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EXPATRIATE NEWSLETTER

HONG KONG
The MPF Default Investment Strategy for enhancement of the Hong Kong Mandatory Provident Fund system

READ MORE 5

ITALY
Flat tax regime for new residents

READ MORE 6

UNITED KINGDOM
Changes to the United Kingdom non-domicile tax rules

READ MORE 12

BELGIUM

RESIDENCY POSITION – THE IMPORTANCE OF DEREGISTRATION FROM THE BELGIAN NATIONAL REGISTRY

The OECD has drafted a Model Convention for the avoidance of double taxation. Most countries have entered into bilateral agreements. The first item to analyse in cross-border tax matters is the residency position of the individual. The country that proves to be the resident state will be allowed to tax the worldwide income of that individual.

The OECD refers to the domestic legislation of the countries for the definition of residency. According to Belgian domestic legislation, a natural person is a Belgian resident if he has his residence or seat of fortune in Belgium. The Belgian tax authorities have to prove that the taxpayer is a resident of Belgium. In the case where more than one country views an individual as a resident, tie-breaker rules will determine which country can be considered as the resident state. The most important tie-breaker rule is the 'centre of vital and economic interests'.

Belgian legislation provides for two additional situations were residence in Belgium is assumed:

- Registration as a resident in the Belgian national registry (tax payer can demonstrate the contrary);
- For married couples: the family is located in Belgium (tax payer cannot demonstrate the contrary).

On 25 May 2016 the Tribunal of First Instance of Arlon ruled that Belgium was not entitled to tax the worldwide income of an individual as the Belgian tax authorities couldn't prove the presence of residency in Belgium. This ruling proves the importance of deregistration from the Belgian National Registry when one leaves Belgium, as it shifts the burden of proof from the tax payer to the Belgian tax authorities.

BDO comment

Deregistration from the Belgian National Registry and the subsequent filing of an exit return is often forgotten by expats entering and subsequently leaving Belgium. Although it is a relatively small formality to complete, it can have significant consequences.

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CONTENTS

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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AUSTRALIA

HOW THE PROPOSED CHANGES TO SUPERANNUATION MIGHT AFFECT YOU

In January the Government presented parliament with the legislation containing the superannuation system reforms, first announced in the 2016/17 budget. It aims to address the needs of Australia's aging population and increase the flexibility of the superannuation system.

The changes to super at a glance

The changes will take effect from 1 July 2017 (unless another date is otherwise mentioned below) and will affect numerous aspects of superannuation, of which the main changes are briefly summarised below:

Most of the changes are targeted at high income earners who make up a very small percentage of the population; however, some existing concessions are being extended to benefit a larger percentage of low income earners.

	What is the change?	Who is affected?
Transfer balance cap	The total amount of superannuation that can be transferred into the tax-free retirement phase will be capped at AUD 1.6 million per individual; any remaining balance will sit in an accumulation account and be taxed at 15%.	Less than 1% of Australian superannuation fund members.
Concessional contributions	Division 293 Tax is imposed to align the tax concessions of superannuation contributions received by high-income earners to that of the average-income earner. The Division 293 Tax threshold will be lowered by AUD 50,000 to earnings greater than AUD 250,000. The annual before-tax (concessional) super contributions cap will also be reduced by AUD 5,000 to AUD 25,000.	The change to the Division 293 Tax threshold will affect high income earners, which is around 1% of fund members. The change to the concessional contributions cap will affect around 3.5% of fund members.
Non-concessional contributions	An AUD 100,000 annual non-concessional contributions cap will be imposed, however, individuals with super balances over AUD 1.6 million will not be able to make any further non-concessional contributions.	Less than 1% of Australian fund members.
Catch-up concessional contributions	From 1 July 2018, individuals with super balances less than AUD 500,000 will be able to carry forward their unused concessional cap for up to 5 years.	Expected to help around 230,000 workers whose income fluctuates significantly from year to year or who has an extended period of time away from work.
Personal superannuation contribution deductions	All individuals under 65 will be able to claim a tax deduction for personal super contributions up to the concessional cap.	Expected to benefit just under 1 million fund members, particularly those who are self-employed and earn salary and wages from an employer.
Low income superannuation tax offset	To avoid low income earners (individuals earning less than AUD 37,000) paying more tax on super contributions than on their take home pay, a tax offset will be available for the tax paid on super contributions, to a limit of AUD 500.	The tax saving will benefit 3.1 million low income earners, including 1.9 million women.
Spouse tax offset	A tax offset of up to AUD 540 will now be available to more individuals who make super contributions to their spouse, as the recipient spouse income cap has been extended from AUD 10,800 to AUD 40,000.	The tax saving is expected to assist 5,000 couples.

How this might affect you

Capital gains & the AUD 1.6 million cap

For individuals who are required to reallocate assets from the retirement phase to the accumulation phase prior to 1 July 2017 to be in line with the AUD 1.6 million cap, there are transitional provisions allowing the cost base of those assets to be reset to market value as at the date of transfer by deeming the asset to be disposed of and reacquired at that date at its market value. This means that only the gains that accrue from the date of transfer (prior to 1 July 2017) onwards will be taxed under the capital gains tax regime upon disposal. However it also means the CGT discount will not be available if the asset is disposed of within 12 months of the transfer. Please note that as stated in the explanatory materials to the legislation, where assets are already partially supporting accounts in the accumulation phase (i.e. a non-segregated fund), tax will be paid on that proportion of the capital gain made prior to 1 July 2017, however the tax may be deferred until the asset is sold, for up to 10 years.

Division 293 Tax

From BDO's immediate tax perspective, the changes are likely to impact senior executives, specifically in regard to the Division 293 Tax, as more individuals will be caught by the lower income threshold. Division 293 Tax is often overlooked, so it's a good reminder for employers to review their expat assignment and tax equalisation policies to ensure the additional tax is considered, and inform the employees who may now be affected.

BDO comment

Individuals should consider the impact these changes will have on their retirement planning and discuss the superannuation changes with their financial planner before 1 July 2017 to ensure their retirement plan is in line with the proposed legislation and remains tax effective once the law passes.

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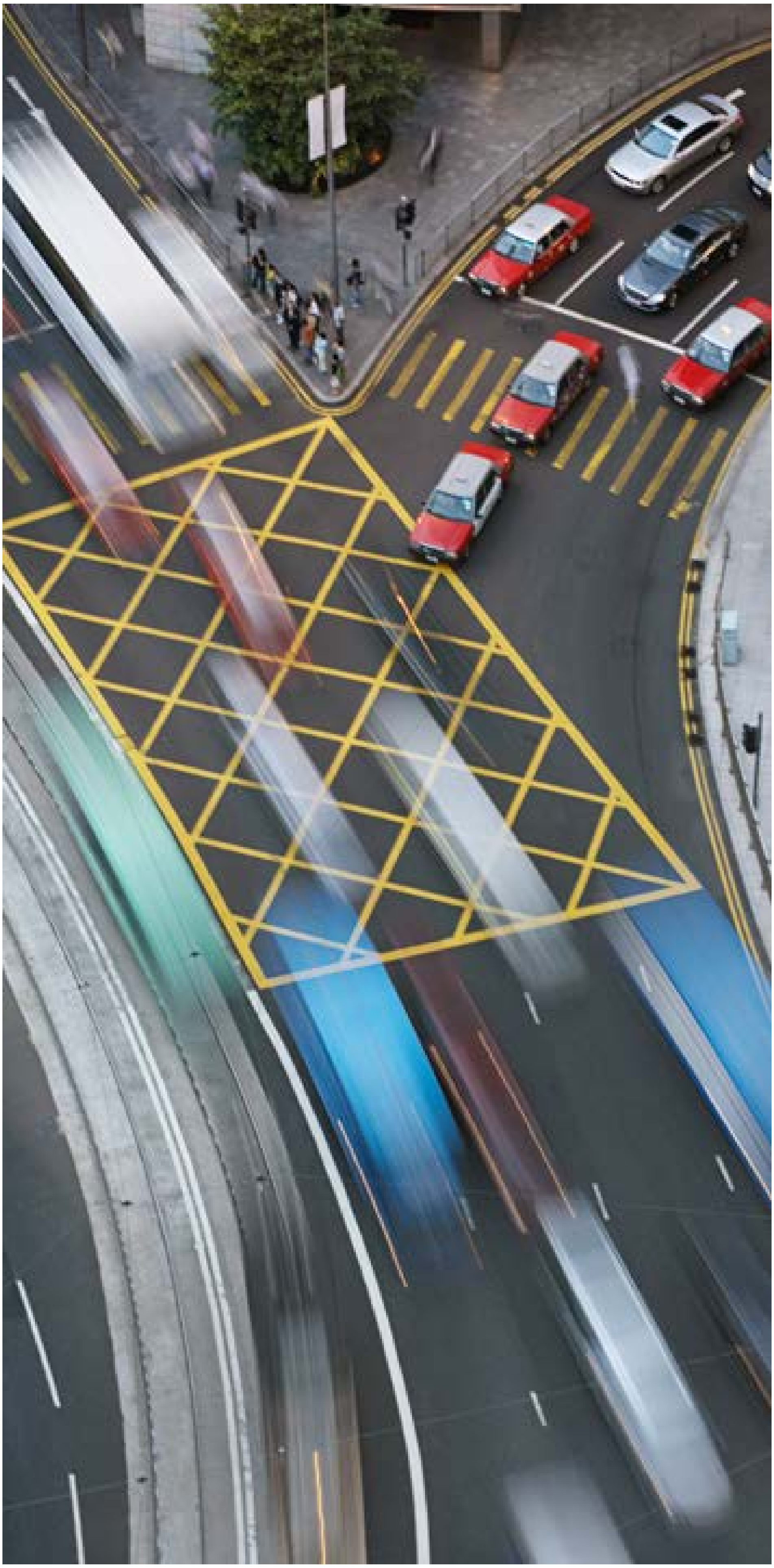

HONG KONG

THE MPF DEFAULT INVESTMENT STRATEGY FOR ENHANCEMENT OF THE HONG KONG MANDATORY PROVIDENT FUND SYSTEM

It was announced in 2016 that amendments to the Mandatory Provident Fund (MPF) legislation were to be implemented by the Mandatory Provident Fund Schemes Authority (MPFA) for enhancement of the MPF system. These included (i) the introduction of a Default Investment Strategy (DIS); and (ii) the introduction of an electronic platform for centralising members' access to their MPF related information, processing of transactions and payments.

The MPFA has recently declared that the Mandatory Provident Fund Schemes (Amendment) Ordinance 2016 was passed by the Legislative Council and will take effect from 1 April 2017. The Default Investment Strategy will be launched on the same day. According to the Amendment Ordinance, each MPF scheme has to offer the DIS to scheme members as an investment choice.

About the DIS

The DIS is designed in response to the criticisms of the MPF system among the 2.6 million Hong Kong employees, such as high fees and low returns, administrative inefficiency, etc. The DIS is a standardised, low cost investment choice designed for MPF scheme members who have difficulty in making investment decisions (e.g. lack of knowledge or lack of time). For scheme members who do not provide their investment choice to their trustees, their MPF benefits will default to be invested according to the DIS funds. Existing scheme members may also choose to switch their investments to the DIS funds at any time.

The DIS contains two constituent funds (CF); the Core Accumulation Fund (CAF) and the Age 65 Plus Fund (APF).

The CAF will hold around 60% assets in higher risk assets, such as global equities, and 40% in lower risk assets, such as global bonds. The APF will hold 20% in higher risk assets and 80% in lower risk assets (see *Table 1*).

Before the age of 50, all MPF contributions made by the scheme members will be invested into the CAF. However, starting from age 50 onwards and up to and including 64, accrued MPF benefits of scheme members in the CAF will automatically and gradually be switched to the APF. This switch will be based on a specified percentage to accomplish the objectives of progressive reduction of exposure to higher risk investments, thus achieving the purpose of de-risking (see *Table 2*).

Statutory management fee cap

The DIS also features a statutory management fee cap as the amount of management fee charges to an MPF constituent fund (CF) has a significant impact on long-term investment outcomes. On this basis, the amount of management fee charges to the CFs in the DIS is capped at 0.75% of net asset value (including asset based fees paid for services of trustees, administrators, investment fund managers, etc. but excluding out-of-pocket expenses). This fee cap is approximately half of the average fee level currently charged to existing MPF funds and is subject to regular reviews for downward adjustment in the future.

The strategy of DIS, after consideration of the needs of average MPF scheme members, is aimed at balancing the risks and returns in the long-term investment objective of retirement savings through the above two CFs.

Employees should be aware that although the investment strategy is highly standardised, the funds under different schemes adopt different investment approaches. Thus a standardised investment strategy does not equate to standardised investment returns. Employees should keep an eye on the performance of their investment funds under their MPF schemes and may switch investment portfolios based on their investment choices in order to yield better returns.

BDO comment

We believe that the MPFA will continue to launch reform measures to enhance the MPF system in future. It is therefore important for both employers and employees to keep abreast of the forthcoming changes in MPF requirements, as these will impact their margins and future retirement benefits respectively.

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Constituent funds of DIS	Lower risk assets (e.g. global bonds)	Higher risk assets (e.g. global equities)
Core Accumulation Fund	40%	60%
Age 65 Plus Fund	80%	20%

Table 1

Age of Scheme members	Investment strategy	Investment allocation	
		Lower risk assets (Predominantly in global bonds)	Higher risk assets (Predominantly in global equities)
Under 50	Relatively aggressive	40%	60%
50 to 64	Gradual risk reduction	Progressive and regular percentage of switching from 60% higher risk assets to 20% higher risk assets (at around 6.7% of assets each year).	
65 and above	Relatively conservative	80%	20%

Table 2

ITALY

FLAT TAX REGIME FOR NEW RESIDENTS

Individuals who have been non-resident for nine of the previous ten tax years are now able to apply for a flat tax regime where they are moving their residency to Italy. The application must be made by 30th September of the following year and the regime applies for 15 years.

Those applying this new regime have no requirement to submit a declaration on foreign investments or real estate and are not liable to Italian tax on foreign income (including wealth tax). Instead they will pay a flat amount of EUR 100,000 per year on all foreign income sources. Income from Italian sources cannot be included however.

BDO comment

This new regime will benefit those individuals with significant overseas investments/assets. The alternative is to declare worldwide income to the Italian authorities and pay taxes under the regular regime.

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LUXEMBOURG

2017 TAX REFORMS

The tax reform law and regulations were published in the official gazette on 27 December 2016. We summarise below the main changes for individuals that will be effective in 2017 or 2018.

Modifications impacting withholding tax on salaries

Abolition of the TBBT – The temporary budget balancing tax introduced on 1 January 2015 and fixed at 0.5% will be abolished on 1 January 2017.

Meal vouchers – Currently, with a personal contribution of EUR 2.80, employees are not taxed on meal vouchers they receive if their value does not exceed EUR 8.40. A grand-ducal regulation aims at upgrading the exempted amount from EUR 8.40 to EUR 10.80.

Progressiveness of tax credits – The tax credit for employees (CIS) of EUR 300 per year as well as the tax credit for single parents (CIM) of EUR 750 per year will vary from 2017 depending on the employees' annual income. Where wages are subject to withholding tax, the right to the CIS/CIM will be declared on the tax card and the amount will be calculated by the employer. In the absence of income subject to wage withholding tax, the CIS/CIM will be granted through the tax return. The same principles apply to the pensioners' tax credit (CIP).

Modification of the tax scale – In 2016, annual income over EUR 100,000 is taxed at 40%, with an increase of 7% for the contribution to the Employment fund for income up to EUR 150,000 and of 9% for income above this amount. With the 2017 tax reform, two additional tax brackets will be added to the tax table. Annual income between EUR 150,000 and EUR 200,000 will be taxed at 41% and income higher than EUR 200,000 will be taxed at 42%. Increased by the contribution to the Employment fund and compared to 2016, the effective tax rates applicable in 2017 will be as follow:

Technical provisions regarding wage withholding tax – In the future, tax cards will have unlimited validity until the admission of a new tax card, which takes place *inter alia* in the case of a change of employer or family situation. Furthermore, the need to deliver the tax card to the employer would depend on the instructions indicated on this card; the practical aspects still need to be clarified.

Valuation of the benefit in kind for company car – Currently fixed at 1.5% of the purchase price of the brand new car (options and VAT included), the monthly amount of the benefit in kind for company cars will be determined by the fuel type and the level of CO_2 emissions of each vehicle. This new rule is applicable to vehicles allocated to employees from the tax year 2017. For contracts running on 1 January 2017, the rate of 1.5% will continue to apply until the term of the contract expires.

Separate taxation of spouses and registered partners – From 2018 a new tax regime will be implemented: the separate taxation of spouses.

On that basis, spouses will be able to opt out of the joint taxation for either a standard separate taxation or for a separate taxation with income reallocation. The election will have to be made before the beginning of the tax year. Concerning declared domestic partners, they can already choose between standard separate taxation (default regime applicable to partners) and joint taxation. In the future, they will also be able to opt, like married taxpayers, for separate taxation with income reallocation, provided the request is made no later than 31 March after the end of the tax year.

Taxation of non-residents – From 2018, married non-residents taxpayers will be taxed with class 1. However, married taxpayers receiving employment income will be able to ask that the withholding tax be calculated at the overall tax rate corresponding to their global income. This request will cause a declaration requirement at the end of the year.

<table>
<tr><th>Annual income</th><th>2016</th><th>2017</th></tr>
<tr><td>EUR 100,002 to 150,000</td><td>42.80%</td><td>42.80%</td></tr>
<tr><td>EUR 150,000 to 200,004</td><td rowspan="2">43.60%</td><td>44.69%</td></tr>
<tr><td>> EUR 200,004</td><td>45.78%</td></tr>
</table>

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NETHERLANDS

TRANSFER OF DUTCH WAGE TAX LIABILITY BETWEEN GROUP COMPANIES

As of 2013 it is possible to transfer the withholding liability of Dutch wage tax where certain conditions are fulfilled. If an expatriate employee is seconded to the Netherlands by a non-Dutch group company to work on behalf of a group company located in the Netherlands, the non-Dutch group company can be liable to withhold Dutch wage tax on behalf of the expatriate employee as a result of this secondment. However, the two group companies can file a joint request with the Dutch tax authorities to transfer the Dutch wage tax withholding liability to the Dutch group company. The expatriate employee will then be included in the Dutch payroll of the Dutch group company and the Dutch group company will be responsible for the calculating, withholding and payment of the correct amount of Dutch wage tax. Of course, this will lead to a significantly lower administrative burden for the non-Dutch group company.

As of 1 January 2017, the possibility of transferring the Dutch wage tax liability to a Dutch group company will also be available where the expatriate employee is not seconded to the Dutch group company. This can for instance be the case when the employee is actually performing his activities in the Netherlands on behalf of the non-Dutch group company, such as a sales representative for example. The Dutch wage tax liability in that case can also be transferred to a Dutch group company by way of filing a joint request with the Dutch tax authorities.

BDO comment

This is a welcome administrative relaxation for employees of non-Dutch companies coming to work in the Netherlands.

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Basic numbers 2017 (in EUR)

Social security

Premiums for the national insurances ('Volksverzekeringen')

Insurance	Ceiling	Percentage
AOW (Old Age Insurance)	33,791.00	17.90%
Anw (Survivor Dependant Insurance)	33,791.00	0.10%
Wlz (Long Medical Care Insurance)	33,791.00	9.65%

Premiums for national insurance are due from the employer and are part of the wage tax rate.

Premiums for employer insurances

Insurance	Ceiling	Percentage	Maximum
Zvw (Health Insurance)	53,701.00	6.65%	3,571.12
WW (Unemployment Insurance)	53,701.00	2.64%	1,417.71
WW sector Fund (variable addition to the Unemployment Insurance) *	53,701.00	1.78%	955.88
WAO/WIA (Disability Insurance)	53,701.00	6.16%	3,307.98
Whk (Average) **	53,701.00	1.10%	590.71

Premiums for employee insurances are due by the employer.

* *Please note that the actual WW (Unemployment Insurance) Sector Fund premium is determined by the sector qualification which is determined by the Dutch tax authorities.*

** *Please note that the actual Whk premium is determined by the Dutch tax authorities.*

Wage/income tax rates

Wage/income taxes (excluding premiums for the national insurances)

Bracket	From	To	Rate	Maximum
1		19,982.00	8.90%	1,778.40
2	19,983.00	33,791.00	13.15%	1,815.75
3	33,792.00	67,072.00	40.80%	13,578.24
4	67,073.00		52.00%	

Wage/income taxes (including premiums for the national insurances)

Bracket	From	To	Rate	Maximum
1		19,982.00	36.55%	7,303.42
2	19,983.00	33,791.00	40.80%	5,633.66
3	33,792.00	67,072.00	40.80%	13,578.24
4	67,073.00		52.00%	

SWEDEN

RULING ON TREATMENT AND TAXATION OF SYNTHETIC OPTIONS

A new case from the Swedish Supreme Administrative Court handles the treatment and taxation of synthetic options. The main question in the case is whether an employee's acquisition of synthetic options from the employer takes place under such conditions that the options should be treated as securities for tax purposes.

The Swedish Supreme Administrative Court started out by determining that synthetic options which an employee can acquire due to his or her employment should be treated as securities if the options are transferable and not conditional on continued employment. However, if there is a requirement of continued employment, the options lose their character as securities.

Next question was if the character of the options would be affected if the company pays extra compensation to subsidise the acquisitions made within the program. In this specific case the additional compensation requires that the holder is engaged in the Company Group at the time of payment. As this condition is only applicable on the extra compensation – and not a condition for the holding of the options themselves – it does not affect the synthetic options treatment as securities. Under such circumstances, the Supreme Administrative Court states that a capital gain or loss shall be reported as capital income and not as employment income.

BDO comment

The above ruling makes it possible for employers who wish to attract key personnel to offer their employees this type of synthetic option without additional PAYE implications.

PROPOSITION FOR NEW LEGISLATION INTRODUCING MONTHLY FILING OBLIGATIONS FOR EMPLOYERS IN SWEDEN

As a measure to reduce tax fraud and tax evasion and to allow the tax authorities direct access to certain details in respect of compensation paid out to employees it is proposed that employers will be required to file a monthly report to the Swedish Tax Authority detailing each employees' compensation at an individual level.

The proposed new filing obligation would replace the employer's current monthly filing of payee returns where the companies report income, preliminary taxes and employer contributions for all employees as lump sums.

With the new system it is proposed that the current possibility to file payee returns on paper is abolished and that the information would need to be filed electronically – either through a file transfer via the Swedish Tax Agency's website or by manually registering the information for each payee online.

If adopted the changes are proposed to come into effect as of 1 January 2019. However, for employers who are required to keep personnel books ('personalliggare') and have more than 15 employees the new regulations may come into force from 1 July 2018.

BDO comment

Tax authorities globally are clamping down on tax avoidance and evasion with digital methods of filing becoming ever more prevalent. The Swedish tax authorities are no different and measures to combat non-payment of tax are only likely to increase.

PERMANENT ESTABLISHMENT

In two appealed advance rulings, the Supreme Administrative Court has addressed the issue of substantial ties to Sweden. The two cases concern two common situations; access to housing in Sweden and influence in business.

The first case is about a married couple who are moving to France. Prior to the move, they will sell their house in Sweden and instead buy a condominium that will serve as a holiday home during occasional visits to Sweden. The house is sold a few months before moving to France and during that period the couple will live in the newly acquired condominium.

The Supreme Administrative Court has ruled that, since the condominium is used as a private residence until the departure from Sweden, it is considered as such a permanent home for year round use that can cause a substantial connection. In an overall assessment of the reported circumstances it is held that the couple will have substantial ties to Sweden.

The second case is about a person who emigrated from Sweden in 1989 and has since then lived abroad except for a four year period in the mid-2000s when he worked and lived in Sweden. Since 2015/2016 he has lived with his family in the United Kingdom.

The individual indirectly holds shares in a Swedish public limited company. His holdings amount to 5.5% of all shares in the company, representing 10.3% of the votes. His family owns, along with another family, a total of 34.3% of the shares and 46.2% of the votes. The families are related to each other.

The Supreme Administrative Court finds that the man is financially committed in Sweden because of the shareholding. It is however not the financial commitment itself that is critical for assessing the connection issue but rather the influence which the economic engagement can provide. The influence he has is limited, despite the relatively high proportion of voting. He has not directly or indirectly taken an active part in the company's operations. The information obtained regarding the background to the acquisition of the shares in the company also suggests that the holding is almost equivalent to a capital investment.

According to the Supreme Administrative Court the holdings of shares in the Swedish company is, in this specific case, not considered to give him substantial influence on business in Sweden. The fact that he and his family own shares to an extent that can be said to give them a common significant influence in the company does not alter the assessment.

BDO comment

The Swedish authorities continually consider factors pertaining to Swedish tax residence. Individuals claiming non-residence should always consider their ongoing ties to Sweden and the impact these can have.

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THAILAND

PERSONAL INCOME TAX CHANGES EFFECTIVE IN 2017

Revisions to Thailand's Personal Income Tax structure are scheduled to enter into force from 1 January 2017.

The revisions include:

1. The top marginal tax rate of 35% will now apply to net income over THB 5 million. Previously it applied to income over THB 4 million.
2. Increase in standard expenses deduction from 40% to 50% of employment income with a ceiling of THB 100,000 rather than THB 60,000.
3. Doubling of the personal allowance deduction from THB 30,000 to THB 60,000.
4. Doubling of the spouse allowance deduction from THB 30,000 to THB 60,000.
5. Doubling of the child allowance deduction from THB 15,000 per child to THB 30,000 per child without limitation on the number of children that may be claimed. The deduction was previously limited to 3 children. The additional child education allowance of THB 2,000 per child has been cancelled as a result of the amendments to the standard child allowances.

The revisions will result in employees in general paying less personal income tax in 2017.

Revisions have also been made to increase expenses and allowances that can be claimed by undivided estates, ordinary partnerships and bodies of persons, and for income falling under Section 40 (3) of the Revenue Code e.g. copyright income.

The new personal income tax rates effective in 2017 are shown in the table below.

The legislation enacting these revisions had not been passed at the time of writing.

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Personal income tax rates prior to 2017		New personal income tax rates in 2017	
Taxable Income	**Tax Rate**	**Taxable Income**	**Tax Rate**
0 - 150,000	0%	0 - 150,000	0%
150,001 - 300,000	5%	150,001 - 300,000	5%
300,001 - 500,000	10%	300,001 - 500,000	10%
500,001 - 750,000	15%	500,001 - 750,000	15%
750,001 - 1,000,000	20%	750,001 - 1,000,000	20%
1,000,001 - 2,000,000	25%	1,000,001 - 2,000,000	25%
2,000,001 - 4,000,000	30%	2,000,001 - 5,000,000	30%
4,000,001 and over	35%	5,000,001 and over	35%

UNITED KINGDOM

SCOTTISH TAX RATE THRESHOLD – 2017/18

The Scottish government has announced that they will be raising the higher rate threshold to GBP 43,430 from 6 April 2017 in line with inflation. The threshold in the rest of the United Kingdom will rise to GBP 45,000. Although the Scottish government has had these income tax powers for some years, this is first time they have exercised their right.

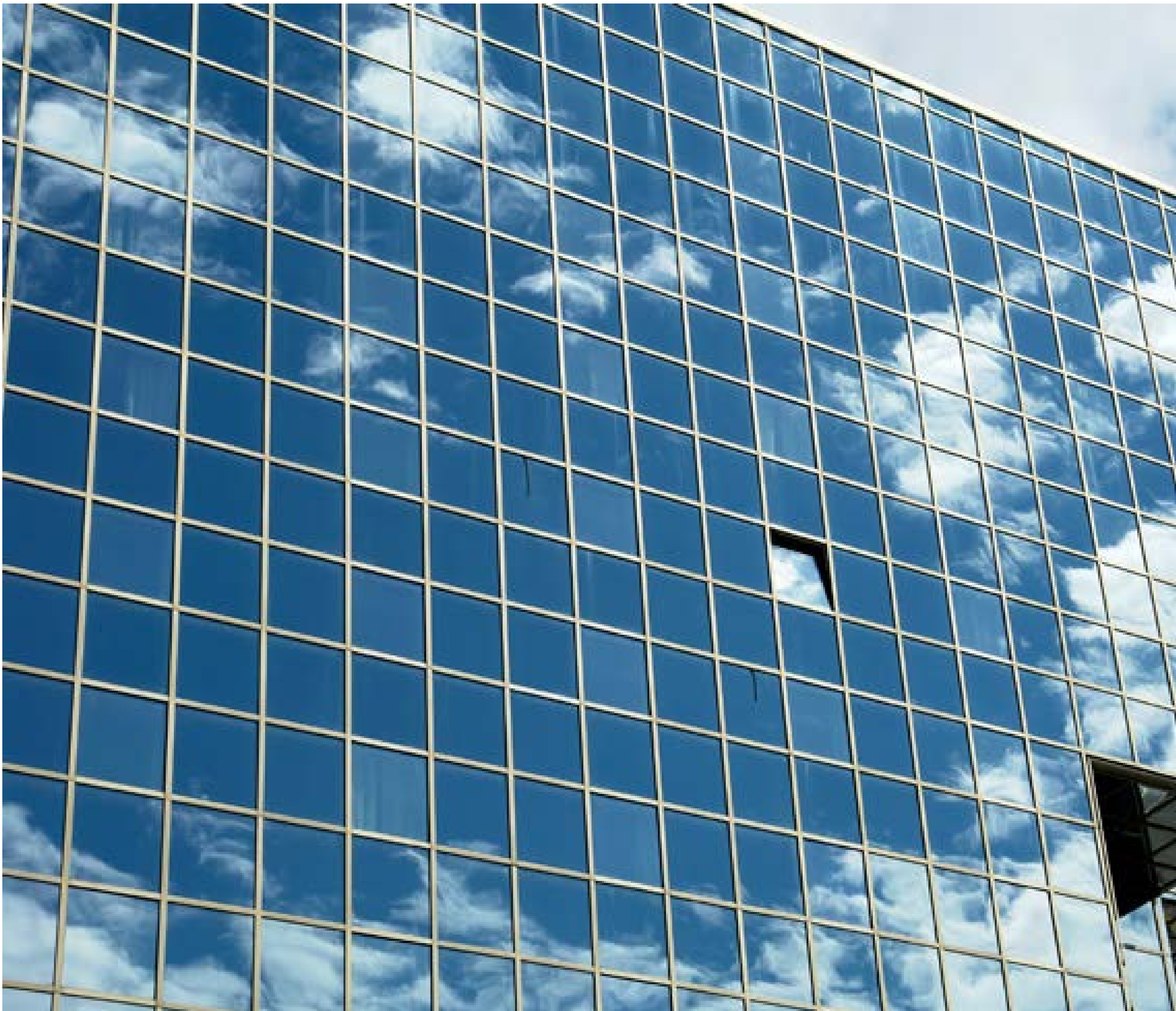
BDO comment

Companies with Scottish tax payers will need to ensure that their payroll systems can administer two different tax thresholds. Higher earners in Scotland will be paying marginally more tax than those in the rest of the United Kingdom.

UNITED KINGDOM/COLOMBIA DOUBLE TAX TREATY

The governments of the United Kingdom and Colombia have signed a double tax treaty to support greater trade and tax cooperation between the two countries.

This is a welcome step in reducing the barriers to cross border working and help in tackling tax avoidance and evasion.



UPDATE ON CHANGES TO THE UNITED KINGDOM NON-DOMICILE TAX RULES

After a seemingly never ending period of uncertainty we now have the draft legislation containing changes to the taxation of non-United Kingdom domiciled individuals. The legislation will be effective as of 6 April 2017.

Who are non-domiciled taxpayers?

Generally there are individuals (including those on international secondments) who were born outside of the United Kingdom and come to the United Kingdom without the intention of establishing a permanent home in the United Kingdom. Non-domiciled taxpayers have historically been entitled to tax relief in the United Kingdom that domiciled taxpayers have not been entitled to e.g. the ability to not be taxed on offshore investment income which is paid and kept outside the United Kingdom.

Summary of the updates

The update covers the key proposals, including the following:

- The new deemed domicile rule. From 6 April 2017, any non-United Kingdom domiciled individual who has been resident in the United Kingdom in at least 15 of the past 20 United Kingdom tax years will become deemed United Kingdom domiciled for income, capital gains and inheritance tax purposes.
- Any individual who was born with a domicile of origin in the United Kingdom will automatically be treated as domiciled in the United Kingdom for all tax purposes if they are resident in the United Kingdom from 6 April 2017.
- Rebasing for offshore assets for individuals who become deemed domicile on 6 April 2017 under the above rule. It may be possible to rebase certain types of offshore assets to uplift the base cost to the value as of 6 April 2017 so that the amount chargeable for capital gains upon sale is therefore reduced. Certain conditions will apply (including the necessity to have paid the remittance basis charge at some point).
- A grace period to unravel or 'cleanse' offshore mixed fund bank accounts. This relates to offshore accounts which contain unremitted 'mixed funds' (i.e. unremitted overseas income, gains and clean capital). Here it is proposed for HMRC to allow a temporary window of 2 years for individuals to unravel such accounts where clean capital can be separated into a separate offshore account and, if so wished, for this to be remitted tax free into the United Kingdom whilst being able to leave the unremitted untaxed income offshore. Again, there are certain conditions that will need to have been met.

Impact of rule changes on individuals on International secondments

It is anticipated that there will be limited impact on most individuals seconded into the United Kingdom on the basis that the changes will mostly affect inbound individuals that have been resident in the United Kingdom for 15 of the last 20 years. However, if you have non-domiciled individuals that have been working for you in the United Kingdom for that length of time the rule changes should be brought to their attention so that they can take action prior to the deadline.

A key issue that individuals working in global mobility will have to keep an eye out for is individuals that are being seconded to the United Kingdom who were originally from the United Kingdom but have established a long term home outside the United Kingdom. Historically these individuals might have been able to complete a secondment in the United Kingdom without re-establishing their United Kingdom domicile, but this will not be the case from 6 April 2017 onwards. As such it is vital that they and their employers consider the tax implications of their secondment in advance of the move.

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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 31 January 2017.

Currency unit	Value in euros (EUR)	Value in US dollars (USD)
Australian Dollar (AUD)	0.70564	0.75494
Euro (EUR)	1.00000	1.06974
British Pound (GBP)	1.17192	1.25379
Thai Baht (THB)	0.02647	0.02832

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