DECEMBER 2016 ISSUE 24
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EXPATRIATE NEWSLETTER

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THE DIRECTIVE ON INTRA-CORPORATE TRANSFERS (ICT) – CHANGES TO THE EXISTING RULES

As of 29 November 2016, the Intra Corporate Transfer Directive (Directive 2014/66/EU) will be implemented into Dutch national law. This ICT Directive provides a possibility for companies from outside the European Union with an entity in an EU Member State to temporarily second managers, specialists or trainees to their entity in the EU.

Purpose of the regulation

The purpose of the ICT Directive is to harmonise the admission rules of the different EU Member States and to simplify short term mobility within the EU in order to make the EU as a whole more attractive for international business. This should enhance the competitiveness of the European labour market and economy.

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Update erratum – UK apprenticeship levy

Unfortunately an error crept into the article in Issue 23. The levy does of course start from April 2017 not 2016. Apologies for any momentary panic caused – there is still time for action before April 2017 when the levy will apply.

EDITOR'S LETTER

The BDO Expatriate Newsletter provides a brief overview of issues affecting international assignees, predominantly, but not exclusively, from a tax and social security perspective.

This newsletter brings together individual country updates over recent months. As you will appreciate, the wealth of changes across multiple jurisdictions is significant so to provide easily digestible information we have kept it to the key developments that are likely to affect your business and international assignees.

For more detailed information on any of the issues or how BDO can help, please contact me or the country contributors direct.

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For whom?

The ICT Directive is applicable to 'managers', 'specialists' and 'trainees'. These employees need to be employed by the company for at least three months outside the EU, and their place of residency at the time of the filing of the request should also be outside the EU. It should concern a temporary secondment to one or more group entities within the EU. The employment with the home country company should remain in place (no local contract with the host company). Furthermore, it is important the employment conditions are competitive in the local labour market.

ICT permit

The ICT permit is a combined work and resident permit. This permit should be requested in the country in which it is expected the employee will stay the longest. The ICT permit will be granted for a maximum period of three years for managers and specialists and for a maximum of one year for trainees. An extension based on the ICT Directive is not possible in principle.

Short term mobility

As already mentioned, one of the benefits of the ICT permit is the simplification of the short term mobility to other group entities within the EU.

Under 90 days

Where the transfer is to another group entity within the EU for a period less than 90 days within a 180 day period there will only be a notification obligation. However, this is only possible if the employee does not move his residency to this country. In the Netherlands this notification should be filed with the UWV (Dutch social security authorities for work). The employee is allowed to start working directly.

Over 90 days

In case of a transfer to another group entity, a simplified and shorter request procedure is applicable. In the Netherlands, this request should be filed with the IND (Dutch immigration services). Also in this case, the employee is allowed to start working immediately.

Highly Skilled Migrant Rule

The group of employees for which the ICT Directive is applicable would in principle also fulfil the requirements of the Highly Skilled Migrant Rule. Although in these situations it is not possible to choose which permit will be requested. If the requirements for the ICT Directive are fulfilled, this ruling prevails. If an employee is not seconded from a group company outside the EU, but hired locally, the Highly Skilled Migrant Rule is still applicable according to the IND.

Required salary

There is no salary threshold. The offered salary must be competitive according to Dutch standard. According to the IND for the time being the salary thresholds that are applicable for the Dutch Highly Skilled Migrant Rule will be used. These salary thresholds are EUR 4,240 excluding 8% holiday allowance for employees above the age of 30 and EUR 3,108 excluding 8% holiday allowance for employees under 30 (amounts for the year 2016).

Request

The ICT permit can be requested from the IND. The IND advises that for employees for which the ICT Directive applies, but are currently working under a permit based on the Highly Skilled Migrant Rule, current permits will remain in place for now as long as the permit is valid. The costs for the request of the ICT permit will be the same as for the other permit requests according to the IND.

BDO comment

This is a welcome incorporation of EU law which should greatly increase the ability for companies to second workers from outside the EU into the Netherlands.

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CYPRUS

BENEFITS FOR A FOREIGN INDIVIDUAL COMING TO CYPRUS TO WORK UNDER AN EMPLOYMENT CONTRACT

A foreign tax resident individual who comes to Cyprus to work for an employer may be entitled to the following tax benefits:

1. Expatriate allowance: a 20% deduction on gross income subject to a maximum of EUR 8,550 annually on any remuneration from any office or employment exercised in Cyprus by an individual who was not resident of Cyprus before the commencement of his employment. This is for a period of 5 years starting from 1 January following the year of commencement of the employment (provided the employment takes place within 6 months) – this is applicable up to 2020.
2. 50% deduction: for high earning individuals moving to Cyprus (for employments commencing after 1 January 2012) a 50% deduction will apply for the first ten years provided that the income from employment exceeds EUR 100,000 per annum. For employments commencing as from 1 January 2015, this exemption is applicable only where the individual was not resident in Cyprus prior to his/her employment and provided that the individual was not a Cyprus tax resident for at least 3 out of the 5 years preceding the year of employment. This exemption cannot be used together with the exemption stated in the above point of 20% or EUR 8,550.
3. Personal allowances: an individual earning salaried income from Cyprus is allowed annual personal deductions (i.e. social insurances, life and medical insurances etc.) of up to 1/6 of their net income (gross income minus subscriptions, donations and special tax contribution paid). Note that social insurances paid in Cyprus by an individual (7.8%) are restricted to the yearly salary of EUR 54,396.

NON-DOMICILE REGIME FOR INDIVIDUALS – EXEMPTION FROM PAYMENT OF SPECIAL DEFENCE CONTRIBUTION (SDC) TAX ON RENTAL INCOME, DIVIDEND INCOME AND INTEREST INCOME FROM DEPOSIT ACCOUNTS

A Cypriot tax resident individual who is not domiciled in Cyprus is exempt from SDC and is therefore not subject to taxation on interest, dividends or interest from bank accounts of term deposits.

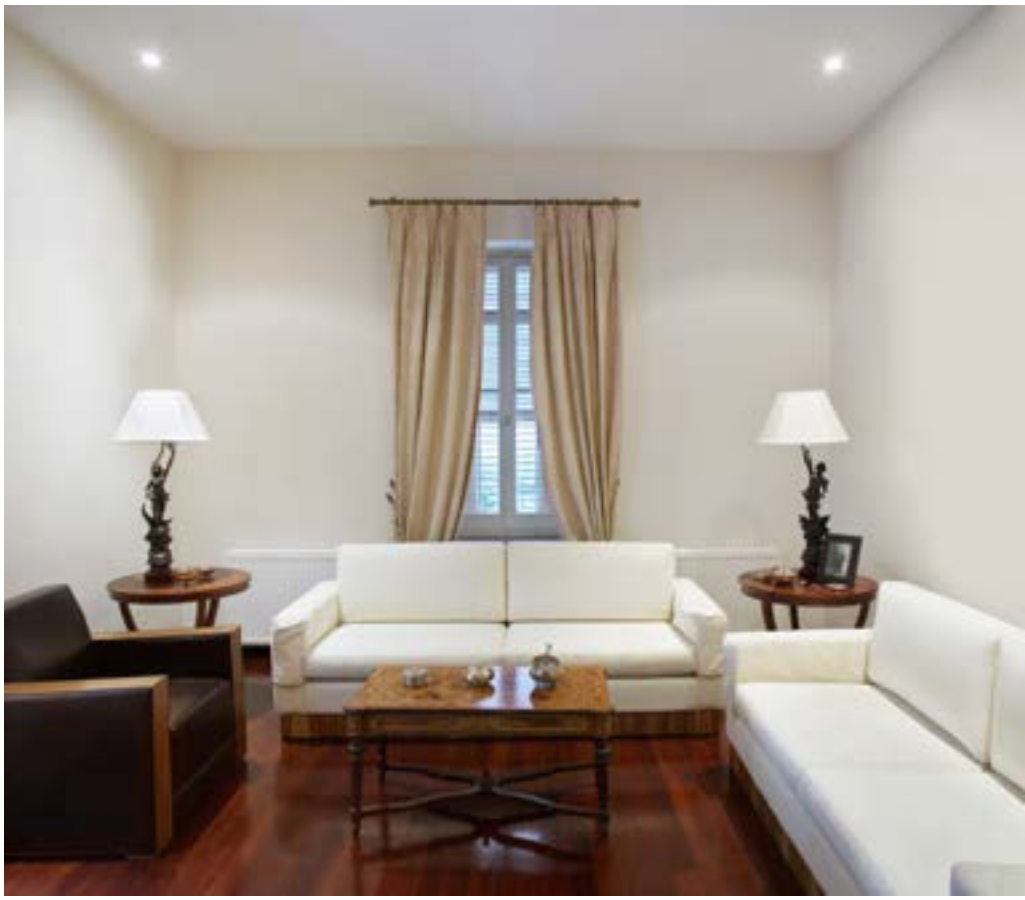
A non-domiciled individual is:

a) Any individual who has a domicile of origin in Cyprus in accordance with the Wills and Succession Law but has not been a Cyprus tax resident for a period of 20 consecutive years prior to the year of assessment.

b) Any other foreign individual who has not been a tax resident of Cyprus for at least 17 years out of the last 20 years prior to the year of assessment.

BDO comment

There are a number of beneficial tax rules applying to foreign nationals coming to work in Cyprus. This can make the country a very attractive place to work for non-Cypriot nationals and non-domiciled individuals.



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INDIA

SALARY RECEIVED IN INDIA BY NON-RESIDENT TAXPAYER – TAXABLE AS PER RECENT RULING

While a Resident and Ordinarily Resident (ROR) individual is taxable in India on their worldwide income, Resident but Not Ordinarily Resident (RNOR) and Non-resident (NR) categories of taxpayers are taxable only on limited income. The general charging Section 5(2)(a) of the Indian Income-tax Act, 1961 (hereafter referred as 'the Act') brings the below income of RNOR and NR taxpayers within the tax ambit:

– Income accrued/arising in India;

– Income deemed to accrue/arise in India;

– Income received in India;

– Income deemed to be received in India.

Salary earned outside India by NR taxpayer

Salary earned and received outside India by a NR taxpayer is not taxable in India since the accrual and receipt of the income happens outside India. However, a NR taxpayer earning salary income overseas but receiving the same directly into his Indian bank account would be liable to tax in India on such salary income since the receipt of salary is in India.

As per Section 15 of the Act which relates to salary income, salary is taxable on the accruals basis except in the case where salary is paid in advance or in arrears, which is taxable on the receipts basis. Thus, salary accrued outside India cannot be taxed in India merely on the receipt basis as salary becomes taxable under Section 15 of the Act when it becomes due, i.e. when accrued. However, such a position is subject to litigation especially at the lower levels of the Indian tax authorities.

There have been certain judicial precedents in the recent past where Indian outbound taxpayers adopted the position of not offering to tax the salary income for services rendered outside India and received into an Indian bank account. The point of contention for such a claim was that the salary income is taxed only if it is 'accrued' in India, regardless of the place of receipt of income.

Recent ruling

In a recent ruling in the case of *Tapas Kr. Bandopadhyay [I.T.A. No. 70/Kol/2016]* it was held by the Kolkata Income Tax Appellate Tribunal that the income received by the taxpayer into an Indian bank account in a foreign currency would be taxable in India.

The ruling has touched upon various points before arriving at the above conclusion. Let us discuss them in detail.

Brief facts

– The taxpayer was employed as a marine engineer and rendering services aboard a ship in international waters outside the territorial waters of any country.

– The employer credited his salary directly into his Indian Non-Resident External (NRE) account in a foreign currency.

– His total stay in India during the tax year was less than 182 days. Hence, as per the Indian domestic tax law, he qualified as a NR in India during the tax year.

– He was not a resident of any other country and hence, no Tax Treaty was applicable to him.

The taxpayer contended that such income received in India is not taxable as the services were rendered outside India and it was just the remittance of salary which was made in India. However, the tax officer and the first appellate authority denied such exemption claim. The taxpayer thus approached the Tribunal (second appellate authority).

Observations of the Tribunal

– ***Currency of income***
Salary is said to be received in India if the income is 'directly' credited into an Indian bank account. There is no reference in the charging Section 5(2)(a) of the Act about the currency of the salary income. Hence, salary received in an Indian bank account in foreign currency would be treated as taxable in India.

– ***Remittance vs. Repatriation – Control over the income***
The taxpayer contended that the salary was initially received outside India in foreign currency. Subsequently, the employer merely credited the same in his Indian bank account as per his instructions. Therefore, he had control over his income and it was only for his administrative ease that the same was credited into the Indian bank account.

However, the Tribunal observed that the employer had credited the salary directly into his Indian bank account and hence, the first credit of salary was in India. This means that it was remittance of salary and not its repatriation. While the Tribunal proclaimed that what was brought into India was not the 'salary income' but only the 'salary amount', there was no evidence brought before the tax authorities to prove that the taxpayer had control over his salary income in international waters.

The Tribunal also observed that if the taxpayer's contention were accepted, then he would not pay tax anywhere in the world on salary income since he was not a resident of any country.

The Tribunal, therefore, concluded that the taxpayer did not have control over the funds that were deposited in his Indian bank account.

– ***Reliance on the ruling of Mumbai Tribunal in a similar case***
The Kolkata Tribunal in this case finally relied on the decision of the Mumbai Tribunal in the case of *Captain A.L. Fernandez vs. ITO [81 ITD 203 (TM) (Mum)]*. The latter decision clearly laid down that the receipt of salary in India for services rendered on board a ship outside the territorial waters of any country would be sufficient to give the country of receipt the right to tax the said income on the receipts basis. Since the facts of both the cases were identical, the salary received in India was treated as taxable in India.

Though the residential status of the taxpayers is the primary and vital aspect to determine the taxability of income, it is equally important to consider other aspects such as banking arrangements, payroll, etc. This would help taxpayers avoid any double taxation or undue litigation.

BDO comment

– *Employers should inform mobile employees regarding the banking arrangement aspects during assignments.*

– *The tax position in the taxpayer's Indian tax return needs to be determined after deliberating the clear and specific facts surrounding the place of accrual and receipt of salary income.*

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NETHERLANDS

SOCIAL SECURITY AGREEMENT BETWEEN CHINA AND THE NETHERLANDS

The Dutch and Chinese government recently signed a social security agreement; however this agreement differs from the regular bilateral agreements the Netherlands has concluded as it does not include all social security insurances.

Based on the agreement, for Dutch employees who are seconded to China the following applies:

- The employee remains covered by the following Dutch social security insurances:
  - Dutch state pension (AOW);
  - Survivors Dependant Insurance (ANW);
  - Unemployment Insurance (WW).
- There is an exemption for paying contributions to the Chinese base pension and unemployment insurance, but not for the contributions for medical and disability insurances in China (if applicable).

For Chinese employees who are seconded to the Netherlands the following applies:

- The employee remains covered by the following Chinese social security insurances:
  - Base state pension;
  - Unemployment Insurance (WW).
- There is an exemption for paying contributions to the Dutch state pension (AOW), Dutch Survivors Dependant Insurance (ANW) and the unemployment insurance (WW), but not for the contributions for other insurances in the Netherlands.

The above applies for a maximum period of 5 years.

Certificate of Coverage

The Certificate of Coverage should be requested in the home country. Based on the social security agreement between China and the Netherlands this Certificate of Coverage should be requested within 6 months of the commencement of the secondment.

Current secondments

In the agreement a transitional period is taken into account. This means that for current secondments, if the requirements mentioned in the agreement are fulfilled at the beginning of the secondment, the above can be applied from the date the agreement enters into force. In this case, this can be applied for 5 years from the date the agreement is ratified. Certificates of Coverage still need to be filed in time.

Entry into force

Please note that the exact date this agreement will enter into force is as yet unknown.

BDO comment

This is a key change for secondments between the Netherlands and China and means employees can remain in their home country systems. It will even apply to those individuals currently on assignment and the applicability of the new agreement should be considered for those employees as well.

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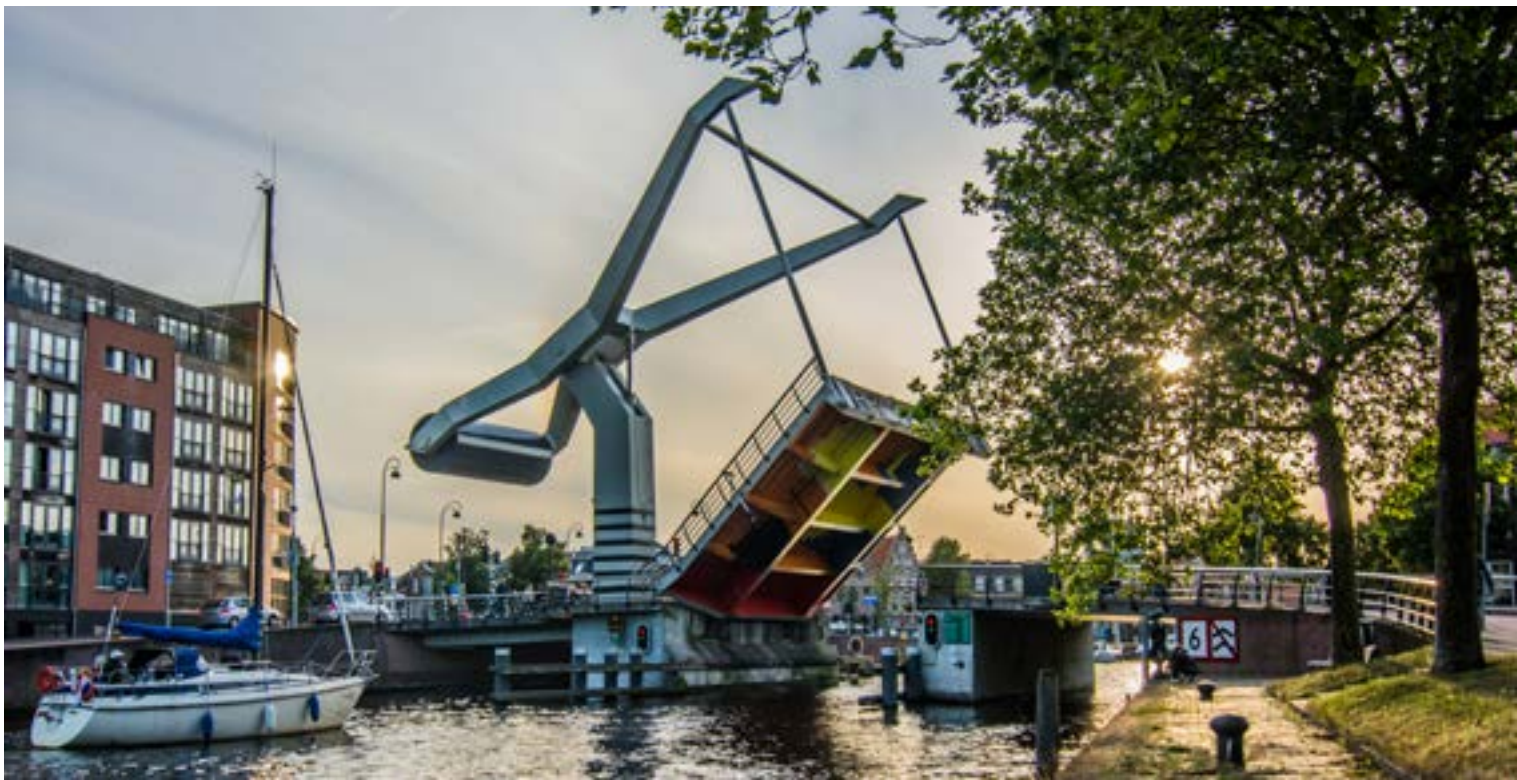


POLAND

NEW LAWS ON SOCIAL INSURANCE PREMIUMS FOR POLISH EMPLOYEES POSTED ABROAD

The concept of posting

Polish regulations do not clearly define the concept of posting. It has been accepted that posting occurs when an employee changes his/her place of work, both in Poland and abroad based on an agreement or amendment of the terms of employment.

Significant change in the law

An important change came into effect on 1 October 2016 for employers that post their employees to work abroad. Up to 30 September the base income for social insurance could not be lower than the average monthly salary used in a given calendar year to calculate the annual retirement and disability insurance premiums base. In 2016 the minimum amount was PLN 4,055. In practice this meant that every employer whose posted employee received a salary lower than that was required to pay premiums on the amount of the limit. The fact that the Social Insurance Office (ZUS) imposed a minimum premium base on posted employees gave rise to objections and doubts.

In its ruling of 2 October 2013 the Supreme Court found that the premium calculation base should not be higher than the salary that was actually paid. Also a ruling issued by the Constitutional Tribunal on 28 October 2015 confirmed that social insurance premiums should be based on the gross income of the posted employee. The Tribunal's ruling was published in the Journal of Laws of 5 November 2015 and deferred for 12 months. This meant that the regulation on the minimum social insurance calculation base was to go out of force on 5 November 2016. However, effective 1 October 2016 a change was made in the Decree of 18 December 1998 on the detailed methods used to determine the retirement and disability insurance premium calculation base.

In accordance with the amended regulation, the retirement and disability premium calculation base does not include that portion of the salary of employees whose pay is higher than the average salary and who are employed abroad by Polish employers. There is an exception for members of the foreign service who perform their professional duties at a foreign post – this is equal to the allowance that is due to them for foreign business travel as specified in the relevant regulations, providing that the resulting monthly income of those employees, constituting the premium calculation base, is not lower than the average salary.

Daily allowance affects income

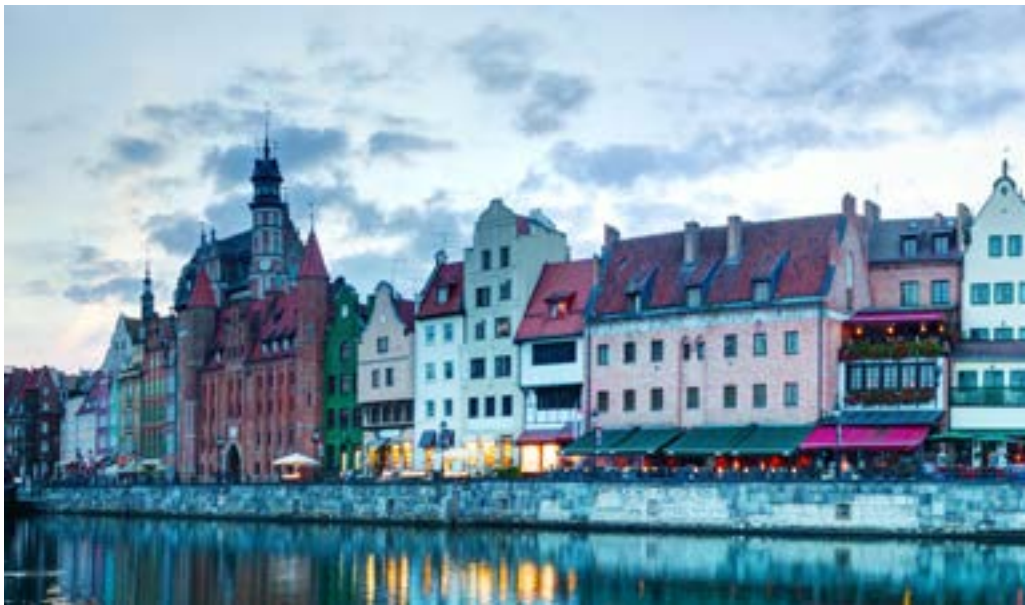
Employees sent to work abroad are entitled to salaries no lower than those in the country of posting. It is therefore quite often necessary to alter the salary of the posted employee. Although in the case of posting, as opposed to a business trip, no allowance is due for each day of the stay abroad, the allowance applicable to a given country does affect the salary.

It is important to point out that a posted employee is still subject to Polish regulations, and his/her wages are subject to premiums for social and health insurance, the Labour Fund and the Guaranteed Employee Benefits Fund (the amounts of the premiums are shown in Table 1). An employee who works or performs business operations in another European Union member state, and would like to be, or is subject to insurance in Poland, must obtain a certified A1 certificate from ZUS.

In accordance with the EU social security regulations, the general rule is that employees are subject to social security in the country in which they work. As remaining liable to home country social security when working abroad is an exception to the rule, the application of this requires the fulfilment of many conditions by both the employee and the employer. In accordance with the Decree of 18 December 1998, the social insurance calculation base excludes the value of the allowance due for each day of foreign business travel specified in the Minister of Labour and Social Policy Decree of 29 January 2013 on the amounts due to an employee of a state or local public sector entity for foreign business travel. The deduction applies only to allowances for days on which work was performed; no deductions may be made for absences caused by annual leave, unpaid leave, sick leave etc.

ZUS – %-rates			
Premium type	Value in %	Charged to	
		Employee	Employer
Retirement	**19.52%**	9.76%	9.76%
Disability	**8%**	1.50%	6.50%
Sickness	**2.45%**	2.45%	0%
Accidental	**1.80%**	0%	1.80%
Health	**9%**	Accrued 9%	0%
		Tax deductible 7.75%	0%
Labour Fund	**2.45%**	0%	2.45%
Guaranteed Employee Benefits Fund	**0.10%**	0%	0.10%
Bridging Retirement Fund	**1.50%**	0%	1.50%

Table 1 – ZUS premium %-rates for the year 2016.



Registration of foreign employer as remitter of premiums in Poland

An employer with no registered office or representative office in Poland may be registered as a remitter of premiums. In practice this means that an employer may hire an employee who will perform work in Poland. By registering as a remitter the foreign employer will be required to file ZUS declarations and pay premiums for social and health insurance and Labour Fund for its employee. What is important is that the employer will not be registered as a tax remitter – the employee will be responsible for paying personal income tax each month.

Mandatory tax identification number NIP

To register as a remitter of premiums a foreign entity must obtain a NIP number. This may be done by the entity's representative or a person authorised to do this by the entity's representative. The authorisation must be accompanied by stamp duty in the amount of PLN 17 for each authorised representative. The tax office that handles foreign employers with no registered or representative office in Poland is the Second Tax Office in Warsaw at ul. Jagiellońska 15.

The following documents must be submitted to register and obtain a NIP number:

– Form NIP-2-identification filing/updated filing of a legal entity or organisational unit without a legal entity, which is a taxpayer or remitter, signed by the foreign employer's representative or authorised person;

– Sworn translation of the foreign employer's registration in the home country;

– If authorisation to represent other entities was granted, the original of the authorisation along with stamp duty payment receipt.

Registration with the Social Insurance Office

Once a NIP is issued, the foreign entity may register as a remitter of premiums. Foreign employers from EU Member States, who are premium remitters and have no registered or representative office in Poland, file their registration documents with the First Branch of ZUS in Warsaw at ul. Senatorska 6/8.

As in the case of applying for a NIP number, appropriate documents must be filed when registering a foreign company as a premium remitter:

– Copy of NIP assignment decision;

– Completed premium remitter filing, signed by the foreign entity's authorised representative;

– ZUS ZPA – when the foreign employer is a legal entity, listing the NIP and abbreviated name as identifying data;

– ZUS ZFA – when the foreign employer is an individual, listing the NIP, first and last name (or abbreviated name), passport number (maximum first 9 digits and letters without spaces or punctuation marks);

– Sworn translation of the foreign employer's registration in the home country;

– Original authorisation (if applicable).

The premium remitter's filing should be submitted within 7 days of hiring the first insured person. When the data shown in the filing needs to be corrected or altered the remitter is required to file form ZUS ZIPA. The employees should also, within 7 days, be submitted to social and health insurance using form ZUS ZUA or ZUS ZZA (when they will only be subject to health insurance).

The foreign entity's resignation from employment in Poland should be submitted to ZUS within 7 days, using the following forms:

– ZUS ZWPA- deregistration of premium remitter;

– ZUS ZWUA-deregistration of insured person.

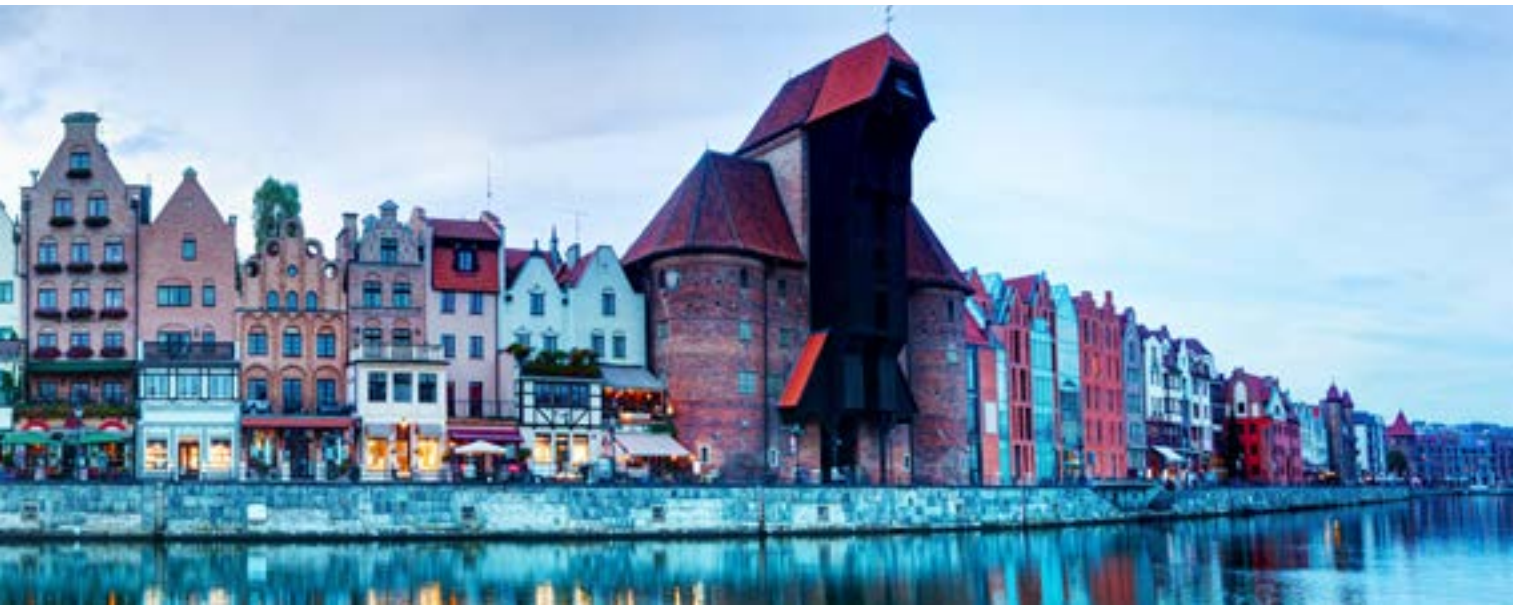
Monthly responsibilities towards ZUS

As a remitter of premiums, the foreign employer is required to settle social and health insurance as well as Labour Fund premiums, file monthly declarations and pay the premiums to the appropriate ZUS accounts.

Declarations (ZUS DRA, ZUS RCA, ZUS RZA, ZUS RSA) should be filed each month, by the 15th day of the following month.

If payments are made from abroad, the transfer description should contain the foreign employer's current name and NIP number, consistent with the previously filed documents. It is also important to correctly list the international code (SWIFT and IBAN).

If payment for a given month is being made after the statutory due date, the remitter should calculate late interest charges and add that amount to the amount of the premiums.



Assigning the responsibilities of premium remitter

A foreign employer with no registered or representative office in Poland does not have to register as a premium remitter. This is because these responsibilities may be assigned to the foreign employer's employee. By concluding an agreement to assign the responsibilities of premium remitter, the employee becomes his/her own remitter, becomes responsible for the calculation and payment of premiums payable by both the employee and the employer.

Registration with ZUS

When taking over the responsibilities of premium remitter, the insured employee undertakes to make a timely filing with the ZUS office relevant to his/her place of residence. Registration is to be performed in person or by sending the below listed documents by mail or messenger:

- Copy of agreement concluded with the foreign employer to assign the responsibilities of premium remitter, signed by the employer's representative listed in the applicable foreign business register, and by the employee;
- Copy of employment contract;
- Copy of NIP assignment decision;
- ZUS ZAA filing document, listing the foreign employer's current address, addresses of business operations, and the following identification data of the remitter:
  - NIP, PESEL, first and last name in the case of a Polish citizen;
  - NIP, first and last name, passport number (maximum first 9 digits and letters without spaces or punctuation marks) in the case of an EU citizen.
- ZUS ZUA or ZUS ZZA filing document with the applicable insurance code.

Upon dissolution or expiration of his/her contract with the foreign employer, the employee should submit the following documents to ZUS:

- Deregistration of premium remitter ZUS ZWPA;
- Deregistration of insured person ZUS ZWUA.

Monthly responsibilities towards ZUS

By becoming a remitter of premiums, the employee is required to correctly settle premiums, file monthly declarations and pay the premiums to the appropriate ZUS accounts.

For each month, the employee acts as premium remitter they must file the following either on paper or using the Płatnik program:

- Declaration ZUS DRA, if he/she is paying premiums only on their own behalf;
- Declaration ZUS DRA along with reports ZUS RCA or ZUS RZA, if also paying premiums for other insured employees;
- Report ZUS RSA, if reportable absences occurred in a given month.

It is important to point out that:

- If there were no absences in a given month there is no need to file a ZUS RSA report;
- Declaration ZUS DRA should be filed by the 15th day of the following month;
- If no income was earned in a given month and there were no absences, then the declaration should list zero values and be filed by the 15th day of the following month;
- If reportable absences occurred in a given month, then declaration ZUS DRA should be filed along with the applicable reports by the 15th day of the following month.

The 15th day of the following month is the deadline for the filing of declarations and reports as well as for the payment of premiums to the appropriate ZUS accounts.

BDO comment

There has been significant change within Poland on the calculation of social insurance premiums for posted workers. The rules are complex and you must have a clear understanding of your obligations as an employer and be able to correctly calculate and pay over social contributions.

For employees coming to work in Poland where there is no corporate entity, there is still a requirement to operate social insurance withholding and pay this over to ZUS. There is a set registration process as well as a monthly obligation to submit the necessary forms and pay over the contributions.

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SWEDEN

TAX PENALTY WAIVERS BASED ON INFORMATION RECEIVED FROM ABROAD

Submitting incorrect or incomplete tax return information can lead to penalties. The tax authorities may however, under certain circumstances, waive such penalties, for example where the factual risk for tax evasion is minimal.

On 21 October 2016 the tax authorities published their opinion on waiving tax penalties based on information received from abroad due to an exchange of information agreement, Directive or a tax treaty provision.

According to the publication the tax authorities regard information received based on automatic information exchange as normal control information and hence tax authorities may waive tax penalties (partly or wholly) for undisclosed or misrepresented information in the same way as for locally available information provided that:

- The tax information from abroad is available to them within 1 year from the end of the fiscal year in question; **and**
- Before the tax authority's investigation into the incorrect information submitted has begun.

The above will not apply on arbitrary assessment situations, e.g. when no tax return has been filed at all.

PAYROLL AND DATA PROTECTION – NEW LEGISLATION IN 2018

In January 2012, the European commission proposed a comprehensive reform of data protection rules and the official texts of the Regulation and the Directive were published in the EU Official Journal in May 2016. The regulation will apply from 25 May 2018 and the Directive entered into force in May 2016 with EU Member States having to transpose it into their national law by 6 May 2018.

The objective of this new set of rules is to give citizens better control over their personal data and to simplify the regulatory environment for businesses in this respect and to ensure that the same provisions apply regardless of where the data is processed. Penalty charges imposed for non-compliance may be up to EUR 20,000,000 or 4% of the organisations revenue.

From a Swedish perspective the new regulations will, for example, most likely imply that employers and payroll providers will be prohibited by law from sending payslips by email. Further details on the implications will follow when a formal legal proposal is presented.

TAX AUTHORITY CLARIFICATION ON SPECIAL PAYROLL TAX ON CERTAIN EARNED INCOME

On 3 November 2016, the Swedish Tax Authority (STA) published clarification in respect of the special payroll tax on certain earned income that is not subject to social security contributions.

The special payroll tax is levied at a rate of 24.26% for insurance companies on payments made under severance, work accident and group health insurance schemes and for employers making provisions for profit-sharing funds.

The tax is also levied at a rate of 6.15% for earned income paid to individuals as from the year in they reach the age of 65. The STAs November statement clarifies that foreign employers without a permanent establishment (PE) are not subject to the special payroll tax.

PROPOSED NEW PROVISION FOR TAXATION OF SHARES IN CLOSELY HELD COMPANIES

The Swedish Ministry of Finance released a consultation document on changes to the regime for the taxation of shares in closely held companies on 14 November 2016. The main purpose of the special scheme for taxation of such shares is to combat tax avoidance through income conversion i.e. to prohibit shareholders converting earned income to capital income to benefit from the lower tax rates applicable for dividends and capital gains.

The current proposal includes various changes e.g. in respect of calculation of qualifying salary levels and on taxation on transfer of sales of shares to related parties. According to the proposal the amendments should apply from 1 January 2018 and the consultation period closes on 10 February 2017.

Further details will follow as developments occur.

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CURRENCY COMPARISON TABLE

The table below shows comparative exchange rates against the euro and the US dollar for the currencies mentioned in this issue, as at 30 November 2016.

Currency unit	Value in euros (EUR)	Value in US dollars (USD)
Euro (EUR)	1.00000	1.06079
Polish Zloty (PLN)	0.22571	0.23946

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1611-04