
PL15	Payments for certain intangible services (in particular advisory, advertisement and management) as well as payments for use of intangibles (in particular trademark fees) paid directly or indirectly to related parties are non-deductible in the part in which their total amount exceeds 5% of the difference between revenues from all sources (decreased by interest revenues) and sum of tax deductible costs (decreased by depreciation and interest expenses). The rule does not apply to excess of the said costs that is equal / lower than 3m PLN in the tax year. Costs non-deductible under the above rules in the tax year may be deducted in the following 5 tax years (provided that they meet the above rules in these future years). Other specific regulations apply. As regards CFC changes the most important one is inclusion in the definition of CFC (as from 2018) of entities whose revenues in the tax year do not exceed EUR 250k.
P16	Exit tax is due in case of change of tax residency or a transfer of an asset outside Poland, both resulting in lack of Polish taxation. Taxable basis is an excess of market value of the asset over the its tax value. The rate is 19% or 3% (in case of undisclosed value). Some exemptions are available.
P17	The mandatory disclosure rules apply to transactions done after June 25th, 2018 (cross-border) and after November 1st, 2018 (local). Introduced in very broad scope in Poland and subject to significant fines.
P18	The rules are designed to prevent double tax deduction or deduction without taxation that arise from transactions or qualifications of entities that are tax treated differently in different countries, knows as hybrid mismatches. Generally EU Directive compliant.

PT	PORTUGAL (PT)
PT1	Other taxes may apply such as: • Municipal surcharge (up to 1.5% on taxable income); • Property tax (0.3% to 7.5% on register value, set by the Tax Authorities); • Municipal Property Transfer tax (5% to 10% on acquisition price/register value); May also be due on acquisition of participations on subsidiaries owning real estate property in PT; • Stamp duty (due on some situations, such as credit concession and use, sale of business; letting, etc.).
PT2	There are no specific rules to the question: What kind of substance requirements are in place for holding companies. However, participation exemption may be denied if dividends derive from arrangements deemed as not having valid commercial reasons and economic substance. A general anti-avoidance clause allows Tax Authorities to challenge any act or contract deemed artificial or with the sole purpose of obtaining tax advantages. As so holding companies should comply with the adequate level of substance for developing its activity, namely in what respects its financial, material and personnel resources necessary.

RO	ROMANIA (RO)
RO1	Dividends distributed to a Romanian legal entity or a legal person with the head office in Romania, incorporated under European law, parent company, by a subsidiary located in a Member State, including those distributed to its permanent establishment located in a Member State other than that of the subsidiary, shall be exempted from tax if the Romanian legal entity cumulatively meets the following conditions: 1. has one of the following forms of organization: general partnership, limited partnership, joint stock company, limited partnership, limited liability company : (”societate pe acţiuni”, ”societate în comandită pe acţiuni”, ”societate cu răspundere limitată”, ”societate în nume colectiv”, ”societate în comandită simplă”); 2. pays corporate income tax, in accordance with the provisions of the Romanian Tax Code, without the possibility of an option or exemption; 3. has a direct minimum holding of 10% in the capital of the Romanian legal person for an uninterrupted period of at least 1 year, which ends on the date the dividends are paid; If a Romanian legal entity obtains income from a foreign state through a permanent establishment or income subject to withholding tax which, according to the provisions of the double taxation agreement concluded by Romania with another state, may be taxed in the other state , and the respective convention stipulates as a method of avoiding double taxation the tax credit method, the tax paid to the foreign state, either directly or indirectly, by withholding and transferring another person, is deducted from the profit tax determined according to the provisions of this title.
RO2	Capital gains earned by a Romanian resident company from participation titles held to a Romanian legal entity or to a foreign legal entity located in a state with which Romania has concluded a double taxation agreement are included in their ordinary profits and are taxed at 16%. Participation exemption applies for capital gains derived by a Romanian legal entity from participations of at least 10%, held for a minimum period of one year, in a subsidiary established in a state with which Romania has a Double Tax Convention or a Romanian established subsidiary. Capital gains obtained by non-residents from real estate property located in Romania or from the sale of shares held in a Romanian company are also taxable in Romania. However, the income may be subject to treaty protection.
RO3	1. 5% rate on the gross dividend paid to a Romanian legal entity or for non- residents in other cases; 2. 0% if the entity (Romanian or EU member) that receives the dividends holds a minimum 10% of its securities on the date when the dividends are paid, for a period of 1 years ending on the dividend payment date.
RO4	Depending on the Double Tax Treaty, the tax rate span large between 0% - 15%. To apply the rates stipulated in the relevant Double Tax Treaty, the non-resident shall have the obligation to present to the income payer, at the time of earning the income (payment date), a tax residency certificate issued by the competent authority from its state of residence.

RO5	Income derived by a non-resident from the liquidation of a Romanian company is subject to 16% withholding tax under domestic legislation, subject to the provisions of a relevant tax treaty which may allow a more favourable or nil withholding tax rate to be applied. Nevertheless, an exemption is applied if at the date of commencement of the liquidation operation, according to law, the taxpayer holds for an uninterrupted period of year at least 10% of the share capital of the legal entity subject to the liquidation operation. A 50% tax rate is applicable to taxable income (including liquidation proceeds) derived from Romanian sources by non-residents, where the income is paid to a state with Romania has not concluded a tax information exchange agreement and in connection with transactions which have been deemed to be artificial.
RO6	An entity or a permanent establishment, which is considered a controlled foreign company (owns directly or indirectly more than 50% of the voting rights or owns directly or indirectly more than 50% of the share capital or is entitled to receive more than 50% of the profits of that entity), must apply the rules on controlled foreign companies if the income tax paid on its profits by the entity or the permanent establishment is lower than the difference between the corporate income tax that would have been charged on the entity or on the permanent establishment under the provisions of title II and the actual corporate income tax paid on its profits by the entity or the permanent establishment. If the entity or the permanent establishment is considered a controlled foreign company, the payer of corporate income tax that controls it should include in the tax base for its tax period (during which the tax period of the foreign controlled entity/permanent establishment closes) in proportion to the ownership of the taxpayer in the entity, the following undistributed revenues of the entity: a) Interest or any other income generated by financial assets. b) Royalties or any other income generated by intellectual property rights. c) Dividends and income from the transfer of units. d) Financial lease income. e) Income from insurance activities, banking or other financial activities. f) Income from companies that obtain it from goods and services purchased from associated companies and sold to them without any added value or with low added value. Tax losses registered by a permanent establishment as a controlled foreign company are deducted only from the income earned by the permanent establishment, separately, on each source of income. Uncovered losses are carried forward and may be recovered over the next 5 consecutive fiscal years. For the avoidance of double taxation, if the entity distributes profit to the taxpayer and this distributed profit is already included in the taxable income of the taxpayer, the amount of the income previously included in the taxpayer's tax base is deducted in the tax period in which the amount of tax due for the profit distributed is calculated. For the avoidance of double taxation, if the taxpayer surrenders its holding of a controlled entity or the economic activity carried out through a permanent establishment and part of the proceeds of the disposal was previously included in the tax base of the taxpayer, that amount is deducted in the tax period in which the amount of tax due for the receipts is calculated. The taxpayer deducts the tax paid to a foreign state by the controlled entity/ permanent establishment from the income tax owed, in accordance with double taxation conventions.
RO7	The anti-abuse rule is applicable to an arrangement or a series of arrangements which, with regard to all relevant facts and circumstances, are not genuine, having been undertaken for the main purpose of, or having as one of the main purposes, obtaining a tax advantage that defeats the object or purpose of the applicable tax law. Specifically, the above-mentioned arrangements are to be ignored when computing the tax liabilities attributed to a taxpayer.

RO8	As of 1 January 2018, Thin capitalization computation relies on the indebtedness costs and the excess indebtedness costs. Below we have provided the computation methodology of the thin capitalization. The indebtedness costs = interest expenses related to all debts, or other costs equivalent from an economic point of view with the interest. (i) The excess indebtedness costs= indebtedness costs of a taxpayer – interest income or other equivalent income from an economic point of view, obtained by the taxpayer. (ii) Computation base deductibility indebtedness excess costs= Total Income- Total Expenses- Non-Taxable Income+ Corporate Income Tax Expenses + Excess indebtedness costs + Tax Depreciation (iii) The excess indebtedness costs are deductible, considering the following thresholds: Ø The amount of EUR 1,000,000, computed at the NBR forex exchange corresponding to the last day of the quarter/fiscal year as the case may be; Ø For FY 2018 (01.01.2018 – 31.12.2018), the threshold was set at 200,000 EUR and the deductibility set at 10% from the indebtedness excess costs computation base mentioned in point (ii) above. Ø For FY 2019 onwards, the threshold was set at 1,000,000 EUR and the deductibility set at 30% from the indebtedness excess costs computation base mentioned in point (ii) above. In case "the excess indebtedness costs computation base (ii)" is negative or equal with 0, the difference from the excess indebtedness costs and the deductible threshold is non-deductible for the computation of the Corporate Income Tax within the period of reference and the amount is reported for an unlimited period. As such, even though interest expenses and net loss from foreign exchange are characterized as non-deductible during the period of reference, the latter could be deducted in the future periods provided that the conditions above mentioned are met. This interest deductibility rules also apply to financial institutions, but not to independent entities (entities that they are not part of a consolidated group for financial accounting purposes, do not have related parties and permanent establishments), which can fully deduct exceeding borrowing costs.
RO9	Gains derived from the transfer of assets, of tax residency or of the economic activity of a permanent establishment for which Romania loses the right to tax calculated as the difference between the market value and the tax value of assets transferred, are subject to a 16% tax. If, upon the transfer of assets, of ta residency or of economic activity a loss is incurred, the taxpayer can offset this against gains derived from operations of the same nature during the next 7 years. Taxpayers that apply the provisions described above can pay the tax in instalments, provided that they fulfil the provisions of the Fiscal Procedure Code on the payment of tax in instalments and that the transfer is made to an EU or EEA member state.
RO10	The Romanian tax authorities have the right to deny the application of double tax treaties, provided that there is proper evidence that the facilities/benefits under the relevant tax treaty are being used abusively, for tax avoidance purposes.
RO11	The Romanian tax authorities are entitled to disregard or requalify a transaction when imposing a tax, in order to a accurately reflect the economic substance of that transaction.

RO12	The criteria for companies to be considered related parties under Romanian legislation is a minimum 25% direct or indirect shareholding and/or economic control. Transactions which take place between related parties (including those between domestic group companies) are required to be carried out on arm's length (i.e. market) terms. Since January 2016, large taxpayers which carry out transactions with related parties over certain significance thresholds have been required to prepare their transfer pricing documentation files on an annual basis, no later than the legal deadline for submitting the annual corporate tax return, for each fiscal year. In this case, the deadline provided by law for presenting the transfer pricing documentation file to the Romanian tax authorities is a maximum of 10 days following a request. Large taxpayers carrying out transactions with related parties below the thresholds mentioned above, and all other taxpayers which carry out transactions with related parties over certain (different) significance thresholds, are required to provide their transfer pricing documentation files to the Romanian tax authorities in the event of a tax audit. In this case, the deadline for presenting the transfer pricing documentation file to the Romanian tax authorities is between 30 and 60 days, with the possibility of extension by another 30 days maximum. Even though Romania is not part of the OECD yet, the OECD Transfer Pricing Guidelines are, in principle, recognised by Romanian transfer pricing legislation. Nevertheless, the Romanian legislation also contains a number of specific national elements related to transfer pricing, which prevail, and which are carefully verified by the tax authorities during transfer pricing tax audits. In terms of documentation, the EU Masterfile and Countryfile concept has been broadly implemented into Romanian law. Advance Pricing Agreements (APAs) and the Mutual Agreement Procedure (MAP) are also possible under Romanian legislation. These aim to reduce the risk of transfer pricing adjustments. Romanian legislation provides specific requirements on the submission of the Country-by-Country report and notification obligations relating to the identity and fiscal residence of the reporting entity, for companies that are part of a multinational group which has a total consolidated group revenue of at least EUR 750 million. These obligations result from the transposition of EU Directive 881/2016 on the mandatory automatic exchange of information on taxation, which follows the recommendations of BEPS Action 13 issued by the OECD. When the headquarters of this type of group is resident in a country outside of the European Union a secondary filing of the report in Romania may be needed. The fines for late or incomplete submission of the report are significant.
RO13	The definitions of "effective place of management", "resident", "related party" and "shares" have been amended. Also, the Law introduces a procedure for establishing the tax residency of foreign legal entities having the place of effective management in Romania.
RO14	The EU Directive on Mandatory Disclosure Rules (MDR) also known as "DAC6" has been implemented into Romanian law. As expected, its provisions will apply starting from July 2020, but its effects are of a retroactive nature. Romanian intermediaries and taxpayers are required to disclose to the Romanian tax authorities ("ANAF") information on reportable cross-border transactions which fulfil the hallmarks mentioned by the Directive. ANAF will subsequently exchange this information through automatic exchange of information with the tax authorities in the countries involved in each transaction. The first reporting wave will start on 28 February 2021 and, by this date, intermediaries and taxpayers are required to disclose information related to the qualifying arrangements which have been identified starting from 25 June 2018 – the date of entry into force of the Directive. After August 2020, the reporting should be done within 30 days of the day after the reportable cross border arrangement (i) is made available for implementation, (ii) is ready for implementation or (iii) when the first step in its implementation has been made, whichever occurs first. An intermediary is only required to report to ANAF if it has a presence in Romania (local residency, permanent establishment, incorporation or professional registration). An intermediary can be exempt from its reporting obligation if it obtains proof that the same information related to a certain reportable cross-border arrangement has already been reported by another intermediary. It is not yet clear what evidence is deemed sufficient to demonstrate that the reporting has been fulfilled by

	another intermediary. Intermediaries covered by legal professional privilege will be required to fulfil their reporting obligation to the Romanian tax authorities only if they are in the possession of a written agreement from the client, allowing them to do so. In the absence of such an agreement from the taxpayer, an intermediary which is exempt from the reporting obligation is required to notify in writing the other intermediaries or the taxpayer itself (if no other intermediaries exist) that no data will be disclosed, and that the reporting obligation reverts to the taxpayer. If no intermediaries exist, or if they are covered by professional privilege, the reporting obligation reverts to the taxpayer. The following penalties will apply: Ø Between RON 20,000 and RON 100,000 (approx. EUR 4,000 – EUR 20,000) – applicable to both intermediaries and taxpayers if the information is not disclosed or it is disclosed after the relevant deadline. Ø Between RON 5,000 and RON 30,000 (approx. EUR 1,000 – EUR 6,000) –for intermediaries covered by legal professional privilege which are exempt from the reporting obligation- if the intermediary does not notify other intermediaries involved or the taxpayer itself that no information will be disclosed, and that the reporting obligation reverts to the other intermediaries or the taxpayer.
RO15	"Hybrid mismatch" means a situation involving a taxpayer or an entity where: 1. A payment under a financial instrument gives rise to a deduction without inclusion outcome. 2. A payment to a hybrid entity gives rise to a deduction without inclusion and that mismatch outcome is the result of differences in the allocation of payment made to the hybrid entity under the laws of the jurisdiction where the hybrid entity is established or registered and the jurisdiction of any person or entity with a participation in that hybrid entity. 3. A payment to an entity with one or more permanent establishments gives rise to a deduction without inclusion and that mismatch outcome is the result of differences in the allocation of payments between the head office and permanent establishment or between two or more permanent establishments of the same entity under the laws of the jurisdictions where the entity operates. 4. A payment gives rise to a deduction without inclusion because of a payment to a disregarded permanent establishment. 5. A payment by a hybrid entity gives rise to a deduction without inclusion and that mismatch is the result of the fact that the payment is disregarded under the laws of the payee jurisdiction. 6. A deemed payment between the head office and permanent establishment or between two or more permanent establishments gives rise to a deduction without inclusion and that mismatch is the result of the fact that the payment is disregarded under the laws of the payee jurisdiction. 7. A double deduction outcome occurs. To the extent that a hybrid mismatch results in a double deduction: - the deduction of the payment/ expense will be denied; or - the amount of the payment will be included in the taxable income.

SK	SLOVAK REPUBLIC (SK)
SK1	Dividends from profits after 1st January 2004 distributed between legal entities are not subject to tax. This provision shall apply to any shares of profits, which are booked for the tax period after the 1st January 2004, and to any settlement shares and shares of liquidation balances, the entitlement to which arose after the 1st January 2004. If shares of profits for taxable periods up to 31st December 2003 are earned since 1st April 2004 by a taxable party with limited tax liability, such shares of profits shall be treated as income originating from a source in the territory of the Slovak Republic, which is entitled to the withholding tax (Section 43); such income shall not be liable to the tax if earned by a taxable party having their registered office in any member State of the European Union, who holds, at the time of payment, crediting, or other posting of such income to its favour, at least 25 % direct shareholding on the registered capital of the party, by which the income is paid. If shares of profits for taxable periods up to 31st December 2003 are earned by a taxable party with unlimited tax liability from a party, which has its registered office in another member State of European Union, and if such a taxable party holds, at the time, when the income is paid, credited or otherwise posted to its favour, at least 25 % direct shareholding on the registered capital of the party, by which the income is paid, such income shall not be liable to the tax starting from the effective date of the Treaty on Adhesion of the Slovak Republic to the European Union. In other cases, if the condition of at least 25 % direct shareholding on the registered capital of the party is not fulfilled the Dividends could be taxed depending on the Double Taxation Avoidance Treaties within 0 – 21 %. With effect from 1st January 2017, dividends distributed between legal entities from profits generated thereafter are subject to tax if paid from or to entities from non-treaty state. 35 % tax rate shall apply in these cases. On the basis of income tax act tax deductibility of costs incurred by holding companies could be limited – as tax deductible are costs whose purpose is to acquired or keep taxable income. Dividends are generally exempted from taxation in Slovakia, thus costs of holding, especially when the purpose of holding is single income from dividends, do not pass the general test for tax deductibility. To avoid double taxation, the Slovak parent company will be able to include the tax paid by the CFC abroad when calculating tax in Slovakia under the conditions stated in the Slovak Income Tax Act.

SK2	The Capital Gains Income which is paid to the Slovak Tax Non-resident (to any member State of the European Union) can be exempt from the tax if following condition is fulfilled: Interest and other income from loans and credits, interest accruing on allotment certificates, bonds, deposit certificates, treasury bonds, deposit letters and other securities and deposits of equal ranking, which are earned from a source in the territory of the Slovak Republic by a legal entity, which is a taxable party of another member State of the European Union, and which is the ultimate beneficiary of such income, as long as such income is paid by a taxable party with unlimited tax liability, provided that up to the date of payment of the income and during at least 24 immediately following months 1. The taxable party, which pays such income, holds at least 25 % direct interest in the registered capital of the ultimate beneficiary of such income, or 2. The ultimate beneficiary of such income holds at least 25 % direct interest in the registered capital of the taxable party paying such income, or 3. Another legal entity with its registered office in any member State of the European Union holds at least 25% direct interest in the registered capital of the taxable party paying such income, and at the same time it holds at least 25 % direct interest on the registered capital of the ultimate beneficiary of such income. If there is no 25 % direct interest in the registered capital of the taxable party the Capital Gains Income cannot be exempt from tax and then the Double Taxation Avoidance Treaties have to be considered. Insurance Premium Tax – new indirect tax comes into force on 1 January 2019; this tax in the amount of 8 % from non-life insurance lines of business is applicable under the condition that insured risk is located in the Slovak Republic. Special tax on retail chain- new special tax comes into effect on 1 January 2019; this tax is applicable to certain retail chains, part of the turnover of which comes from the sale of food, shall be obliged to pay a tax (levy) of 2,5 % of their net turnover in Slovak Republic.
SK3	The Amendment of the Income Tax Act with effect from 1st January 2014 introduces the institute of a tax licence (minimum tax) for specified corporate entities reporting a tax loss, zero or very low tax in a taxation period. It means the implementation of the so-called tax from loss and failure in business. The tax license will apply to business companies with the tax liability calculated in the tax return lower than the amount of tax license (see the table below). The tax licenses will not be paid by businesses using the trade license. The tax licenses will only apply to business companies to which the corporate income tax applies. With regard to the amount proposed, the tax licenses will have major impact on small businesses. (table below) According to the amended income tax act, tax license will cease to exist with effect from 1.1.2018.

Company type	Amount of annual tax license (minimum amount of income tax)
A taxpayer with an annual turnover to EUR 500,000 – non VAT payer	€480
A taxpayer with the annual turnover to EUR 500,000 – VAT payer	€960
A taxpayer with the annual turnover of more than EUR 500,000	€2,880

SK4	In general, just corporate income tax is calculated from the tax base for the last tax period as at the end of the liquidation. The final distribution of assets of the holding company in liquidation to another legal entity is not generally subject to tax in Slovakia. However, subject to tax are distributions of assets of the holding company in liquidation from and to entities from non-treaty states. Withholding tax 35% is imposed on distributions to non-treaty states. Exit tax is introduced in Slovakia with effect from 1st January 2018. The subject of exit tax in Slovakia is: a) individual transfer of assets from headquarter to permanent establishment created in foreign countries b) individual transfer of assets from permanent establishment in Slovakia to headquarter or to another foreign permanent establishment c) transfer of tax residence to abroad d) transfer of business activities of taxpayer or its part into foreign parties e) transfer of business activities performed by permanent establishment or its part.
SK5	The Amendment of Income tax act has introduced a limit for the maximum amount of interest on loans and credits recognized as costs included in tax deductible expenditures provided that these are loans and credits granted by related legal entities (local and foreign). Such restriction also supports the related entities to make contributions to the basic capital instead of granting loans and credits and thus increase the guarantees for contingent liabilities. Under certain legal conditions income from the sale of securities could be exempt from the tax in the case of physical person from 1.1.2016.
SK6	• As of 1 January 2015, thin capitalization rules for financing between related parties are introduced in Slovakia. • Costs of credits and loans provided by related party will be tax-deductible up to 25% of EBIDTA (earnings before interest, taxes, depreciation and amortization). • Activated interest in fixed assets remains unaffected by this prohibition of deduction. • Leasing companies, banks and insurance companies are exempt from this rule.
SK7	ATAD directive was implemented into our legislation with regards only to legal entity or foreign subject. The tax base of CFC will be determined based on performed functions, assets used and born risks. 35% withholding tax rate for non-treaty states + preparing of full transfer pricing documentation under the condition that CFC is involved into at least one significant controlled transaction with related party from non-treaty state. In general, for foreign related parties: the OECD rules on transfer prices are applicable; and also the Act of Money laundering from criminal proceeds is effective. In the Slovak income act was added new paragraph regarding to “anti- abuse rule” COUNCIL DIRECTIVE 2014/86/EU of 8 July 2014 is amending Directive 2011/96/EU on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States. On 27 January 2015, the European Council formally adopted a binding general anti-abuse rule to be included in the Parent-Subsidiary Directive (PSD). This new rule aims at preventing Member States from granting the benefits of the PSD to arrangements that are not “genuine,” i.e., that have been put into place to obtain a tax advantage without reflecting economic reality. The clause is formulated as a “de minimis” rule, meaning that Member States can apply stricter national rules, so long as they meet the minimum EU requirements. Slovak Republic has already implemented this general anti- avoidance rule into national law.

SK8	If the taxpayer achieves a share of the profits on the basis of measure or several measure, which in the regards to all relevant circumstances cannot be considered as real and their main purpose (or one of main purpose) is to obtain benefits for the taxpayer that is contrary to the object and purpose of the Slovak income tax; So this share of profit will be considered as subject of the tax.
SK9	According to the Slovak Income Tax Act a taxpayer may file with the tax administration a written request (charged by the Slovak Tax Authorities) asking to issue a decision on the approval of the use of a specific method of transfer pricing or means of price calculation (further only “valuation method”), not later than 60 days before the beginning of the tax period during which the agreed valuation method will apply. The tax administration shall issue a decision on the approval of the valuation method valid for not more than five tax periods. The approval can be prolonged by additional up to five tax periods under certain conditions. The enclosure related to the mentioned request are documentation according to Slovak income tax act and certain other information on transaction. Documentation´s content is set by Ministry of Finance of Slovak Republic.
SK10	The scope of tax regulations on application of which the binding regulation may be issued shall be stipulated by generally binding legal regulation issued by the ministry.
SK11	Consideration of the economic effects of a regime to determine whether a potentially harmful regime is actually harmful. A regime that has been identified as being potentially harmful based on the above factor analysis may be considered not to be actually harmful if it does not appear to have created harmful economic effects. The following three questions can be helpful in making this assessment: Does the tax regime shift activity from one country to the country providing the preferential tax regime, rather than generate significant new activity? Is the presence and level of activities in the host country commensurate with the amount of investment or income? Is the preferential regime the primary motivation for the location of an activity? Following consideration of its economic effects, a regime that has created harmful effects will be categorised as a harmful preferential regime. Arrangements for Hybrid mismatches related to the transactions among associated persons (i.e. Hybrid entity and hybrid instrument) were adopted in the Slovak tax legislation. The basic rule for hybrid mismatches is that the country of receiver will be obliged to follow point of view for certain income according to the legislation of the country in which this income has its source. Types of hybrid mismatches: Double deduction schemes Deduction / no inclusion schemes Foreign tax credit generators

SL	SLOVENIA (SL)
SL1	The dividend income for tax purposes may be either exempt from tax under a “participation exemption” or credit of foreign paid tax may be used. In practice participation exemption is more beneficial. Exemption does not apply however when deduction of income paid out at the level of the payer is allowed. In addition to exemption of dividend income companies applying for the benefit must declare 5% of the dividends, which have been exempt as non-deductible expense.
SL2	Taxpayer may exempt 50 % of realized capital gains from its tax base under three conditions: • taxpayer has at least 8% holding in the capital of the subsidiary; • duration of the 8% equity holding is at least six months; • taxpayer has employed at least one person for full-time in the last six months. In addition to exemption of capital gains companies applying for the benefit must declare 5% of the capital gains, which have been exempt as non-deductible expense.
SL3	Withholding tax imposed on liquidation proceeds may be mitigated under Double tax treaties.
SL4	Interests on loans are not deductible if they are received from the shareholders who directly or indirectly owns at least 25% of the shares in the equity capital or voting rights at any time during the tax period and if the loan exceed at the same period of time the established debt: equity ratio (as of 2012 4:1), unless the taxpayer can prove that the loan would have been granted by an unrelated person.
SL5	General substance over form rules exist. Directive benefits do not apply if the main purpose or one of the main purposes of the transaction is to achieve tax advantage.
SL6	Tax on real estate was introduced in 2014 and replaced the previous compensation for the use of building lands and tax on real estate of higher value. In March 2014 constitutional court ruled that the tax on real estate was in conflict with Constitution and the old regime was reinstated (compensation for the use of building land). The tax on real estate of higher value is no longer in force as of 1 January 2015.
SL7	Limitation of benefits clause is provided in the Slovenian US treaty, anti-treaty shopping provisions are provided in the treaties with UK and France.
SL8	A holding company is a company that owns the majority of shares of an independent legal entity and is mainly engaged in the establishment, financing and management of these legal entities. Following two presumptions apply: (1) The company under majority ownership of the holding company, is deemed dependent from the holding company and (2) The dependent company and the holding company together constitute a concern.
SL9	Subject to tax are hidden reserves at the time of transfer of assets in a form of transfer of effective place of management, transfer of assets between permanent establishment and effective place of management, transfer of tax residency or transfer of permanent establishment where such transfer is made from one state to another.

SL10	Articles regarding DAC 6 entered into force with 12 June 2019 and will become effective with 1 July 2020.

SP	SPAIN (SP)
SP1	Exemption has been reduced to 95% of the dividend.
SP2	Temporary ruling for shares with an acquisition value over 20M€ for FY 2021-2022-2023-2024-2025: those shares acquired before 01-01-2021 whose value is over 20M€, even though it holds less than 5% of the share capital, can apply the 95% exemption on dividends and capital gains.
SP3	Exemption has been reduced to 95% of the capital gain.
SP4	The following treaties came into force last year: Cape Verde and Azerbaijan.
SP5	The law transposing DAC 6 Directive was published in the Official State Gazette on December 30, 2020.
SP6	On 30 November 2020, the Spanish Ministry of Finance released a draft Bill to implement the "EU ATAD 2" into the Spanish Corporate Income Tax (CIT) and Non-resident Income Tax (NRIT) provisions. This draft Bill was subject to public consultation until 23 December 2020. The draft rules published by the Spanish Ministry of Finance are generally in line with the EU ATAD 2 provisions and do not significantly deviate from the wording of the Directive. In particular, the Spanish CIT and NRIT Laws are amended to include provisions under which expenses incurred by Spanish tax resident companies and permanent establishments located in Spain which: (i) fall under the scope of the hybrid mismatches identified in the Directive; and (ii) result in a deduction/non-inclusion or a double deduction situation, would not be deductible for Spanish tax purposes.

SW	SWITZERLAND (SW)
SW1	Companies are subject to the federal, cantonal and municipal tax. For dividend income they may claim for a participation relief for the above-mentioned taxes. The tax relief is calculated by virtue of the ratio of the net qualifying dividend income to the total net profit.

SW2	Companies may claim for a participation relief for capital gain income for the tax on federal level. On cantonal and municipal tax level, companies may claim for a participation relief for capital gain income only if cantonal tax legislation allows for a participation relief for capital gain income. The tax relief is calculated by virtue of the ratio of the net qualifying capital gain realized to the total net profit. Participation exemption is granted on the difference between the sales price and the original value. Former depreciations recovered by the sale are, however, subject to ordinary taxation.
SW3	The subsidiary can be an active operating company as well as a passive holding company.
SW4	No specific requirements. However, Swiss tax authorities may intervene when they discover a fraudulent use. Basically, a fraudulent use requires • a situation/construction which makes from an economical point of view no sense • the construction is appropriate to save taxes • based on the construction taxes are saved indeed which were not the case without the use of the chosen construction
SW5	At the level of federal direct tax holding companies are subject to ordinary taxation at the statutory rate of 8.5% on the company's after-tax profit (7.83% effectively). If solely income from participations (i.e., dividends and/or capital gains) qualifying for participation exemption is realized, the final tax burden can be zero (a small 'shadow tax' may be due depending on the level of debt financing). At the level of cantonal (and municipal) direct tax holding companies are subject to ordinary taxation at the cantonal statutory rate of 8.9% – 18.51% on the company's after-tax profit (8.17% - 15.62% effectively). The so-called "Holding-Privileg" was abolished by the Federal Law on Tax Reform and AHV Financing with effect from 1 January 2020. If solely income from participations (i.e., dividends and/or capital gains) qualifying for participation exemption is realized, the final tax burden can be zero (a small 'shadow tax' may be due depending on the level of debt financing). Capital tax varies between 0.0‰ and 0.5‰ whereas the rates applied to holding companies are even lower. Most cantons levy minimum capital taxes of e.g., CHF 100. Some cantons allow for a set-off of capital tax against profit tax.

SW6	Treaty and Non-Treaty Countries: As of 1/1/2011 dividends from a potential share premium or contribution in cash or kind (paid in after 31.12.2006), i.e. distributed out of funds formerly paid in by the shareholder, are no longer subject to withholding tax provided they were accounted for by the Federal Tax Administration and listed in the company's financial statements separate from other company reserves. Treaty Countries: The range goes from 0% - 20%. However, the withholding tax of 35% is due. • The Swiss tax authority grants the possibility to fulfil the withholding tax duty by notification between related companies. Requirements: the foreign mother company is situated in a state with which Switzerland concluded a tax treaty and the participation equals to at least 10%. • Switzerland ratified the agreement on the automatic exchange of information on financial accounts to promote tax honesty in international situations with the EU. Based on this treaty, on dividends paid out to companies situated within the EU the 0% rate is applicable. Requirements: - The beneficiary party is a company situated in a member state of the EU. - The participation equals to at least 25%. - After a 2 years period the dividend may be credited untaxed. Before expiration of this time limit, the withholding tax has to be paid in and can normally be claimed back after expiration of the 2 years period.
SW7	The country of the outgoing dividends levies the withholding tax (tax treaty specific). The explanations under point SW6 apply inversely.
SW8	Any liquidation proceeds are subject to taxation as if they were ordinary dividends i.e., a 35% withholding tax applies, but can be reduced depending on the applicable double taxation treaty. As of 1/1/2011 liquidation proceeds from a potential share premium or contribution in cash or kind (paid in after 31.12.2006), i.e. distributed out of funds formerly paid in by the shareholder, are no longer subject to withholding tax provided they were accounted for by the Federal Tax Administration and listed in the company's financial statements separate from other company reserves.

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SW9	According to a circular issued by the Federal Tax Administration in 1997, the minimum equity results from the maximum debt financing as applicable to the different asset categories (safe-haven rules). For each asset category a specified maximum debt financing quota is accepted for debt granted from or guaranteed /secured by related parties. Consequently, the maximum debt-to-equity ratio results from the sum of the maximum amount of indebtedness as computed for the different assets categories divided by the company's total assets. The following are examples for the maximum percentage of indebtedness allowed: cash, 100%; accounts receivable, 85%; participations, 70%; manufacturing plants, 70%; and intangibles, 70%. For the calculation of the minimum equity the company's assets as listed in the balance sheet at the end of the business year are to be valued at their fair market value. For finance companies, the maximum permissible borrowed capital is generally 6/7 of the balance sheet total. For federal tax purposes, the thin-capitalization rules apply only to the disallowance of any potential interest deduction on debt exceeding the allowed maximum. At cantonal/communal level, the thin-capitalization rules also apply for the computation of a company's equity subject to capital tax. Finally, for the purpose of withholding tax, any excess interest payment qualifies as deemed dividend subject to withholding tax. A few cantons have explicit legal provisions concerning minimum capitalization requirements. Companies are deemed to avoid tax if the equity is insufficient and if loaned funds are directly exposed to business risk. Most cantons, however, apply the federal thin-capitalization guidelines described above. In other cantons, a debt-equity ratio of 6:1 may be applied whereby non-interest-bearing debt is ignored. The 6:1 ratio is commonly applied to foreign controlled corporations that do not engage in industrial activities. Interest rates may not exceed arm's length rates. Safe haven rates are published in form of a circular by the Federal Tax Administration on an annual basis. In certain cantons, specific debt-to-equity rules apply to real estate companies.
SW10	Switzerland doesn't know anti-abusive provisions applied with regard to the EU Parent-Subsidiary Directive. In general, Switzerland applies the following internal anti abuse rules: • Transfer limit: a maximum of 50% of income for which tax relief is requested on the basis of a tax treaty may be used to satisfy contractual rights of claims of persons not entitled to benefit from the treaty. Companies carrying out an active business may use more than 50%. • Inappropriate profit distribution: a foreign controlled company is required to distribute a minimum of 25% of gross treaty-protected income every business year. • Thin capitalization rules • Income which benefits, by virtue of a fiduciary relationship, a person not entitled to benefit from a tax treaty is considered as abusive. • Income received by Swiss resident family foundations or partnerships not carrying on business in Switzerland is abusive is persons not entitled to benefit from a tax treaty hold an essential part of the interests. As a general rule, the Swiss tax authority may request that persons making claims for relief provide the necessary information, certifications and other documentary proof. Should they consider that relief from foreign withholding tax by virtue of a Swiss tax treaty has been abusively obtained, treaty relief shall be refused.
SW11	Group reorganizations (such as mergers, spin-offs, conversions, etc. but also the incorporation of a holding company by way of a contribution in kind of participations), regularly allow for an exemption from stamp duty. Up to the amount of CHF 1 million the initial issuance of share capital and/or the contribution into a company's reserves are free of stamp duty.

SW12	1.5‰ on certificates issued by a Swiss person. 3‰ on certificates issued by a foreign person. Long term bonds are taxed at 1.2‰ for each calendar year of duration.
SW13	An annual net worth tax is levied on a company's equity as per the closing of each business year (cf. section 8 on corporate taxation).
SW14	No BEPS-related actual tests have been introduced yet. The following BEPS-regulations have been enforced and may affect holding companies. • Country-by-country-reporting: Group parent companies of multinational groups domiciled in Switzerland, whose turnover exceeds 900 million Swiss francs, are obliged to prepare a country-specific report (as of 2018 financial year) and submit it to the Federal Tax Authority (FTA). The FTA automatically transmits the reports to the tax authorities of the partner states and makes them available to the cantonal tax authorities in which the multinational group has a constitutive legal entity. • Spontaneous exchange of information regarding advance tax rulings: Switzerland has implemented the spontaneous exchange of information regarding advance tax rulings between the member countries of the OECD Convention on Mutual Administrative Assistance in Tax Matters as of January 1, 2018. The spontaneous exchange of information includes the income and wealth tax of natural persons, as well as the profit and capital taxes of legal entities. The exchange of information applies to information about advance tax rulings granted after January 1, 2010. • Double tax treaties: Ongoing implementation of abuse provisions in accordance with the minimum standard of the G20/OECD BEPS project in new or revised double taxation treaties. More BEPS-regulations are going to be part of further legislative adaptions.
SW15	The general legal provisions regarding hidden profit distributions and the implicit "dealing at arm's length" principle apply. Hidden profit distributions are services provided by a legal entity to related third parties without receiving an equivalent consideration. Such benefits would not be provided to an uninvolved third party. The following criteria must be met in order for there to be a hidden profit distribution: • Payment without corresponding return performance; • Payment to a related third party; Recognizability disproportions for the organs.

SW16	Action Point 12 of the OECD BEPS pact is not a mandatory measure to be translated into national law, no legislative measures are currently planned in Switzerland to adapt or implement the EU Directive 2018/822. In accordance with the Convention on Mutual Administrative Assistance in Tax Matters with the member states of the Council of Europe and the member states of the Organisation for Economic Cooperation and Development (OECD) and the Federal Act on International Administrative Assistance in Tax Matters (StAhiG), tax rulings are transmitted within the framework of "spontaneous exchange of information". The "spontaneous exchange of information" is based on international standards and the practice of other countries.

GB	UNITED KINGDOM (GB)
GB1	The exempt classes are: • where the recipient controls the payer, • where the distribution is received in respect of non-redeemable ordinary shares of the payer, • where the recipient has less than 10% interest of the payer a.k.a. "portfolio holding", • where the distribution arises from a transaction not designed to avoid tax as one of the main purposes; or, • where the distribution arises from a share accounted for as a liability. There are also anti-avoidance rules that override all the above exemption classes.
GB2	Gross dividends are subject to tax at the UK corporate income tax rate, currently 20%. Credit relief for overseas taxes, restricted to the UK tax payable on the overseas profits, is available. Credit relief includes relief for underlying overseas taxation on the profits out of which the dividend was paid to the UK company provided the UK company owns at least 10% of the foreign company paying the dividend.
GB3	Capital gains are generally taxable, subject to the "substantial shareholding exemptions" for the sale of trading companies where the group owns at least a 10% shareholding for a period of at least 12 months in the last 2 years. Where capital gains are taxable, credit relief would be available for overseas taxes paid but restricted to the UK tax payable on the overseas capital gains.
GB4	For the "substantial shareholding exemption" a minimum 10% shareholding must be held in the trading company disposed of.
GB5	For the "substantial shareholding exemption", the holding must have been held for at least 12 months within the two years prior to disposal.
GB6	From 1 April 2019, the corporate tax rate is set at a main rate of 19% (all profits except ring fence profits)
GB7	In terms of domestic tax legislation (imputation tax system), no withholding tax is imposed on dividends or liquidation distributions paid by a UK company to resident or non-resident shareholders.

GB8	A "group ratio" election can also be made which may give a better result to the extent the worldwide group is more leveraged than the UK sub-group. However, related party transactions are disregarded for the purposes of determining how leveraged the worldwide group is and hence, for example, private equity groups relying on debt push down from the fund are unlikely to get a better outcome under the group ratio method.
GB9	The Gateway provisions are designed to catch those profits that are artificially diverted from the UK. In addition, several entity exclusions could apply to exempt the tainted profits from CFC charges.
GB10	Statutory tax clearances are generally given in respect of transfer pricing issues, CFC legislation and proposed reorganisations.
GB11	Tax transfers on shares: Stamp Duty is paid at 0.5% of the value of the consideration (rounded up to the nearest £5) on each document to be stamped. Transfers for under £1,000 are exempt. Residential real estate is subject to Stamp Duty Land Tax, with a top rate of 15% for properties with value exceeding £0.5 million if purchased by a 'non-natural' person.
GB12	Certain residential property held by companies is subject to an annual tax. Transfer Tax on property 0%-15%.
GB13	The UK signed the Multilateral Instrument (MLI) in Paris on 7 June 2017 and deposited its instrument of ratification and final list of reservations and notifications on 29 June 2018.
GB14	Circumstances where DPT applies: 1. where there is a group with a UK subsidiary or permanent establishment and there are arrangements between connected parties, which "lack economic substance" in order to exploit tax mismatches. One example of this would be if profits are taken out of a UK subsidiary by way of a large tax-deductible payment to an associated entity in a tax haven; or 2. where a non-UK resident company carries on an activity in the UK in connection with supplies of goods, services, or other property and that activity is designed to ensure that the non-UK company does not create a permanent establishment in the UK, and either the main purpose of the arrangements is to avoid UK tax, or a tax mismatch is secured such that the total tax derived from UK activities is significantly reduced.
GB15	Diverted Profits (DPT) is a UK tax aimed at multinationals operating in the UK, who are considered to be diverting profits from the UK, to avoid UK corporation tax. DPT was introduced in April 2015. It does not apply to small and medium sized companies. The current rate of DPT is 25% of the diverted profit.

GB16	The measure targets hybrid mismatches in the following circumstances: <u>Deduction/non-inclusion outcomes involving:</u> • Hybrid Financial Instruments • Hybrid Transfers • Hybrid Entity Payers • Hybrid Entity Payees • arrangements involving permanent establishments <u>Double deduction outcomes involving:</u> • Hybrid Entity Payers • Dual Resident Companies • arrangements involving permanent establishments

SG	SINGAPORE (SG)
SG 1	A Singapore Holding Company (i.e. one that derives purely passive sources of income or receiving only foreign-sourced income) which has 50% or more of its shares held by foreign companies / individual shareholders are generally regarded as non-residents unless they are able to primarily satisfy the following conditions:- 1) The control and management of the company is exercised in Singapore; and 2) The company has valid reasons for setting up an office in Singapore. In addition to the above, the company must also:- 1) Have related companies in Singapore that are tax residents of Singapore or have business activities in Singapore; OR 2) Receive support or administrative services from a related company in Singapore; OR 3) Have at least 1 director based in Singapore who holds an executive position and is not a nominee director; OR 4) Have at least one key employee (e.g. CEO, CFO, COO) based in Singapore.
SG2	Foreign-sourced dividend income earned and received in Singapore by a Singapore tax resident company which satisfy following conditions are tax exempt in Singapore:

	i. In the year the dividends are received in Singapore, the headline (highest) corporate tax rate of the foreign jurisdiction from which the dividend is received is at least 15%; and ii. The dividends received in Singapore must have been subjected to tax in the foreign jurisdiction from which the dividend is received (i.e. either withholding tax and/or underlying tax is paid or payable); and iii. The Singapore tax authorities are satisfied that the tax exemption would be beneficial to the person resident in Singapore
SG3	Capital gains are in general not taxable in Singapore. Gains determined to be of an income nature are taxable. Having said that, gains derived from disposal of ordinary shares made during the period 1 June 2012 to 31 December 2027 are not taxable if the company has held at least 20% of the ordinary shares for at least 24 months continuously just prior to the disposal. The above shall not apply to:- a) The disposal of shares where the gains derived forms part of the income of a company referred to in section 26 which includes (i) insurers other than life insurers, (ii) life insurers and (iii) composite insurers. b) The disposal of non-listed shares before 1 June 2022 in a company that: - i. Is in the business of trading Singapore immovable properties; or ii. That have principle activities of holding Singapore immovable properties other than property development. c) The disposal of non-listed shares on or after 1 June 2022 in a company (situated in Singapore or elsewhere) that:- i. Is in the business of trading immovable properties ii. Have principle activities in holding immovable properties iii. Have undertaken property development activities. Except when: a) The immovable property developed is used by the investee company on its own business to derive trade income; and b) The investee company did not undertake any property development in the past 60 months before the disposal of shares.
SG4	For the purpose of claiming foreign-sourced dividend income exemption (refer to note 1 above), the subsidiary's income out of which the dividend was paid must be subjected to tax in the foreign jurisdiction from which the dividend was received (either in the form of withholding tax or underlying tax). If the subsidiary's income out of which the dividend was paid was not subjected to tax in the foreign jurisdiction, the "subject to tax" condition may still be regarded as being satisfied so long as the income was exempted from tax due to tax incentive(s) being granted for the carrying out of substantive business activities in that jurisdiction.
SG5	<u>Partial tax exemption scheme</u> Effective from Year of Assessment 2020 (i.e. for the financial year ended 2019), a partial tax exemption is given to companies on normal chargeable income* (excluding Singapore franked dividends) of up to S$200,000 as follows: Exempt amount First S$ 10,000 @ 75% = S$7,500 Next S$190,000 @ 50% = S$95,000 Total S$200,000 S$102,500 * Normal chargeable income refers to income to be taxed at the prevailing corporate tax rate.

	<u>Tax exemption scheme for new start-up companies</u> Effective from Year of Assessment 2020 (i.e. for the financial year ended 2019), a partial tax exemption is given to new companies on normal chargeable income* of up to S$200,000 as follows: Exempt amount First S$ 100,000 @ 75% = S$75,000 Next S$100,000 @ 50% = S$50,000 Total S$200,000 S$125,000 The above is available for a start-up company incorporated and tax resident in Singapore which has its total share capital beneficially held directly by no more than 20 shareholders: (a) where all the shareholders are individuals throughout the basis period; or (b) at least one shareholder is an individual holding at least 10% of the total number of issued ordinary shares. The above is available for the first 3 consecutive Years of Assessment. This exemption scheme is not applicable to the following companies: (i) Investment holding companies that derive only passive incomes such as dividend and interest income; and (ii) Companies whose principal activity is that of developing properties for sale, investment or both.
SG6	Singapore has a Goods and Service Tax (GST) which is a broad-based consumption tax and is currently charged at 7%. With effect from 1 January 2020, GST on imported services will be introduced. Broadly, B2B imported services will be taxed via a reverse charge mechanism. Only businesses that (i) make exempt supplies, or (ii) do not make any taxable supplies need to apply reverse charge. Whereas, the taxation of B2C imported services will take effect through an Overseas Vendor Registration (OVR) mode. This requires overseas suppliers and electronic marketplace operators which make significant supplies of digital services to local customers to register with the Inland Revenue Authority of Singapore for GST.

SG7	Introduction of: (a) contemporaneous transfer pricing documentation requirements for related party transactions exceeding specified thresholds and conditions as enacted by law; (b) prescribed reporting requirements for related party transactions which exceed a specified amount (effective from Year of Assessment 2018); (c) Country by Country Reporting (CbCR) for Singapore-based multinationals that meet certain specified conditions (effective for financial years beginning on or after 1 Jan 2017); (d) a hybrid limitation of benefit and principal purpose article in tax treaties (first introduced in the tax treaty concluded with Brazil). The above is broadly in line with the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting ("MLI"), which has entered into force in Singapore on 1 April 2019. Singapore has committed to implement the minimum standard on preventing treaty abuse. The minimum standards adopted are as follows:- • Standards on countering harmful tax practices; • Preventing treaty abuse; • Transfer pricing documentation; and • Enhancing dispute resolution.
SG8	Currently, Singapore has not enacted any specific tax legislation targeted at hybrid arrangements. However, the Inland Revenue Authority of Singapore (IRAS) has attempted to provide clarity to stakeholders on how certain hybrid instruments (e.g. redeemable preference shares, convertible bonds, etc.) would be treated for Singapore tax purposes. Generally, the tax treatment will follow the characterisation of a particular hybrid instrument. In determining the characterisation of the hybrid instrument, the IRAS will first establish its legal form by examining the legal rights and obligations created. A hybrid instrument is generally characterised as equity if it indicates ownership interests in the issuer. If the legal form cannot be readily determined, the IRAS would then examine the facts and circumstances surrounding the instrument, along with other factors, including but not limited to the following:- a) Nature of interest acquired; b) Right to participate in issuer's business; c) Obligation to repay the principal amount; d) Investor's right to enforce payment; and e) Classification by other regulatory authorities.

ZA	SOUTH AFRICA (ZA)
ZA1	Dividends tax Dividends tax is levied on the shareholder at a rate of 20% on dividends paid. Where a dividend in specie is paid, the dividend tax is levied on the company declaring the dividend. Dividends tax is withheld by the company who is paying the dividend. The dividend tax withheld is payable at the end of the month following the month in which the dividend was paid. Dividend tax exemptions A dividend is exempt from dividends tax if the beneficial owner is: A South African Company; The South African Government and various quasi government institutions; Public benefit organisations; Environmental rehabilitation trust; Pension, provided and similar funds; Medical schemes. The first R200,000 of a dividend paid during a particular year of assessment for a shareholder in a registered micro business.
ZA2	In term of the anti-avoidance rules relating to the instrument, it focuses on debt-labelled instruments that (i) have features indicating that redemption for cash is unlikely within a reasonable period; or (ii) have features that enable a conversion into shares. These features will be tested on a continuous basis. The holder's ability to redeem the capital amount loaned within a reasonable period. The debt yield must be based on time value of money.

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Dividends Tax: Summary of withholding tax rates per South African Double Taxation Agreements currently in force

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
AFRICA					
1	Algeria (Democratic People's Republic of)	12-Jun-00	10%	Minimum holding of 25% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 10 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 25 per cent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
2	Botswana (Republic of)	20-Apr-04	10%	Minimum holding of 25% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 10 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 25 per cent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
3	Cameroon (Republic of)	13-Jul-17 [Effective date iro dividends: see Article 29]	10%	Minimum holding of 25% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 10 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 25 per cent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
4	Congo (Democratic Republic of)	18-Jul-12 [Effective date iro dividends: see Article 28]	5%	Minimum holding of 25% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 25 per cent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
5	Egypt (Arab Republic of)	16-Dec-98	15%	All beneficial owners	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends, the tax so charged shall not exceed 15 per cent of the gross amount of the dividends.
6	Ethiopia (Federal Democratic Republic of)	04-Jan-06	10%	All beneficial owners	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the dividends.
7	Ghana (Republic of)	23-Apr-07	5%	Minimum holding of 10% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 10 per cent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
8	Kenya (Republic of)	19-Jun-15 [Effective date iro dividends: see Article 29]	10%	All beneficial owners	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the dividends.
9	Lesotho (Kingdom of)	27-May-16 [Effective date iro dividends: see Article 29]	10%	Minimum holding of 10% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 10 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 10 per cent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
10	Malawi (Republic of)	02-Sep-71	-	No provision made for dividends in DTA	South African domestic rate applies.
11	Mauritius (Republic of)	28-May-15 [Effective date iro dividends: see Article 28]	5%	Minimum holding of 10% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends, the tax so charged to the beneficial owner shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 10 per cent of the capital of the company paying the dividends; (b) 10 per cent of the gross amount of the dividends in all other cases.
			10%	Other beneficial owners	

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
12	Mozambique (Republic of)	19-Feb-09	8%	Minimum holding of 25% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 8 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 25 per cent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
13	Namibia (Republic of)	11-Apr-99	5%	Minimum holding of 25% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 25 per cent of the capital of the company paying the dividends; (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
14	Nigeria (Federal Republic of)	05-Jul-08	7.50%	Minimum holding of 10% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 7,5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 10 per cent of the capital of the company paying the dividends; or (b) 10 per cent of the gross amount of the dividends in all other cases.
			10%	Other beneficial owners	

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
15	Rwanda (Republic of)	03-Aug-10	10%	Minimum holding of 25% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 10 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 25 per cent of the capital of the company paying the dividends; or (b) 20 per cent of the gross amount of the dividends in all other cases.
			20%	Other beneficial owners	
16	Seychelles (Republic of)	15-May-12 [Effective date iro dividends: see Article XV of the Protocol]	5%	Minimum holding of 10% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 10 per cent of the capital of the company paying the dividends; or (b) 10 per cent of the gross amount of the dividends in all other cases.
			10%	Other beneficial owners	
17	Swaziland (Kingdom of)	08-Feb-05	10%	Minimum holding of 25% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 10 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 25 per cent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
18	Tanzania (United Republic of)	15-Jun-07	10%	Minimum holding of 15% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 10 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 15 per cent of the capital of the company paying the dividends; or (b) 20 per cent of the gross amount of the dividends in all other cases.
			20%	Other beneficial owners	
19	Tunisia (Republic of)	10-Dec-99	10%	All beneficial owners	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends, the tax so charged shall not exceed 10 per cent of the gross amount of the dividends.
20	Uganda (Republic of)	09-Apr-01	10%	Minimum holding of 25% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends, the tax so charged shall not exceed: (a) 10 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 25 per cent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
21	Zambia (Federation of Rhodesia & Nyasaland - with the Union of SA)	31-Aug-56	-	No provision made for dividends in DTA	South African domestic rate applies.

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
22	Zimbabwe (Republic of)	01-Dec-16 [Effective date iro dividends: see Article 28]	5%	Minimum holding of 25% of capital (directly) by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed:(a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 25 per cent of the capital of the company paying the dividends;(b) 10 per cent of the gross amount of the dividends in all other cases.
			10%	Other beneficial owners	

Nexia International

Dividends Tax: Summary of withholding tax rates per South African Double Taxation Agreements currently in force

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
REST OF THE WORLD					
1	Australia (Government of)	12-Nov-08	5%	Minimum holding of 10% of voting power (directly) by a beneficial owner which is a company	10(2) However, those dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident for the purposes of its tax, and according to the law of that State, but the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner of those dividends is a company which holds directly at least 10 per cent of the voting power in the company paying the dividends; (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
2	Austria (Republic of)	06-Feb-97	5%	Minimum holding of 25% of capital (directly) by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 25 per cent of the capital of the company paying the dividends; (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
3	Belarus (Republic of)	29-Dec-03	5%	Minimum holding of 25% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 25 per cent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
4	Belgium (Kingdom of)	09-Oct-98	5%	Minimum holding of 25% of capital (directly/indirectly) by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds directly or indirectly at least 25 per cent of the capital of the company paying the dividends; (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
5	Brazil (Federative Republic of)	24-Jul-06	10%	Minimum holding of 25% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 10 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 25 per cent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
6	Bulgaria (Republic of)	27-Oct-04	5%	Minimum holding of 25% of capital (directly) by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 25 per cent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
7	Canada	30-Apr-97	5%	SA: Minimum holding of 10% of capital (directly) by a beneficial owner which is a company (Canada: a beneficial owner which is a company controls a minimum of 10% of the voting power (directly/indirectly) - but excludes non-resident owned investment corporation resident in Canada)	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if a resident of the other Contracting State is the beneficial owner of the dividends the tax so charged shall not exceed: (a) except in the case of dividends paid by a non-resident owned investment corporation that is a resident of Canada, 5 per cent of the gross amount of the dividends if the beneficial owner is a company which: (i) controls directly or indirectly at least 10 per cent of the voting power in the company paying the dividends where that company is a resident of Canada; (ii) holds directly at least 10 per cent of the capital of the company paying the dividends where that company is a resident of South Africa; (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
8	Chile (Republic of)	11-Aug-16 [Effective date iro dividends: see Article 28]	5%	Minimum holding of 25% of capital (directly) by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 25 per cent of the capital of the company paying the dividends; (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
9	China (People's Republic of)	07-Jan-01	5%	All beneficial owners	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed 5 per cent of the gross amount of the dividends. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.
10	Croatia (Republic of)	07-Nov-97	5%	Minimum holding of 25% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contacting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 25 per cent of the capital of the company paying the dividends; or (b) 10 per cent of the gross amount of the dividends in all other cases.
			10%	Other beneficial owners	
11	Cyprus (Republic of)	18-Sep-15 [Effective date iro dividends: see Article IV of the Protocol]	5%	Minimum holding of 10% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 10 per cent of the capital of the company paying the dividends; or (b) 10 per cent of the gross amount of the dividends in all other cases.
			10%	Other beneficial owners	
12	Czech Republic	03-Dec-97	5%	Minimum holding of 25% of capital (directly) by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the laws of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 25 per cent of
			15%	Other beneficial owners	

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
					the capital of the company paying the dividends; (b) 15 per cent of the gross amount of the dividends in all other cases.
13	Denmark (Kingdom of)	21-Dec-95	5%	Minimum holding of 25% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 25 percent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
14	Finland (Republic of)	12-Dec-95	5%	Minimum holding of 10% of capital by a beneficial owner which is a company	10(1) ... However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 10 per cent of the capital of the company paying the dividends; (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
15	France (French Republic)	01-Nov-95	5%	Minimum holding of 10% of capital (directly) by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 10 per cent of the capital of the company paying the dividends; (b) 15 per cent of the gross amount of the dividends in all other cases. 28(2) In respect of Article 10 ... an investment company or fund, which is situated in a Contracting State where it is not subject to a tax mentioned in sub-paragraphs (a)(i) or (ii) or in sub-paragraph (b) of paragraph 3 of Article 2, and receives dividends or interest arising in the other Contracting State can ask for
			15%	Other beneficial owners	

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
					the aggregate amount of the tax reductions or exemptions or other advantages provided by the Convention in the proportion of such income which corresponds to the rights in the company or fund held by residents of the first-mentioned State and which is taxable in the hands of those residents.
16	Germany (Federal Republic of)	28-Feb-75	7.5%	Minimum holding of 25% of voting shares (directly) by a beneficial owner which is a company	7(2) However, such dividends may be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the law of that State, but the tax so charged shall not exceed: (a) 7,5 per cent of the gross amount of the dividends if the recipient is a company (excluding partnerships) which owns directly at least 25 per cent of the voting shares of the company paying the dividends; (b) 15 per cent of the gross amount of the dividends in cases not dealt with in subparagraph (a) if such dividends are subject to tax in the other Contracting State.
			15%	Other beneficial owners	
17	Greece (Hellenic Republic)	14-Feb-03	5%	Minimum holding of 25% of capital (directly) by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 25 per cent of the capital of the company paying the dividends; (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
18	Hong Kong (Special Administrative Region of the Peoples Republic of China)	20-Oct-15 [Effective date iro dividends: see Article 27]	5%	Minimum holding of 10% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting Party of which the company paying the dividends is a resident and according to the laws of that Party, but if the beneficial owner of the dividends is a resident of the other Contracting Party, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 10 per cent of the capital of the company paying the dividends; (b) 10 per cent of the gross amount of the dividends in all other cases.
			10%	Other beneficial owners	

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
19	Hungary (Republic of)	05-May-96	5%	Minimum holding of 25% of capital (directly) by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the laws of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the recipient is a company which holds directly at least 25 per cent of the capital of the company paying the dividends; and (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
20	India (Republic of)	28-Nov-97 [Effective date iro dividends: see Article 28]	10%	All beneficial owners	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contacting State, the tax so charged shall not exceed 10 per cent of the gross amount of the dividends.
21	Indonesia (Republic of)	23-Nov-98	10%	Minimum holding of 10% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 10 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 10 per cent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
22	Iran (Islamic Republic of)	23-Nov-98	10%	All beneficial owners	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the dividends.

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
23	Ireland (Government of)	10-Feb-12 [Effective date iro dividends: see Article VIII of the Protocol]	5%	Minimum holding of 10% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 10 per cent of the capital of the company paying the dividends; or (b) 10 per cent of the gross amount of the dividends in all other cases.
			10%	Other beneficial owners	
24	Israel (State of)	27-May-80	25%	All beneficial owners	10(2) However, such dividends may be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the laws of that Contracting State, but the tax so charged shall not exceed 25 per cent of the gross amount of the dividends.
25	Italy (Republic of)	02-Mar-99	5%	Minimum holding of 25% of capital by a beneficial owner which is a company & minimum twelve (12) month holding period prior to dividend payment	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the laws of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which has owned at least 25 per cent of the capital of the company paying the dividends for a 12 month period ending on the date the dividend is declared; (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
26	Japan (Government of)	05-Nov-97	5%	Minimum holding of 25% of voting shares by a beneficial owner which is a company & minimum six (6) month holding period prior to end	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that Contracting State, but if the recipient is the beneficial owner of the dividends, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which owns at least 25 per cent of the voting shares of the company paying the dividends during the period of six months immediately before the end of the accounting period for which the distribution of profits takes place;

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
				of accounting period during which the dividend is declared	(b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
27	Korea (Republic of Korea)	07-Jan-96	5%	Minimum holding of 25% of capital (directly) by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 25 percent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
28	Kuwait (State of)	25-Apr-06	0%	No right to tax dividends in payor state	10(1) Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State who is the beneficial owner of such dividends shall be taxable only in that other Contracting State.
29	Luxembourg (Grand Duchy of)	08-Sep-00	5%	Minimum holding of 25% of capital (directly) by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 25 per cent of the capital of the company paying the dividends; (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
30	Malaysia (Government of)	17-Mar-06	5%	Minimum holding of 25% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 25 per cent of the capital of the company paying the dividends; or (b) 10 per cent of the gross amount of the dividends in all other cases.
			10%	Other beneficial owners	
31	Malta (Government of)	17-Dec-13 [Effective date iro dividends: see Article V of the Protocol]	5%	Minimum holding of 10% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but: (a) where the dividends are paid by a company which is a resident of South Africa to a resident of Malta who is the beneficial owner thereof, the tax so charged shall not exceed: (i) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 10 per cent of the capital of the company paying the dividends; or (ii) 10 per cent of the gross amount of the dividends in all other cases.
			10%	Other beneficial owners	
32	Mexico (United Mexican States)	22-Jul-10	5%	Minimum holding of 10% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 10 per cent of the capital of the company paying the dividends; or (b) 10 per cent of the gross amount of the dividends in all other cases.
			10%	Other beneficial owners	

Country		Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
33	Netherlands (Kingdom of the)	28-Dec-08	5%	Minimum holding of 10% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 10 per cent of the capital of the company paying the dividends; or (b) 10 per cent of the gross amount of the dividends in all other cases.
			10%	Other beneficial owners	
34	New Zealand (Government of)	23-Jul-04	5%	SA: Minimum holding of 25% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident for the purposes of its tax, and according to the laws of that State, but the tax so charged shall not exceed: (a) in the case of New Zealand, 15 per cent of the gross amount of the dividends; (b) in the case of South Africa: (i) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 25 per cent of the capital of the company paying the dividends; or (ii) 15 per cent of the gross amount of the dividends in all other cases.
			15%	SA: Other beneficial owners (New Zealand: 15% flat rate)	
35	Noway (Kingdom of)	12-Sep-96	5%	Minimum holding of 25% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 25 percent of the capital of the company paying the dividends; (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
36	Oman (Sultanate of)	05-Nov-13 [Effective date iro dividends: see Article 5 of the Protocol]	0%	Paid to the "Government" of the other Contracting State	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 10 per cent of the capital of the company paying the dividends; or (b) 10 per cent of the gross amount of the dividends in all other cases. 10(3) Notwithstanding the provisions of paragraph 2, dividends paid by a company which is a resident of a Contracting State to the Government of the other Contracting State shall be exempt from tax in the first-mentioned State. 10(4) For the purposes of paragraph 3, the term “Government” shall include: (a) in the case of the Sultanate of Oman: (i) the Central Bank of Oman; (ii) the State General Reserve Fund; (iii) the Omani Investment Fund; and (iv) any other statutory body or institution wholly owned by the Government of the Sultanate of Oman, as may be agreed from time to time between the competent authorities of the Contracting States.
			5%	Minimum holding of 10% of capital by a beneficial owner which is a company	
			10%	Other beneficial owners (excluding "Government")	
37	Pakistan (Islamic Republic of)	09-Mar-99	10%	Minimum holding of 10% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 10 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 10 per cent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
38	Poland (Republic of)	05-Dec-95	5%	Minimum holding of 25% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the laws of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed:

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
			15%	Other beneficial owners	(a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 25 per cent of the capital of the company paying the dividends; (b) 15 per cent of the gross amount of the dividends in all other cases.
39	Portugal (Portuguese Republic)	22-Oct-08	10%	Minimum holding of 25% of capital (directly) by a beneficial owner which is a company & minimum two (2) year uninterrupted holding period prior to dividend payment	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State the tax so charged shall not exceed: (a) 15 per cent of the gross amount of the dividends; or (b) 10 per cent of the gross amount of the dividends paid if the beneficial owner is a company that, for an uninterrupted period of two years prior to the payment of the dividend, owns directly at least 25 per cent of the capital stock (capital social) of the company paying the dividends.
			15%	Other beneficial owners	
40	Qatar (State of)	02-Dec-15 [Effective date iro dividends: see Article 26]	0%	Paid to the other Contracting State or a local authority, political subdivision or statutory body thereof	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds at least 10 per cent of the capital of the company paying the dividends; or (b) 10 per cent of the gross amount of the dividends in all other cases. 10(3) Notwithstanding the provisions of paragraph 2, dividends shall not be subject to tax in the Contracting State of which the company paying the dividends is a resident if the dividends are paid to the other Contracting State or a local authority, political subdivision or statutory body thereof. [The exemptions provided for in paragraph 3 of Article 10 … apply to Qatar
			5%	Minimum holding of 10% of capital by a beneficial owner which is a company	
			10%	Other beneficial owners	

Country		Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
					Investment Authority, Qatar Holding and their subsidiaries as long as they are wholly owned, directly or indirectly, by the State of Qatar.]
41	Romania (Government of)	21-Oct-95	15%	All beneficial owners	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the laws of that Contracting State, but, if the recipient is the beneficial owner of the dividends, the tax so charged shall not exceed 15 per cent of the gross amount of the dividends.
42	Russia (Russian Federation)	26-Jun-00	10%	Minimum holding of 30% of capital (directly) by beneficial owners resident in the same state & minimum direct investment of $100,000	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed: (a) 10 per cent of the gross amount of the dividends if residents of the other Contracting State hold at least 30 per cent of the capital of the company paying the dividends and have directly invested in the equity share capital (authorised fund) of that company an amount of not less than 100 000 United States dollars (US $100 000) or the equivalent thereof in the currency of the first-mentioned State; and (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
43	Saudi Arabia (Kingdom of)	01-May-08	0%	Derived by the "Government" of the other Contracting State	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that Contracting State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 10 per cent of the capital of the company paying the dividends; or (b) 10 per cent of the gross amount of the dividends in all other cases.
			5%	Minimum holding of 10% of capital (directly) by a beneficial owner which is a company	

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
			10%	Other beneficial owners	27(1) Income envisaged in Article 10 ... which is derived by the Government (including the Saudi Arabian Monetary Agency in the case of Saudi Arabia and the South African Reserve Bank in the case of South Africa, and wholly owned State entities), of a Contracting State in the other Contracting State ... shall be exempt from taxation in that other Contracting State.
44	Singapore (Republic of)	16-Dec-16 [Effective date iro dividends: see Article 26]	0%	Paid to the "Government" of the other Contracting State	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 10 per cent of the capital of the company paying the dividends; or (b) 10 per cent of the gross amount of the dividends in all other cases. (4) Notwithstanding the provisions of paragraphs 1 and 2, dividends paid by a company which is a resident of South Africa to the Government of Singapore shall be exempt from South African tax. (5) For the purposes of paragraph 4, the term “Government of Singapore” includes: (a) the Monetary Authority of Singapore; (b) GIC Private Limited; (c) a statutory body; and (d) any institution wholly or mainly owned by the Government of Singapore, as may be agreed from time to time between the competent authorities of the Contracting States.
			5%	Minimum holding of 10% of capital by a beneficial owner which is a company	
			10%	Other beneficial owners	
45	Slovak Replublic	30-Jun-99	5%	Minimum holding of 25% of capital (directly) by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the laws of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 25 per cent of the capital of the company paying the dividends; (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
46	Spain (Kingdom of)	28-Dec-07	5%	Minimum holding of 25% of capital (directly) by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 25 per cent of the capital of the company paying the dividends; (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
47	Sweden (Kingdom of)	18-Mar-12 [Effective date iro dividends: see Article III of the Protocol]	5%	Minimum holding of 10% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds at least 10 per cent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
48	Switzerland (Swiss Confederation)	27-Jan-09	5%	Minimum holding of 20% of capital (directly) by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 20 per cent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
49	Taiwan (Republic of China)	12-Dec-96	5%	Minimum holding of 10% of capital (directly) by any beneficial owner	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that Contracting State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner directly holds at least 10 per cent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
50	Thailand (Kingdom of)	27-Aug-96	10%	Minimum holding of 25% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends, the tax so charged shall be calculated at a rate not exceeding: (a) 10 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 25 per cent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
51	Turkey (Republic of)	06-Dec-06	10%	Minimum holding of 25% of capital (directly) by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 10 per cent of the gross amount of the dividends if the beneficial owner is a company (excluding a partnership) which holds directly at least 25 per cent of the capital of the company paying the dividends; (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
52	Ukraine (Republic of)	29-Dec-04	5%	Minimum holding of 20% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds at least 20 per cent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in all other cases.
			15%	Other beneficial owners	
53	United Arab Emirates	23-Nov-16 [Effective date iro dividends: see Article 29]	0%	Paid to the "Government" of the other Contracting State or political subdivision or local authority thereof	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company the capital of which is wholly or partly divided into shares which holds directly at least 10 per cent of the capital of the company paying the dividends; (b) 10 per cent of the gross amount of the dividends in all other cases. 28(1) Notwithstanding the provisions of paragraph 2 of Article 10 ... dividends and interest paid by a resident of a Contracting State to the Government of the other Contracting State or political subdivision or local authority thereof shall be exempt from tax in the first-mentioned State. (2) For the purposes of paragraph 1, the term "Government" shall include: (a) in the case of the United Arab Emirates: (i) the Government of the United Arab Emirates; (ii) a local government of the United Arab Emirates (Abu Dhabi, Dubai, Sharjah, Ras al Khaima, Fujairah, Umm al Qaiwain and Ajman); (iii) the following financial institutions particularly but not exclusively: 1. the Abu Dhabi Investment Council; 2. Abu Dhabi Investment Authority; 3. Emirates Investment Authority; 4. Dubai Investment Corporation; 5. any other statutory body or institution or instrumentality wholly owned by the Government of the Federal or local Government of the United Arab Emirates, as may be agreed from time to time between the competent authorities of the Contracting States.
			5%	Minimum holding of 10% of capital (directly) by a beneficial owner which is a company	
			10%	Other beneficial owners	

	Country	Entry into force	Rate in DTA	Summary of requirements to qualify for a particular rate	Extract from DTA Article on Dividends
54	United Kingdom of Great Britain & Northern Ireland	13-Oct-11 [Effective date iro dividends: see Article VI of the Protocol]	5%	Minimum holding of 10% of capital by a beneficial owner which is a company	10(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 10 per cent of the capital of the company paying the dividends; or (b) 15 per cent of the gross amount of the dividends in the case of qualifying dividends paid by a property investment company which is a resident of a Contracting State; or (c) 10 per cent of the gross amount of the dividends in all other cases.
			15%	Qualifying dividends paid by a property investment company	
			10%	Other beneficial owners	
55	United States of America	28-Dec-97	0%	Contracting State, and any political subdivision or local authority etc - see article 10(8) for details	10(2) However, such dividends may also be taxed in the Contracting State of which the payor is a resident, and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed: (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 10 per cent of the voting stock of the company paying the dividends; and (b) 15 per cent of the gross amount of the dividends in all other cases. In the case of dividends paid by a Real Estate Investment Trust, subparagraph b) shall apply only if the dividend is beneficially owned by an individual holding a less than 10 per cent interest in the Real Estate Investment Trust; otherwise, the rate of withholding applicable under domestic law shall apply. 10(8) Notwithstanding paragraph 2, dividends may not be taxed in the Contracting State of which the payor is a resident if the beneficial owner of the dividends is: a) a Contracting State, and any political subdivision or local authority thereof; or b) a pension trust or fund of an entity described in subparagraph a) that is constituted and operated exclusively to administer or provide pension benefits described in Article 19 (Government Service) and that does not control the payor of the dividend.
			5%	Minimum holding of 10% of voting power (directly) by a beneficial owner which is a company	
			15%	Other beneficial owners	

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Contact us

For further information regarding this publication please contact

Oliver Grosse-Brauckmann
Oliver.Grosse-Brauckmann@nexia.com
T: +44 (0)20 7436 1114

Chris Leenders
c.leenders@koenenenco.nl
T: +31 (0) 433219080

For general enquiries regarding Nexia, contact us at info@nexia.com
nexia.com

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