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World Wide Tax News

People's Republic of China

New Enterprise Income Tax Law Enacted

On March 16, the National People's Congress enacted the new Law, which unifies the hitherto separate tax régimes for domestic Chinese companies and those with foreign investment ('foreign-investment enterprises' or FIEs).

The new Law sets a lower standard corporate tax rate of 25% than that provided in the existing Laws (33%), but removes many tax-rate reductions and tax holidays currently available to FIEs. A reduced tax rate of 20% will apply to small enterprises deriving small profits. Hi-tech enterprises encouraged by the Chinese government will enjoy a 15% rate. Tax incentives provided in the new Law are industry and technology-focused, rather than location, manufacturing and export-focused as in the existing Law for FIEs. This change coincides with China's shift from the previous economic strategies of bringing wealth to the people in particular regions first, securing employment of its masses and

achieving growth through exports, to the current focus of bringing economic development to all regions of China and achieving growth through satisfying internal demand.

Certain transitional relief will be available. Enterprises that have received approval for establishment prior to the promulgation of the new Law and which are enjoying a preferential tax rate under the current rules are given five years to move progressively up to the standard tax rate under the new Law. Unused tax holidays available under the current rules are generally 'grandfathered' until expiry. Where a tax holiday has not started due to tax losses, it will be deemed to commence in the year

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in which the new Law comes into effect.

The Law applies to 'enterprises', which are defined to include companies and other organisations that derive income. The concept of tax residence, which is new to China's income tax system is introduced. Resident enterprises will be those established under Chinese law and enterprises incorporated under foreign law but whose effective management is located in China. A resident enterprise will be subject to Chinese tax on its world wide income, whereas a non-resident enterprise will be subject to tax on income derived from its establishment or place of business in China and on income earned outside China but effectively connected with that establishment or place of business.

One of the implications of these provisions is that domestic enterprises that have set up foreign companies as holding companies will have to consider whether these foreign companies will be caught in the Chinese tax net as resident, on account of having their place of effective management in China. Similar considerations will be relevant to companies incorporated outside China which have a substantive presence solely in China.

The new Law will increase the income tax burden of many FIEs that are currently in receipt of tax incentives. It will, however, decrease the income tax burden of some others, such as those engaged in service industries or wholesale or retail businesses, which are not entitled to tax-rate reductions or tax holidays. Anti-avoidance provisions, such as controlled foreign company (CFC) rules and thin capitalisation rules, are

included, as well as the power for the tax authorities to make adjustments where arrangements that serve no commercial purpose are entered into.

The new Law takes effect on January 1, 2008, and in the meantime the Regulations for the Implementation of the new Law are expected.

Foreign investors will need to consider the impact of the new Law on their existing enterprises and future investments in China. They may wish to re-examine the tax planning strategies of their Chinese subsidiaries, including how best to make use of their existing tax incentives. For future investments, perhaps operational considerations such as availability of resources and infrastructure, proximity to markets etc, will increasingly be the determining factor in choice of location, rather than tax considerations now that only limited location-based tax incentives will remain available. The ability to use new and high technology will take on increasing fiscal impact.

Now that China is ceasing to be a low-tax country due to the abolition of the broad-based tax incentives currently available to FIEs, and bearing in mind the introduction of various anti-avoidance provisions that are novel to China in the new Law, it is important for multinational groups with investments in China to revisit their international tax planning strategies to optimise global efficiency. ■

1 North America and the Caribbean

1.1 Canada

1.1.1 Canada Makes Major Changes to International Tax Rules

On March 19, 2007, in his annual Budget speech, the Canadian Minister of Finance announced fundamental changes that have an impact on Canadian companies with operations in foreign jurisdictions. The proposals will require these companies to review how their foreign operations are structured and, in particular, to review any Canadian borrowings that are used to finance their foreign investments.

Interest Deductibility for Foreign Active Business Income

In what is the most significant change in Canadian tax policy in years as it relates to investments made in foreign corporations, the Budget proposes to disallow the deduction of interest on money borrowed to make investments in these foreign affiliates except to the extent that income becomes taxable in Canada. Under existing rules, Canadian corporations can deduct interest expense on money borrowed to finance foreign affiliates, even if the income generated in those affiliates may never be subject to Canadian tax. Dividends received by Canadian companies from foreign affiliates that are resident in countries that have a tax treaty with Canada are not subject to Canadian tax if they are paid out of foreign-source active business income (which is referred to as a payment out of 'exempt surplus').

Therefore, in many situations, the interest paid on foreign-affiliate borrowings becomes a deduction against Canadian-source business income.

The restriction on interest deductibility will apply to interest payable after 2007 on new debt, which is debt incurred after March 18, 2007 (otherwise than pursuant to an agreement in writing entered into before that date). Existing non-arm's length debt will be subject to the new rules for interest payable after 2008 or after the expiry of the current term of the debt, whichever is sooner. With respect to arm's length debt, the new rules will apply for interest payable after 2009 (or after the expiry of its current term, whichever is sooner). Interest denied under the new rules will be pooled for deduction, net of exempt dividends received, if and when the foreign affiliate's shares generate taxable income for the Canadian company. The proposals also catch indirect financings (i.e. where the borrower and the investor are different parties).

The proposals will impact all Canadian corporations that have Canadian borrowings targeted at foreign investment, where the interest deduction exceeds the foreign-source income taxable in Canada. Most financings in these corporate groups have been arranged to take advantage of the current rules, which allow interest to be deductible in Canada. The proposals clearly increase the cost of making investments in foreign affiliates for Canadian companies.

Definition of Active Business Income under the Foreign Affiliate Rules

Under current rules, certain passive income of a foreign affiliate of a Canadian company is recharacterised as active business income. The types of income that qualify are interest, royalties and leasing income, where the income was deductible in computing the active business income of another foreign affiliate. These rules are beneficial in two respects. First, rules that tax passive income earned in a controlled foreign affiliate in the hands of the Canadian owner will not apply. And, as active business income, this income can be repatriated to Canada as a tax-free dividend in certain circumstances.

The Budget proposes to limit the application of current rules to Canadian companies that have a direct or indirect economic interest of at least 10% in the company paying the interest, royalties or leasing income, in order to have these payments treated as active business income for Canadian tax purposes in the recipient foreign affiliate's hands. Under current rules, the paying entity need only be related to the Canadian company.

This change will affect Canadian companies entering into financing or other arrangements with companies in their corporate group in other jurisdictions where the Canadian company does not have an economic interest in these companies.

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Improving tax-information exchange

In an effort to improve the exchange of information with the tax authorities where Canadian businesses are operating, no new tax treaties and revisions to existing treaties (including treaties currently under negotiation) are to be approved that do not include the new OECD standards with respect to exchange of tax information. Furthermore, the existing exempt-surplus rules for dividends received out of active business income earned by foreign affiliates resident in treaty countries will be extended to include active business income earned by a foreign affiliate in a country that has agreed to a tax information exchange agreement with Canada. In addition, income earned by foreign affiliates in countries that have neither signed a tax treaty nor a tax information exchange agreement with Canada will be taxed currently in the hands of the Canadian shareholders of those affiliates (in the same manner as passive income currently is).

The Canada-US Tax Treaty

There was some good news in the Budget. The government announced that the long awaited update to the Canada-US tax treaty was near completion and that:

- The withholding tax on interest under the treaty, currently 10%, will be eliminated once the changes are fully phased in
- Treaty benefits will be extended to US Limited Liability Companies (LLCs) under the new treaty

Withholding tax on interest generally

Once the withholding tax elimination on interest is implemented in

the Canada-US tax treaty, the government will eliminate withholding tax on interest paid to arm's length non-residents, regardless of their country of residence. This is a welcome development that will lower borrowing costs for non-residents who finance Canadian businesses and will mean that these borrowings will no longer have to be for a term of more than five years to avoid withholding tax under current rules.

The international tax measures contained in the budget will impact every Canadian company doing business abroad through foreign corporations. It is critical for these companies to review their current operations to determine the full effect of the Budget.

1.2 United States of America

1.2.1 New filing requirements for pass-through entities

For accounting years ending after December 30, 2006, certain large partnerships are now required to file so-called Schedule M-3 returns, in which they are required to report differences between taxable income and book income in greater detail than other taxpayers, who file a Schedule M-1 with their tax returns. Large corporations have been subject to this requirement since 2004.

Under the new rules, a partnership is required to complete Schedule M-3 where:

- its total assets at the end of the year are USD 10 million (EUR 7.52 million), after adding back losses and certain adjustments such as distributions

- its total receipts for the year are USD 35 million (EUR 26.32 million) or more. Total receipts include gross sales, gross rentals from real estate and other property, dividends, interest, royalties, net gains from the sale of assets and any other income reported from the partnership
- at any time in the accounting year after June 29, 2006 a partner that was itself required to file a Schedule M-3 return with its most recent federal income tax return filed before June 30, 2006 (a 'Reportable Entity Partner') owns or is deemed to own directly or indirectly an interest of 50% or more of the partnership's income, losses or capital

The Schedule M-3 instructions provide specific attribution rules for determining when a Reportable Entity Partner will be deemed to own an interest of 50% or more in the partnership. These rules will generally capture more entities than would any other tax ownership-attribution rules. Thus, for example, the owner of 50% or more of the voting rights in a corporation on any day of the corporation's tax year is deemed to own all corporate or partnership interests owned or deemed to be owned by the corporation during the year.

A Reportable Entity Partner (REP) with respect to any partnership must report certain information to the partnership within 30 days of becoming a REP. Thereafter, the REP must provide an updated report to the partnership within 30 days of any change in the partnership interest it owns or is deemed to own.

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1.2.2 Dual consolidated loss regulations issued

The Internal Revenue Service (IRS) has issued final regulations covering the Dual Consolidated Loss provisions of the Internal Revenue Code (IRC).

The general aim of these provisions is to prevent US members of a corporate group from using losses incurred by a dual-resident entity (dual consolidated losses, or DCLs) to reduce their own US taxable profits wherever the DCLs have or could be used under foreign law for offset against the income of a foreign corporation. The previous regulations addressed numerous issues of the DCL régime. In May 2005, proposed regulations were issued to update and amend the previous regulations. They addressed various concerns including the scope of the application of the DCL provisions, updating the DCL regulations to address certain issues highlighted through the application of the entity-classification regulations, and the administrative burden of the previous regulations.

The final regulations include many of the provisions set out in the proposed regulations, with some modifications. The changes include:

- The combination rule for two or more foreign branches of a multiple US corporation is expanded to apply generally for all purposes of the DCL provisions to same-country separate units of multiple domestic corporations that are members of the same consolidated group.
- The definition of a foreign branch is clarified in addition to the clarification that home-country activities of a dual-resident corpora-

tion or separate unit of a hybrid entity can qualify as a foreign-branch separate unit.

- New rules are provided that define and address transparent entities (and interest therein).
- Clarification is provided for the indirect foreign use of DCLs.
- The reasonable-cause standard used to rectify certain DCL filings with certain modifications from the proposed regulations and Notice 2006-13 has been adopted.
- Additional exceptions to the definition of foreign use relating to *de minimis* use or instances where the transaction giving rise to the foreign use occurs as a result of actions largely outside the control of the taxpayer are provided.
- A stand-alone exception to the mirror-legislation rule is included for instances where there is not a foreign affiliate of the dual-resident corporation or separate unit that could provide a foreign use for the loss. This rule deems a loss to be used in the foreign jurisdiction if it has legislation similar to the US DCL rules
- The rules for attributing items of a domestic owner to a separate unit are modified.
- The special basis adjustments provided for in the previous and proposed regulations are eliminated
- Additional guidance on the application of the DCL rules to foreign insurance companies treated as domestic corporations is provided.
- US corporations may avoid application of the DCL rules by certifying that they are not and will not

be using the loss in more than one jurisdiction ('double-dipping'). The certification period is reduced to five years (from the 15 years provided for in the previous regulations)

- Provision that Real Estate Investment Trusts (REITs) and Regulated Investment Companies (RICs) are not subject to the DCL provisions.

There is no change to the 'all or nothing rule', which provides that even a minimal use of the loss abroad will cause the entire loss to be treated as a DCL and hence wholly unavailable in the US.

The final regulations are generally effective for taxable years beginning after April 17, 2007. A taxpayer may apply the final regulations in their entirety to DCLs incurred in taxable years beginning after December 31, 2006.

It should be noted that there are several items in the proposed regulations that are effective for DCLs arising prior to the general effective date of the final regulations.

1.2.3 Regulations on gain-recognition agreements

The US Treasury and the IRS have issued new temporary regulations concerning the requirements for taxpayers to have their gains from transfers of property to foreign corporations not recognised for US tax purposes. The new regulations are intended to replace 1998 final regulations on the same subject.

Where a US taxpayer ('the US transferor') transfers shares or securities in a corporation (the 'transferred corporation') to a foreign corporation in a share exchange that would have

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been tax-free if entirely within the US, IRC section 367 normally requires any gain to be recognised (i.e. taxable). If the US transferor enters into a gain-recognition agreement (GRA) with the IRS, the gain can be ignored ('not recognised') for tax purposes unless the shares or securities that are transferred to the transferee corporation, or substantially all of the assets of the transferred corporation, are disposed of within five years of the transfer.

The new regulations address certain concerns with the 1998 regulations, particularly in cases where the ini-

tial non-recognition may be partially or wholly negated by subsequent events such as a restructuring. They include:

- an expansion of the exceptions to events associated with certain asset reorganisations that trigger recognition of the deferred gain
- removal of the 'consolidated continuity requirement', which stipulates that any successor of the US transferor must be a member of the same consolidated group if recognition of the deferred gain is not to be triggered

- new rules that would allow certain corporations holding shares in a US transferor that is dissolved in the course of another share exchange to enter into a new GRA to avoid immediate gain recognition even where they are not members of the same consolidated group as the US transferor

The proposed regulations generally apply to GRA applications for transfers occurring after March 6, 2007. Taxpayers may, however, elect to apply all or part of the new regulations to transfers that occurred earlier, subject to time limitations. ■

2 Europe and the Mediterranean

2.1 European Union

2.1.1 No temporal limitation for Germany in *Meilicke* case

The European Court of Justice (ECJ) has refused to grant the German government a limitation in time for refund claims that will arise from its judgment in favour of the taxpayer in the *Meilicke* case.

In the case (C-292/04), Mr Meilicke (now deceased) was a German-resident taxpayer who received dividends in the 1990s from shareholdings in Danish and Netherlands companies. Under the imputation system in force in Germany at that time, resident taxpayers received a tax credit of three-sevenths on dividends from German companies, but were not entitled to tax credits in respect of foreign dividends. Mr Meilicke's heirs appealed against that rule, on the grounds that it was incompatible with Article 56 of the EC Treaty guaranteeing the free

movement of capital, and other Treaty freedoms. The case was eventually referred to the ECJ in 2004. Shortly thereafter, the Court held in *Manninen* (Case C-319/02) that similar rules in Finland were indeed in breach of Article 56, and that the Finnish government was wrong to deny a tax credit for Swedish dividends received by an individual resident in Finland.

When the ECJ delivered its judgment in *Meilicke* on March 6, 2007, therefore, it was no surprise that it agreed with the Advocate-General's opinion that the German system was also incompatible with the Treaty. The main interest in the relatively short judgment was to see whether the Court would admit Germany's request for a temporal limitation on its effects should the substantive case be lost. Germany had argued that if it was required to repay tax in respect of foreign dividends during the lifetime of the imputation sys-

tem (1977-2001), the estimated cost was EUR 5000 million (USD 6650 million). A limitation should be granted due to the exceptionally large sums at stake, which would have a significant effect on public finances.

The position of the Court was that a temporal limitation should be granted only in exceptional circumstances, and that this can occur solely on the occasion on which the Court first delivers a judgment on the particular issue. In this case, it had been established in the *Verkooijen* case as long ago as 2000 that treatment of foreign dividends received by individuals that differed from the treatment of domestic dividends in the same circumstances was in breach of Community law. No temporal limitation had been granted on that occasion, nor when the principle was subsequently reaffirmed in the *Manninen* and *Lenz* cases.

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Accordingly, no temporal limitation was appropriate in the present case.

Germany no longer uses the imputation system in taxing dividends received by individuals. Instead, under the so-called half-income rule, 50% of total dividends received, whether domestic or foreign, is exempt from income tax and the remaining 50% is taxable.

It should also be noted that in 2004, Germany enacted legislation (which would not apply in this case) imposing a temporal limitation on retroactive claims for refunds of imputation credits. This legislation is itself debatably in breach of Community law, as is a similar UK provision (see *BDO World Wide Tax News 2006 Issue No. 4*).

2.1.3 Belgian coordination centre investigation extended

See under Belgium, item 2.3.2.

2.1.4 No EU all-clear yet on Netherlands group interest and patent boxes

See under Netherlands, item 2.10.1.

2.3 Belgium

2.3.1 Belgium follows suit on patents

In March, the Belgian government agreed to introduce an 80% deduction for certain patent and licence income received by Belgian companies.

From January 1, 2008, a Belgian company or Belgian permanent establishment (PE) receiving royalties or licence fees from patents it has licensed to any third party, whether related or unrelated, would be able to deduct 80% of that income when

computing its taxable profits, provided that the royalties or fees were payable on an arm's length basis. Such income would therefore be taxed at an effective rate of 6.8% (being 20% of the standard rate of 33.99%).

The patents concerned must not have been put to use before January 1, 2007 and must be either:

- those owned by the Belgian company or PE and derived from its own research and development activities carried out in Belgium or abroad or
- those acquired by the Belgian company or PE by purchase, contribution or via a licensing agreement, provided that they are further developed by the Belgian company or PE

The 80% deduction would not apply to income from contract R&D income or cost-sharing agreements.

Any depreciation claimed for the patents or cost contributions paid to a third party for the purchase of the ownership or licensee rights and deducted from taxable income would need to be deducted from the income eligible for the deduction.

Where a Belgian company or permanent establishment itself uses a patent to manufacture patented products or have them manufactured by a contract manufacturer, it can claim a deduction for 80% of the licence fees it would have received from a licence of the patent to an independent third party.

These measures are not entirely dissimilar to the new Netherlands patent box, the legal status of which vis à vis the EU is still not certain (see The Netherlands, 2.10.1 below).

2.3.2 EU extends coordination-centre investigation

The long-running saga of the transitional rules for phasing out Belgium's coordination centre régime is still some way from resolution, following the European Commission's announcement on March 21st that its formal investigation was being extended.

A coordination centre is a centre owned by a multinational enterprise, from which it carries out intra-group financing, R&D, invoicing or other services. Since 1983, coordination centres based in Belgium have enjoyed several tax privileges. In 2003, however, the European Commission ruled that these tax privileges were in breach of the state aid rules. The transitional measures it decreed for existing coordination centres – that they continue to benefit from the régime for the remainder of their 10-year period of approval, but no later than December 31, 2010, and that no new applications or renewals of expired approvals be allowed – were the subject of litigation before the European Court. The Court confirmed that the régime was unlawful state aid, but partly annulled the transitional measures because they gave insufficient notice.

The Commission has therefore reopened the investigation procedure so that a new set of transitional rules can be drawn up.

The Belgian government has taken the position that coordination centres can renew their status and continue to benefit from the régime until December 31, 2010.

It should be noted that the notional interest deduction introduced by

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Belgium last year was partly intended to offer an alternative to the coordination-centre régime.

2.3.3 ECJ finds minimum tax base for non-resident entrepreneurs unlawful

Belgium's method of assessing non-residents carrying on a business in Belgium who fail to provide evidence of earnings has been found incompatible with the freedom of establishment guaranteed by the EC Treaty.

Under Belgian law, where such enterprises fail to file a tax return or provide other evidence of their actual earnings or profits, they are assessed to tax on a presumed minimum base. Where Belgian residents fail to do so, however, their earnings are estimated by analogy with those of at least three other similar taxpayers, or failing that, on a flat-rate basis.

The ECJ held that this different treatment was discriminatory against non-residents, and despite the Belgian government's assertion to the contrary, ruled that the Mutual Assistance Directive would allow the Belgian tax authorities to obtain sufficiently precise details of the earnings of enterprises resident in one Member State but partly trading in another.

2.4 France

2.4.1 Guidance on application of CFC rules

Following the uncertainty caused by French and European judgments on France's controlled foreign company (CFC) rules and especially their interaction with double tax treaties signed by France, and new legislation enacted in 2005, the tax author-

ities have issued revised CFC guidelines, giving their interpretation of the law as it currently stands.

The CFC rules apply where a French company or the French permanent establishment (PE) of a foreign company directly or indirectly holds more than 50% of a foreign company or PE resident in a low-tax jurisdiction.

Low-tax jurisdiction

A low-tax jurisdiction is one where the effective rate of corporate tax is less than 50% of the French rate (i.e. effectively a rate of less than 16.67%). The guidelines make it clear that special reliefs such as a participation exemption for capital gains will not of itself trigger the CFC rules, even where the application of such a relief would for that year reduce the effective rate below the 16.67% threshold.

The 50% ownership test

Detailed guidance on how to calculate whether the 50% ownership test is satisfied are provided for complex situations such as where third parties having a strong commercial relationship with the French company also hold shares in the CFC, and where employees and/or directors of the French company have interests in the CFC.

Safe harbours

There are two 'safe harbours' – or exemptions where the CFC rules do not apply. They are where the CFC is resident elsewhere in the EU; and to the extent that the CFC's income is derived from industrial or commercial activities effectively controlled in its own jurisdiction outside the EU.

The guidelines make it clear that in the opinion of the tax authorities, location in the EU will not prevent application of the CFC rules to

wholly artificial structures the sole purpose of which is tax avoidance. By reference to the *Cadbury Schweppes* decision, a structure will be considered wholly artificial where the CFC lacks economic substance and a genuine and effective establishment.

As far as non-EU CFCs are concerned, an additional test must be met where the CFC derives more than 20% of its income from intra-group licensing or more than 50% from intra-group services. Such licensing or service companies will only be exempt from the CFC rules if it can be shown that their location was not chosen for tax purposes.

Treaties

It is the French tax authorities' position that no less than 51 of France's double tax treaties allow it to apply the CFC rules. Among the treaties so included are those with Canada, Switzerland and the US.

2.5 Germany

2.5.2 No temporal limitation in *Meilicke* case

See under European Union, item 2.1.1.

2.5.3 German Government Approves Draft Tax Reform 2008

On March 14 the German cabinet approved the draft bill for the planned 2008 corporate tax reform. The two houses of the German legislature are expected to pass the bill this summer. The following is a summary of some key provisions of the draft.

Corporate and Trade Tax Rate Reduction

The draft bill provides for a reduction of the corporate tax rate from

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currently 25% to 15%. The solidarity surcharge rate of 5.5% of the corporate tax will remain unchanged. In addition, the trade tax base rate will be reduced from 5% to 3.5%, and trade tax will no longer be deductible for corporate or trade tax purposes. All these measures will reduce the overall tax rate on corporate income from about 40% to slightly below 30% (assuming an applicable local trade tax levy rate of 400% or lower).

Interest Barrier Rule

The thin capitalization rule will be entirely replaced by an "interest barrier rule" which will generally impose a limit on the deductibility of all kinds of interest expense. Rather than focusing on interest expense relating to shareholder loans or shareholder secured third party loans, the new limitations will apply to interest expense relating to "normal" third party loans.

Where the annual interest expense of a corporation or partnership does not exceed its interest income by more than EUR 1,000,000, the deduction of the interest expense will not be limited.

However, where the total interest expense exceeds the total interest income by more than EUR 1,000,000 the deduction of the balance between interest expense and revenues will be limited to 30% of the profit before interest expense and income if the company claiming the deduction belongs to a group of companies as defined by the interest barrier rule.

Insofar as the balance in a given tax year exceeds the limit, the balance can be carried forward to future tax years.

The limitation will not apply where the corporation or partnership can establish that the ratio of equity to total assets of the company is equal or higher than the same ratio for the group ("escape clause").

Add-back of Interest Expense for Trade Tax Purposes

The current trade tax add-back rule, whereby 50% of interest expense relating to long term debt is

disallowed as a deduction, will be replaced by a broader rule. Under the new rule, 25% of the direct interest expense relating to all forms of indebtedness (long term and short term) will be disallowed for trade tax purposes.

Furthermore, under the new rule 25% of the financing portion of leasing, rent & royalty expenses will generally be disallowed as a deduction. According to the draft bill, a 20% financing portion will be attributed to leasing & rental expenses relating to movable property. The financing portion will be 75% if attributable to immovable property and 25% if attributable to licenses. However, an add-back only occurs where the sum of this direct and indirect interest exceeds € 100,000 in total during the assessment period (tax-free amount).

Loss Carry-forwards in Case of Ownership Changes

The current (rather complex) change of ownership rules for corporations which restrict under certain prerequisites the utilization of carry-forwards of tax losses will probably be replaced by the following simpler but less favourable rules:

- the loss carry-forward will be disallowed pro rata for transfers of

25% to 50% of the shares (measured by vote or value) within 5 years; and

- in cases where more than 50% of shares (vote or value) are transferred, the loss carry-forward will be disallowed completely.

Introduction of a Flat Income Tax Rate

From 1 January 2009 interest, dividends and capital gains of individuals who are residents of Germany will be subject to a flat income tax rate of 25% or perhaps a lower graduated rate.

Currently, capital gains recognized by individual residents of Germany are only subject to tax in Germany if the capital gain relates to a shareholding representing more than 1% of the share capital or if the shares were not held for more than one year. From 1 January 2009 all capital gains recognized by individual residents of Germany will be subject to the flat income tax rate of 25%.

The flat income tax rate will not be applicable if shares are held as business assets by sole proprietors, partnerships and corporations. Instead, 60% of the interest, dividend and capital gain income of such taxpayers will be taxed at regular income tax rates (currently 50%). The 95% tax exemption for dividend and capital gain income earned by corporations will remain unchanged.

Other Issues

- The declining-balance method of depreciation will be abolished. Only straight-line depreciation will be available for business assets purchased or manufactured after 31 December 2007.

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- The threshold for immediate depreciation of low-value business assets will be decreased from EUR 410 to EUR 100 except for small and medium sized sole proprietors and partnerships. Assets valued between EUR 100 and EUR 1,000 may be booked on a pooling account and depreciated over a five-year-period.
- Provisions stipulating the valuation and documentation of transactions which entail a shift of functions and, thus, profit potential from Germany to a foreign country are being implemented. If there is an indication that internal transfer prices are too low, the tax authorities may be entitled to detrimentally assess a taxpayer's income.
- Current tax planning opportunities in relation to share lending transactions will be abolished.
- Partnerships will have the option to apply for taxation of their retained earnings in the same manner as corporations. The retained income will initially be taxed at a rate of about 28%. On distribution, any excess of withdrawals over contributions (to the extent it exceeds the profits of the partnership) will then be taxed at 25% plus solidarity surcharge at the level of the receiving partner. The option will, however, only be granted to the partners of a partnership who hold a participation of more than 10% or whose profit share exceeds € 10,000.

2.6 Hungary

2.6.1 Minimum tax abolished

Hungary's minimum corporate tax, which has been effective only since

January 1, 2007, has had to be abolished, following a judgment of the Constitutional Court.

The minimum tax (see *World Wide Tax News* 2006 Issue No. 2) came into operation where a company's taxable profit fell below 2% of turnover less cost of goods sold and income from foreign permanent establishments. In such cases, the taxable profit was deemed to be 2% of that amount and subject to corporate tax at the standard 10% or 16% rate.

On February 27, however, the Constitutional Court held that the tax was unconstitutional, as it was not proportionate to income, and as a result, it had to be abolished forthwith.

2.6.2 Commission to probe 50% interest deduction

The highly favourable interest régime, under which Hungarian companies may deduct 50% of the interest received on loans to fellow group members when computing their taxable profits, is to be formally investigated by the European Commission.

The purpose of the investigation, in which all interested parties may make submissions, is to determine whether the interest-deduction régime constitutes illegal state aid. If that is indeed the conclusion, Hungary will have to amend the legislation, and it may be required to recover aid granted since May 1, 2004, when Hungary acceded to the EU. This would entail assessments on companies to recover the tax saved by the régime since that date.

The Hungarian government intends to mount a robust defence of the deduction. Its position is that before it was introduced in 2003, the inter-

est deduction was the subject of a detailed examination, which concluded that it was perfectly compatible with Community law.

2.7 Isle Of Man

2.7.1 Island rings major corporate tax changes

From April 6, 2007, corporate taxpayers will move to an accounting-period basis of assessment, rather than all being assessed according to the tax year ended on April 5th.

The accounting-period basis introduces a 'pay and file' régime, where the tax return and payment of computed tax liability are due on the same date, twelve months and one day after the accounting period ends.

This is the latest in a recent series of major changes to company taxation and law on the Isle of Man.

From April 6, 2006, the standard rate of corporate income tax was reduced to 0%, with income from banking business and from land and property in the Isle of Man being subject to a 10% rate of tax.

In conjunction with the move to a 0% standard rate, a distributable profits charge ("DPC") régime has been introduced. This is a charge on Manx-resident members of companies, accounted for by the company on their behalf, and creditable against their personal income tax liability when distributions are eventually made. Where, for example, companies owned by non-residents distribute the required amount of profit, or already pay tax at 10%, there will be no DPC to pay.

These changes are accompanied by the ending of several special income tax régimes, including exempt com-

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panies which, if owned by non-residents and not carrying out certain prescribed activities, could pay an annual tax-exemption fee. Such companies were also required to have at least one Manx-resident director and a resident individual as secretary. All such régimes will be repealed from April 6, 2007 and all companies will become subject to the resident income tax system.

All resident companies must now pay an annual Corporate Charge, first becoming due on January 1, 2007. This is currently set at GBP 250 (less than the former fee for tax-exempt companies of GBP 475).

The Isle of Man Companies Act 2006, introduced on November 1, 2006, allows for a new simplified corporate vehicle, which follows the international business company model available in a number of other off-shore jurisdictions. It sweeps away certain traditional company law formalities, including the concept of authorised share capital, the requirement to hold an Annual General Meeting, the requirement to maintain capital (subject to solvency), the requirement to have a company secretary, the prohibition of financial assistance and the number of compulsory registry filings.

2.8 Israel

2.8.1 New reporting requirements for planning transactions

Recently, new income tax and VAT regulations were enacted. Within the framework of these regulations, certain transactions undertaken by a taxpayer during the tax year will require specific reporting in the annual tax returns of the company or in its periodic reports to the VAT

authorities. The regulations, in addition to specifying the precise transactions that require reporting, also identify the point in time that the transactions are required to be reported. In all fifteen transactions are listed, inter alia:

- The direct or indirect purchase or holding by an Israeli resident (including together with a related party), of 25% or more of the controlling rights of a non-listed company resident in a foreign non-treaty, low-tax country
- Direct or indirect receipts of ILS 1 million (EUR 182 000 or USD 235 000) or more during the tax year, from a company resident in a foreign non-treaty country by a substantial shareholder thereof. The reporting requirement is for the tax year of receipt
- The above will also be applicable to companies resident in treaty countries, should the majority of the company's assets be located in Israel or the majority of its income be derived from assets located in Israel

In addition, various transactions on a domestic level are determined to be 'aggressive', for example; charging management fees from a related party, for a company with accumulated losses etc.

It should be pointed out that in addition to the reporting requirements, which are to be implemented as of the tax year 2007 and onwards (for the income tax regulations this is at present a temporary provision up to and including the tax year 2009), should a tax plan be considered by the tax authorities as unjustifiable, the assessing officer is authorised

to levy the appropriate fines as stipulated in the Israeli Tax Ordinance.

These regulations will, no doubt, create difficulties for taxpayers considered 'aggressive' in their tax planning, even when undertaking transactions that would otherwise be deemed natural to them, i.e. holding foreign companies in low-tax jurisdictions. A low-tax jurisdiction is defined as one in which the effective rate of tax is less than 20%.

2.9 Malta

2.9.1 Tax-credit refund extended to all companies and all sources

From January 1, 2007, the Maltese system of refunding tax credits attached to dividend income has been extended to encompass dividend payments by all Maltese companies out of all sources of income (other than rents and profits from Maltese immovable property) to all shareholders, wherever resident. Previously, the tax-credit refund was made only in the case of dividends from special-status International Trading Companies (ITCs) to non-resident shareholders or to Maltese-resident companies wholly owned by non-residents.

These changes are coupled with the introduction of a participation exemption for dividends and capital gains from a qualifying holding.

Tax-credit refunds

Whenever a Maltese-resident company of any description makes a dividend distribution, or a non-resident company makes a dividend distribution out of the profits of its Maltese branch, the recipient is under the full imputation system credited with the Maltese corporate

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tax paid on the income out of which the dividend is paid. A refund will be made to the shareholder, whether resident in Malta or abroad, normally of six-sevenths of that tax. Thus, if a Maltese company has taxable profits of 1000, corporate tax of 35% will be paid, leaving 650 available for distribution. If the whole of that 650 is distributed, the recipient will receive a tax credit of 350, six-sevenths of which, or 300 in this case, will be refunded to him. The effective rate of Maltese tax paid will thus be 5% $((350 - 300)/1000)$.

However, to the extent that the dividend is paid out of passive interest or royalties, the refund will be limited to five-sevenths (or 250 in the example); and to two-thirds (233.33 in the example) to the extent that the dividend is paid out of foreign-source income on which the Maltese company has claimed double taxation relief. No refund will be made at all to the extent that the dividend is paid out of income derived from Maltese immovable property.

Where the dividend is paid out of income or capital gains that have enjoyed the new participation exemption, 100% of the tax credit will be refundable, so that no Maltese tax will have been paid at all on the income and gains passing through Malta.

Previously, the refund system applied only to dividends paid ultimately to non-residents by an ITC. Those non-residents were deemed to be taxed at 27.5% on the sum of the dividend and the imputed tax credit, and then entitled to a refund of the excess credit (7.5%) plus two-thirds of the full credit.

Participation exemption

Where a Maltese company owns a 'participating holding' in a foreign company or foreign limited partnership (such as a German KG or Netherlands CV), income or capital gains derived from that holding are from January 1, 2007 fully exempt from Maltese corporate tax. A participating holding is one of at least 10% of the equity share capital of the foreign company (or 10% of the limited partnership's capital). Holdings of less than 10% may also qualify if certain conditions are met (one such being an investment of at least MTL 500 000 (EUR 1.165 million; USD 1.555 million) held for at least 183 days).

Where the foreign company is resident in another EU Member State or is subject to a corporate tax at an effective rate of at least 15%, there is no further qualifying condition. Where that is not the case and more than 50% of the foreign company's income consists of passive interest or royalties, two further conditions must be satisfied before the participation exemption is available. These are that the Maltese company's investment not be a portfolio investment and that the foreign company be subject to an effective rate of corporate tax of at least 5%. This new rule is applicable immediately if the Maltese company's holding was acquired after December 31, 2006, but not until January 1, 2011 otherwise.

Phase-out of ITC régime

With the introduction of these changes, the ITC régime is being phased out. An ITC is a Maltese-registered and resident company whose objects are restricted to trading activities of an international nature. The

activities are carried out from Malta but not in Malta. ITC status has no longer been available for new applications since January 1, 2007. ITCs already in existence at that date will retain their status until January 1, 2011. While that is the case, the previous refund system will continue to apply to their dividends, unless they opt to become subject to the new rules earlier than 2011.

EU approval

The new system is fully compliant with Community law.

2.10 The Netherlands

2.10.1 No EU all-clear yet for group interest and patent 'boxes'

The new Netherlands corporate tax treatment of patent royalties and intra-group interest, under which these are to be separately taxed at a flat rate of 10% and 5% respectively, in their own 'box' at the option of the company, are still to receive approval from the European Commission. Without such approval there would be the risk that the Commission will regard the rules as state aid incompatible with EC law.

The Netherlands government, however, has withdrawn its request to the Commission to review the patent-royalty box régime, and brought it into effect retroactively from January 1, 2007. It views the patent-box scheme as a non-selective measure that is not prohibited and fully in line with the Commission's call to Member States to stimulate research and development within the EU.

As regards group-interest, the Commission is mounting a formal investigation of the group-interest

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scheme, after an initial investigation concluded that it was a selective scheme that favoured group companies over independent companies, and was thus potentially in breach of the state-aid rules. As with the investigation into Hungary's treatment of intra-group interest (see 2.6.2 above), if the conclusion goes against the Netherlands, it would have to amend the scheme and recover any benefits received under it. For that reason, the introduction of the interest box has been postponed.

For details of both régimes, see BDO *World Wide Tax News* 2006 No. 3.

2.11 Russia

2.11.1 Russia set to introduce participation exemption

Exemption from Russian corporate tax for dividends from strategic investment abroad is included in a tax Bill currently being considered by the State Duma. The Bill has received its first reading and has been included in President Putin's 2008-2010 Budget Programme.

The treatment of both inbound and outbound dividends is affected by the Bill.

Inbound dividends

At present, dividends received by a Russian company from foreign subsidiaries and affiliates are taxable, with a credit for the foreign tax paid, where the source country has a double tax treaty with Russia. Under the new rules, dividends received from foreign subsidiaries would be exempt from Russian corporate tax, provided that the investment in the foreign subsidiary was considered 'strategic' and at the time the deci-

sion to declare the dividend is taken, the Russian company has held the investment for an uninterrupted period of at least 365 days.

According to the Bill, an investment in a foreign company is 'strategic' if:

- the Russian company holds at least 20% of the share capital of the foreign subsidiary or derivatives carrying the entitlement to at least 20% of the distributed dividends of that company or the acquisition cost of the shares or derivatives exceeded RUR 1000 million (EUR 288 million; USD 385 million)
- the effective rate of corporate tax payable by the foreign subsidiary, calculated under Russian rules, is at least two-thirds of the tax that would have been payable in Russia (this implies an effective rate of at least 16%, ignoring any regionally reduced rates) and
- the foreign subsidiary's income consists to the extent of at least 50% of income that is not passive income – passive income includes dividends, interest, royalties, income from dealing in shares or securities etc

Exemption will also apply to dividends from foreign subsidiaries that do not satisfy the last two criteria, provided that the dividends to the Russian parent company are paid wholly out of dividends received by the subsidiary from its own lower-level foreign subsidiaries that satisfy the criteria.

Domestic dividends receivable

The first two criteria above would also apply to exempt dividends received from another Russian company from the 9% final withholding

tax. At present, on the first occasion on which a dividend from a Russian company is distributed to another Russian company, there is a 9% withholding tax. Subsequent distributions are then exempt from further tax.

Outbound dividends

Currently, when a dividend is paid by a Russian company to a non-resident shareholder, the rate of withholding tax is 15% where the shareholder is a company (unless subject to reduction under Russia's tax treaties), and 30% if the shareholder is an individual. The Bill would reduce the withholding tax for foreign individual shareholders to 15%.

To become law, the Bill must complete its passage through the Duma and be signed by the President. All the measures are expected to take effect from January 1, 2008, but may yet be subject to change. In particular, the definition of a 'strategic' investment may be revised taking foreign experience into consideration.

2.12 Switzerland

2.12.1 EU & Switzerland lock horns in cantonal tax dispute

The European Union and Switzerland have fired the opening shots in what could be a drawn-out battle over the favourable tax régimes offered by Swiss cantons to multinational companies establishing their headquarters or coordination or distribution centres in the country.

Under Swiss law, the 26 cantons have the power fully or partially to exempt profits generated abroad from cantonal or municipal corporate tax. All Swiss cantons have made use of this power, although to different degrees. Given that the federal corporate tax

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is only 7.8%, this can be a powerful incentive.

The European Union announced formally on February 13th that it regarded the holding, mixed and management company régimes in Switzerland as a form of state aid, incompatible with the 1972 Switzerland-EU free trade agreement, and has formally asked Switzerland to amend these régimes to bring them in line with the terms of the Agreement.

For its part, Switzerland has rejected these charges. The Federal Government denies that the 1972 agreement applies to the Swiss tax system and has stated quite categorically that there was no contractual commitment by Switzerland under any agreement to amend its taxation of companies along EU lines. As Switzerland is not a Member State of the EU it is not in any case bound by a Commission decision. The Swiss also consider that the cantonal tax rules do not have an impact on trade between Switzerland and the EU since any trading activities within Switzerland by the tax-privileged companies, to the extent permitted, are fully subject to Swiss tax at federal, cantonal and communal level. In any case, said the Government, the Swiss constitution grants the cantons a broad measure of autonomy in tax matters, and even if there were a willingness to accommodate the EU position, it would require amending legislation that would then need to be submitted to a referendum. The Swiss Government insists that it will maintain, and may even improve, Switzerland's appeal as a location for Swiss and foreign companies.

Under the favourable tax régimes in question, holding and management (or 'auxiliary') companies are pro-

hibited from carrying out trading operations in Switzerland, whereas mixed companies are allowed to engage in commercial activities in Switzerland to a limited extent. The foreign-source profits of all three types of company are wholly or sometimes partially exempt from cantonal and communal tax whereas the Swiss-source income of mixed companies is fully taxed, but nevertheless enjoys a very low corporate tax rate.

The European Commission now aims to negotiate the modification of these régimes with the Swiss Government, but it would appear that the chances of success in such negotiations, especially in the short or medium term, are slim. Companies already taking advantage of the Swiss régimes, or those considering doing so, are therefore likely not be affected for some time to come, if at all, although developments in the dispute will need to be kept under scrutiny.

2.13 Ukraine

2.13.1 Corporate tax changes enacted

Important changes to the taxation of Ukrainian companies took effect from January 1, 2007.

Advance corporate tax

Ukraine operates an advance corporate tax (ACT) system, under which companies paying a dividend must pay ACT of 25% on the grossed-up dividend (i.e. 33% of the net dividend). Unlike the previous UK system, there is no 'group income' election, so the tax is payable at every stage of a chain of subsidiaries. ACT paid may be set by a company against its corporate tax liability on

taxable income of the financial year. Dividends received by one Ukrainian company from another are exempt from corporate tax. Although excess ACT may be carried forward indefinitely, companies with little or no taxable income (such as pure holding companies) will effectively never be able to recover the ACT paid.

From January 1st, the grip of ACT on such companies has been loosened, in that a Ukrainian company deriving more than 90% of its income from dividends received from other Ukrainian companies is no longer liable to pay ACT on its own dividend distributions.

Loss freeze

Corporate losses brought forward as at January 1, 2006 and not utilised during 2006 may not be used to offset income of 2007.

2.14 United Kingdom

2.14.1 Brown springs surprise tax cuts

In almost certainly his last Budget speech, Gordon Brown announced surprise two-percentage point cuts in both income tax and corporation tax, but in a revenue-neutral budget, compensated for this by increases elsewhere. After ten years as Chancellor of the Exchequer, Brown is expected to succeed Tony Blair as Prime Minister, after the latter resigns later this year.

The March 21st speech included the following key proposals:

- the basic rate of income tax will be reduced from 22% to 20%, from the tax year 2008-09, but the 10% starting rate on the first GBP 2230 of non-savings income is to be scrapped at the same time

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- the full rate of corporation tax will be reduced from 30% to 28%, from the year beginning April 1, 2008, but the small companies rate payable on the first GBP 300 000 of profits and withdrawn gradually thereafter on profits up to GBP 1.5 million will be increased from 19% to 20% beginning from April 1, 2007 and by 1% each year thereafter until April 1, 2009, when it will stabilise at 22%
- capital allowances (tax depreciation) on most plant or machinery will be reduced from 25% to 20% (reducing-balance basis) from April 2008; the 50% first-year allowance for small enterprises will remain in force for a further year; but the allowance for fixtures will be reduced from 25% to 10% from April 2008
- a new investment allowance of up to GBP 50 000 per year for capital expenditure by small and medium-sized enterprises (SMEs) will be introduced from April 2008
- capital allowances for industrial buildings, hotel buildings and agricultural buildings (4% straight-line) will be gradually withdrawn altogether
- the research and development deduction will increase to 175% for and to 130% for large enterprises, again from April 1, 2008
- the proposed new CFC rules to take account of the *Cadbury Schweppes* decision will be postponed, but a consultation document will be issued on the CFC rules, taxation of foreign dividends and relief for interest payments, with a view to legislation in 2008
- further anti-avoidance legislation on capital-loss buying and the sale of leasing companies is to be enacted
- 'managed service companies' used by individuals to reduce liability to PAYE income tax and national insurance contributions (NICs) will be obliged from April 6, 2007 to deduct income tax and NICs whether or not actual salary payments have been made
- individuals in receipt of foreign dividends will be able to claim a non-repayable tax credit of one-ninth from April 6, 2007, putting foreign dividends on the same footing as UK dividends. However, the relief is limited to portfolio (<10%) holdings and capped at GBP 5000 of dividend income
- abolition of the benefit-in-kind charge on individuals using a special-purpose company to purchase residential property abroad
- a unified penalty régime for incorrect returns for VAT, income tax, corporation tax and capital gains tax will be introduced; unintentional underdeclarations will be punished less harshly than deliberate underdeclarations
- the maximum recovery period for 100% input VAT claimed on business assets with partial private use will be reduced to 10 years (following the *Charles-Tijmens* decision of the ECJ)
- new criminal investigation powers for the tax authorities are foreshadowed

The Finance Bill, incorporating the Budget proposals for the 2007-08 tax year, was published on March 29th. It is likely to be enacted towards the end of July.

2.13.2 VAT fraud reverse-charge to start on June 1st

The much-postponed reverse-charge rules on mobile phones, computer chips etc will be introduced on June 1st, it has been announced. Under the rules, aimed at combating Missing-Trader Intra-Community (MTIC) Fraud, the output VAT on sales of selected items to other VAT-registered businesses must be accounted for not by the vendor but the purchaser. The items involved are those thought most likely to be the subject of carousel and other MTIC fraud. The tax authorities have several times postponed their introduction pending agreement of a common way forward with other Member States (notably France). ■

3 Asia Pacific

3.2 People's Republic of China

3.2.1 New Enterprise Income Tax Act

See lead article.

3.3 Hong Kong

3.2.1 Employment taxes cut

A budget surplus has allowed the Hong Kong government to announce cuts in salaries tax (the income tax on employment income) and various other relieving measures for the 2007-08 tax year.

Whereas there is no change in profits tax (the tax on business income) rates or allowances, salaries tax bands have been widened and the top rate cut from 19% (on the slice of income above HKD 90 000 (EUR 8660; USD 11 525)) to 17% (on the slice of income above HKD 105 000 (EUR 10 100; USD 13 450)). The Financial Secretary also announced a 50% waiver of salaries tax assessed for 2006-07, subject to a cap of HKD 15 000 (EUR 1450; USD 1925).

Other tax changes included an increase in child allowances, a partial waiver of property taxes (rates) and reduced excise duties on alcoholic beverages.

3.3 New Zealand

3.3.1 Changes to CFC rules in the air

The exemption of active business income from the CFC (controlled foreign company) rules is signalled in a discussion document issued

recently by the New Zealand government.

If the proposals are carried out, 'passive' income such as dividends, interest, royalties and rents would remain liable to the CFC rules, which attribute the income of CFCs in low-tax jurisdictions to the NZ shareholders, whereas 'active' income (derived from trading etc) would be exempt. However, to prevent abuse of the new exemption, the government also intends to introduce 'base company income' rules, which would aim to tax profits derived offshore from related-party transactions.

Other measures such as a review of non-resident withholding tax rates and changes to the thin capitalisation rules were also examined.

3.4 Singapore

3.4.1 Budget raises GST and cuts company tax

The Singapore government's Budget featured a two percentage reduction in corporate tax but an increase in the standard rate of GST (VAT) by two percentage points.

From assessment year 2008, the rate of corporate income tax is reduced from 20% to 18%, and the exempt amount of corporate income also increased considerably. Currently, 75% of a Singaporean company's first SGD 10 000 of taxable income plus 50% of the next SGD 90 000 of taxable income is exempt, and the remainder taxable at the 20% rate. For a company with SGD 1 million (EUR 494 750; USD 658 600) of tax-

able income, this results in an effective tax rate of 18.95%. Under the new rules, the 75%-exempt band remains the same but the 50%-exempt band is widened to SGD 290 000. Combined with the 18% rate, the overall effect is to reduce the effective rate payable on taxable income of SGD 1 million to 15.25%. A number of other business-friendly measures were also announced.

As for GST, the standard rate is raised from 5% to 7% with effect from July 1, 2007. To help Singaporeans cope with this increase, a budget package costing the government over SGD 4000 million over the next five years has been introduced. All adult residents will receive an annual GST credit of a maximum SGD 1000 over four years, with enhanced amounts for citizens aged 55 and above. The exact amount of the credit varies with the individual's income and the annual value of his or her home.

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Expatriate Corner

On March 27, 2007, the U.S. Senate voted to attach an amendment to the pending Iraq war supplemental appropriations bill (the "Supplemental Bill") that includes a provision imposing a mark-to-market exit tax on certain individuals who relinquish their U.S. citizenship or greencard status. This provision has also been included in earlier bills passed by the Senate during 2007.

The Supplemental Bill will not be considered by a congressional conference committee, which will reconcile differences between the House and Senate versions of the Supplemental Bill. The House version did not include an exit tax provision. The conference committee may therefore choose to adopt the Senate exit tax provision, amend it or remove it entirely from the Supplemental Bill.

Furthermore, the President has indicated that he will veto the Supplemental Bill because of the provisions relating to Iraq. The prospects for the exit tax are therefore uncertain.

Should the exit tax provision be removed from the Supplemental Bill, or should the Bill be vetoed, it may well be included in other legislation considered by Congress after it reconvenes on April 16, 2007, following the Easter recess. ■

Coming Attractions

Seminars

Review of R&D Tax Credits

Location: Los Angeles
Date: April 24
Time: 7:30 am – 10:00 am
To Register: 310-557-8557 or
LAEvents@bdo.com

Location: Orange County
Date: April 25
Time: 7:30 am – 10:00 am
To Register: 310-557-8557 or
LAEvents@bdo.com

Location: Palo Alto
Date: April 26
Time: 7:30am – 10:00 am
To Register: (415)490-3259 or
bayareaevents@bdo.com

Webinars

Nonprofits: 2006 IRS Form 990 Update: A Year of Major Changes

Location:
https://university.learnlive.com/content/public/1029/accessinstructions/bdoonlinecpenetwork_web.html

Date: April 20
Time: 1:30 pm EDT – 3:00 pm EDT
To Register: Navigate to the URL above and register for LearnLive University or email Jack frame at jframe@bdo.com

Controls Automation and Optimization Assessments- Balancing your Controls

Location:
https://university.learnlive.com/content/public/1029/accessinstructions/bdoonlinecpenetwork_web.html

Date: April 25
Time: 1:30 pm EDT – 3:00 pm EDT
To Register: Navigate to the URL above and register for LearnLive University or email Jack frame at jframe@bdo.com

Cash Management: Online Money Market Portals

Location:
https://university.learnlive.com/content/public/1029/accessinstructions/bdoonlinecpenetwork_web.html

Date: May 9
Time: 1:30 pm EDT – 3:00 pm EDT
To Register: Navigate to the URL above and register for LearnLive University or email Jack frame at jframe@bdo.com

R&D Credits: Incentives for the Food & Beverage Industry

Location:
https://university.learnlive.com/content/public/1029/accessinstructions/bdoonlinecpenetwork_web.html

Date: May 24
Time: 1:30 pm EDT – 3:00 pm EDT
To Register: Navigate to the URL above and register for LearnLive University or email Jack frame at jframe@bdo.com

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