



JPA INTERNATIONAL
 Audit, Accounting, Consulting
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The International Tax Newsletter

Dear Readers,

We are glad to introduce to you this Spring issue of the International Tax newsletter edited by JPA International. As time goes on, the Tax Club continues its work of analysing the impact of regulations, comparing the opportunities and risks, and even challenging the rules, to make it clear, easy and secure for our clients worldwide.

Thanks to the study lead by the Bonn team of JPA International, you will learn that the Wong family, leaving in Hong Kong, only pay an effective income "tax and levies" rate of 10%, when half of the panel countries will pay more than 28% of their income! Of course, this is never the only reason to move and you'd be very sensible to enquire about the level of social and state services that any country would provide in return for the contributions payable. We are here to help you find your way in this always complex question. Just contact your local tax expert whenever you need to know more about your individual situation regarding tax and social security.

Have you ever dealt with VAT involving more than 2 parties in the EU? Then you should be interested in the article written by our Austrian expert: a chain supply in several EU countries is never easy to apply properly according to the VAT rules. Learn more with this example of the right way to proceed when there are 4 partners who are located in Germany, Austria, Poland and Italy. And continue the analysis with our experts, who would be pleased to help you identify as well, the right solution to your own situation.

Reading the other articles, you will benefit from up-to-date information about the way the UK, Netherlands, Switzerland and Cyprus are part of the competition to be more attractive or protective of your investments .

As a conclusion, we would like to remind you that you can anytime complete your understanding of our world environment by downloading our free business guide application - JPA iTraveler - that delivers much information about more than 50 countries!



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“Winning the net income challenge did not mean that Hong-Kong had the lowest Taxes”

JPA INTERNATIONAL IN GERMANY

RENTROP & PARTNER is one of the founding members of JPA INTERNATIONAL starting from its head office in Bonn to expand the network all over Germany where at present six different member firms are situated in eight different cities. Nearly all German members have joined JPA Audit AG, a company for common purposes and especially common audit work.

RENTROP & PARTNER, a medium sized company of about 30 people, 10 of them professionals, is serving its clients for more than 50 years with a focus on tax services, consulting and auditing. Hans Ronneberger, Wirtschaftsprüfer and Steuerberater, the leading Senior partner, chairman of JPA Audit AG, started his career in PWC as auditor for airline businesses. He is very much engaged now with his team of different professionals to find the right way for medium sized clients in a world of accelerating globalization.

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**JPA INTERNATIONAL TAX GAME - STAGE 1
"WHERE IS THE BEST TAX PLACE TO LIVE?"**

As we had announced it into the last issue, the JPA Internationale Tax Club team is currently working on a project called World Tax Game. We are glad to present in this issue the results of the stage. Of course comparing data is always a difficult exercise as you face, sooner or later, the question of comparability. And among a common “unit” or “language” do all data reflect the exact same level of information? Or should we interrupt the influences of the local context on the data? We will not try to reply to this question here, but share with you the question raised as well as the results we obtained. We do hope that this study may be useful for your world wide projects.

The intention was to try to give a comparison of the tax and social security burden in the different countries. Stage 1 of this tax game dealt with the question: "Where the best tax place to live?" Therefore a typical family - consisting of an employed husband, his wife and a school boy - was considered. The first difficulty was to find a common salary as a calculation basis. Although different countries commented that the discussed amount of salary of € 70,000 was an unrealistic high income in their country, others took it as normal or even too low.

The question was which country's typical family might have the highest net income, starting with a gross income of € 70.000. JPA member firms were asked to calculate the tax and social security charges for “their” typical family. We received answers from 24 different countries, with quite astonishing results.

The family WONG from Hong Kong has the highest net income after taxes and social security charges, to be the winner of stage 1 of the tax game. Followers second, third and fourth were the families KHOURY from Lebanon, IVANOV/IVANOVA from Russia and SCHMITT from Luxembourg.

The differences between the remaining net incomes ran up to a surprising amount of k€ 24. For more details, you will find in the chart below the different levels of incomes before tax, taxes social contribution and final net income for each of our families in competition.



					Income p.a.	Income	Social		Income p.a.
					brut	tax	security	Allowances	net
	Family	Father	Mother	Child	- in Euro -				
Hong Kong	WONG	John	Jenny	Jammy	70 000	-5 175	-1 500	0	63 325
Lebanon	KHOURY	Joseph	Mona	Tony	70 000	-7 865	-300	558	62 393
Russia	IVANOV/ IVANOVA	Alexey	Natalia	Alexander	70 000	-9 100	0	0	60 900
Luxembourg	SCHMITT	Max	Virginie	Tom	70 000	-6 706	-8 636	3 457	58 115
Brazil	DA SILVA	José	Maria	Antonio	70 000	-7 685	-5 489	0	56 826
Switzerland	SUTTER	Hans	Louise	Max	70 000	-3 630	-11 710	1 925	56 585
Egypt	ELMASRY/ MOHAMED	Dawood	Fakeha	Hamada	70 000	-13 200	-1 132	0	55 668
Bulgaria	SOTIVOV/ SOTIVOVA	Ivan	Mimi	Stefan	70 000	-6 097	-9 030	0	54 873
Azerbaijan		Zaur	Fatima	Ali	70 000	-11 700	-3 500	0	54 800
Poland	KOWALSKI	Jan	Anna	Jakub	70 000	-6 514	-10 515	259	53 230
Romania	IONESCU	Liviu	Maria	Andrei	70 000	-10 020	-7 380	120	52 720
China	WANG	Gang	Hong Li	Xiaoqiang	70 000	-12 564	-5 288	0	52 148
Ireland					70 000	-14 162	-7 019	1 560	50 379
Slovakia	KAVOÁC/ KOVÁCOVÁ	Frantisek	Jana	Slavomir	70 000	-13 855	-6 319	0	49 826
France	DUPONT	Julien	Isabelle	Lucas	70 000	-5 011	-15 211	0	49 778
UK	SMITH	Charles	Diana	William	70 000	-15 869	-5 231	163	49 063
Spain	PÉREZ/ GÓMEZ	Alberto	Maria	Pablo	70 000	-19 131	-2 610	0	48 259
Germany	BECKER	Heinz	Inge	Paul	70 000	-12 232	-12 098	2 208	47 878
Hungary	KISS	István	Zsuzsa	Zoltán	70 000	-10 800	-12 953	0	46 247
Austria	HUBER	Franz	Renate	Andreas	70 000	-15 624	-11 143	2 372	45 605
Portugal	SILVA	José	Maria	João	70 000	-18 743	-7 700	0	43 557
The Netherlands	PUK	Pietje	Pia	Paul	70 000	-16 873	-10 392	0	42 735
Belgium	PEETERS	Louis	Carine	Lucas	70 000	-19 962	-9 149	1 415	42 304
Slovenia	NOVAK	Martin	Tina	Ales	70 000	-15 467	-15 470	0	39 063

Highest final net income



Where is the best place to live?



Winning the net income challenge did not mean that Hong Kong had the lowest taxes necessarily. The lowest taxes (€ 3,630) were due for the Sutters, our typical Swiss family living in Zug, Switzerland. Hong Kong's taxes were K€ 1,5 higher, but due to a very low social security charge of K€ 1,5 - compared to the Swiss's of k€ 11,7 - Hong Kong's net income was more favorable. Lebanon's taxes were also higher than the tax in Switzerland, but the Khourys - the typical Lebanese family - was charged with a low social security contribution.

Another problem we have faced setting up this comparison was the

difference in the comparability of the calculation methods. Some countries calculate their taxes on the basis of the income after social security charges, others deduct the social security as an expense in their tax calculation starting from the gross income.

The situation in Russia is very different. Here our typical family was charged with a flat tax rate of 9 %, but the social security is charged to the employer's account completely. A fact why our Russian family's net income was ranked third in this stage of the tax game. This calculation might lead to lower gross income amounts in Russia.

Below you'll find the tax and social security charges for 2013. We have learned, that for some countries - as i. e. Portugal - there are extraordinary surcharges for 2013, which are related to the economies situations there.

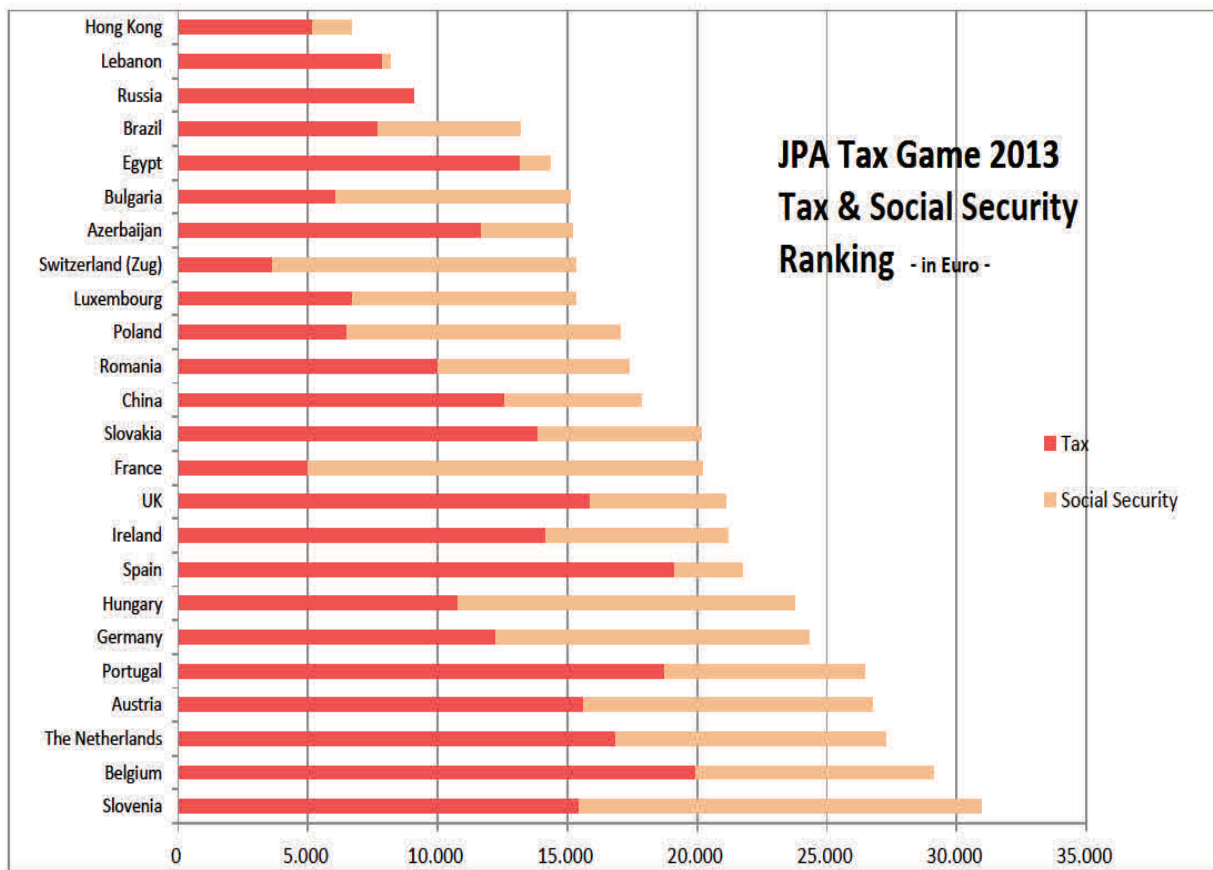
As you may imagine, there are many other differences in the social security systems among the different countries. Looking at the extent of social security you will learn, that in some countries social security only covers pensions. Other countries have a social security system, which covers health, pension, care and unemployment insurance.

The biggest difference might be in the spending capacity of a country.

So of course it is a more subtle exercise to really determine, which country is the most economic place to live, because neither the amount of salary and their spending capacity nor the extent of social security coverage can be evaluated by this model, which we have kept simple on purpose.

For any question on these topics, the best thing to do is definitely to contact JPA International Tax advisors.

We will be pleased to assist you in a complete study according to your projects!



[JPA Tax Game 2013 Tax and Social Security ranking](#)



“The more partners are involved, the more difficult it can get”

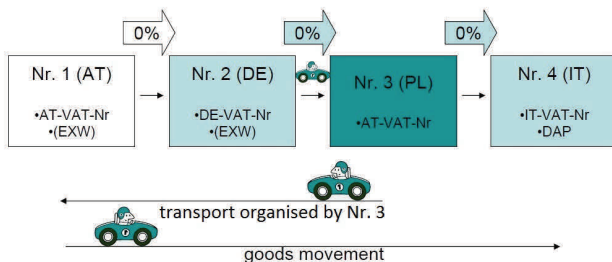
VAT: A CONCRETE CASE STUDY OF A CHAIN SUPPLY WITH FOUR PARTNERS

In this article, you will find a full example of what you should/shouldn't do if you happen to be a part of such a 4 partners supply, regarding VAT.

The analysis and tax handling of business cases dealing with entrepreneurs from different EU- or non-EU-member states is often not easy. The more partners are involved, the more difficult it can get. We exemplify this for you with the following practical case:

Two entrepreneurs – Nr. 3 from PL and Nr. 4 from IT - did close a transaction regarding dairy products. Nr. 3 got these products from AT (Nr. 3 did organise the transport from AT to IT), and did get an incoming-invoice from

Nr. 2. The following graphic shows how the situation was handled in reality:



Wrong tax handling: Consequences:

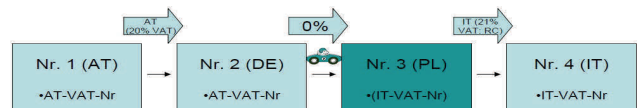
Nr. 1: has to pay 20% VAT that he has not invoiced to Nr. 2 (no tax-free intra-community supply, because transport papers do not show that he or Nr. 2 organised the transport AT to IT). The risk of not getting the VAT from the client on a corrected invoice years later arises.

Nr. 2: has to pay 19% acquisition tax because of using his DE-VAT-number (erroneous intra-community acquisition; col-

lecting this acquisition tax as input VAT is not possible because there is no real acquisition).

Nr. 3: has to pay 20% AT-acquisition tax because of using his AT-VAT-Number (erroneous intra-community acquisition). Nr. 3 has in that case no further risk of paying 21% IT-VAT because the reverse charge system for deliveries applies in IT (different in other countries!).

Right tax handling: Chain supply:



Nr. 1: has to invoice Nr. 2 with 20% Austrian VAT. As a consequence, Nr. 2 has to register in AT to recover the input VAT from this business (no refund procedure possible because of AT-deliveries by Nr. 2) and to use the AT-VAT-number for correct invoicing to Nr. 3. This can not be avoided by triangulation.

Nr. 2: As Nr. 3 did organise the transport, the moved ("cross-border") supply occurs between Nr. 2 and Nr. 3, which means that this is the tax-free intra-community delivery and Nr. 3 has an intra-community acquisition in IT.

Nr. 3: has to invoice Nr. 4 with no VAT and the notice "Reverse Charge", as there is a reverse charge system in IT not only for services, but also for deliveries (does not apply in all EU-member states!) and as he is not registered in IT for other reasons.

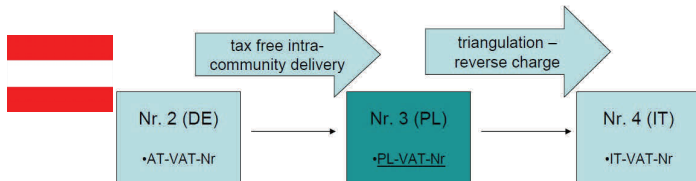


Triangular transaction between DE, PL and IT:

It is disputed, whether it is at all possible to split off a triangular transaction out of a – all together – four (or more) partners chain supply. Thus, this possibility might not exist in some or several of the EU member countries.

Supposed it would be – generally – possible in our case we further have to check the following situation:

Requirements:



- ⇒ 3 entrepreneurs from 3 different EU-states using 3 different VAT-numbers and make a transaction about the same delivery item.
- ⇒ The goods movement has to be managed by the 1st or the 2nd entrepreneur inside the triangular transaction.
- ⇒ The middle one must not be domiciled in the country of the 3rd one inside the triangular transaction.

- ⇒ The 2nd entrepreneur must not have a VAT-number of the 3rd member state (but refund procedure for the purposes of recovering input VAT is allowed).
- X The middle one must not be identified for VAT purposes in the country of origin (= AT), see Art 141 EU directive 2006/112/EC!

Result: in our case, the simplification by using a triangular transaction is already impossible because the 5th requirement above is not fulfilled.

If all points would have been fulfilled, the following steps would have to be taken:

An explicit reference to the triangular transaction and the tax liability of Nr. 4 on the outgoing invoice of Nr. 3 and the selection of "triangulation" in the Nr. 3-sales list.



Purpose:

The registration for the middle one (Nr. 3) in another country would not be necessary.



JPA INTERNATIONAL IN AUSTRIA

"Fiebich & PartnerInnen" is a successful medium-sized firm of chartered accountants, auditors and consultants with many years of experience in the field of tax consultancy, accounting, payroll accounting and other consulting services related to industry and business.

Our strengths lie in the high-quality service as well as in our extensive counselling and coaching oriented towards our clients' needs. We serve small- and medium-sized companies in different areas of business, group-structures, individuals and associations.

The majority of our clients are part of the service industry and professional persons.

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“The contracting state that is requested to give information cannot deny”

NEW AGREEMENTS AGAINST DOUBLE TAXATION CONCLUDED BY SWITZERLAND IN PARTICULAR WITH THE VIEW OF EXCHANGE OF INFORMATION

The Organization for Economic Cooperation and Development (OECD) has drafted a Model Agreement against double taxation and this model served as a basis for many bilateral double taxation agreements (DTAs). More than 3,500 bilateral treaties are based on this model.

Article 26 of the model DTA obliges the contracting states to exchange information which are relevant for the taxation of the respective member states. The article does, according to the still prevalent opinion, not give any authorization for one state to “fishing expeditions” i.e. for information requests which are not regarding a single subject (a single taxpayer) specifically. The information request made by the requesting state has to indicate the reason for needing this information and in particular why and to what extent they are relevant for the taxation. Moreover the requesting state has to illustrate that it has done all necessary steps within its own jurisdiction to get the requested information, but that these steps were not successful.

The article 26 has been revised in 2005 and paragraphs 4 and 5 have been added (see enclosed wording of article 26 of the OECD Model Treaty). These paragraphs state that the contracting state that is requested to give information cannot deny such information simply because a) the requested state may not need such information for its own tax purposes or b) because the information is covered by bank secrecy or by some fiduciary or similar secrecy in the requested state. Therefore the so-called “bank secrecy” is not compatible with the new article 26. In other words, the veil of bank secrecy can in some cases be pierced by such a request.

Austria, Belgium, Luxemburg and Switzerland had made reservations to the amended article 26 when this was introduced in 2005 and they had deposited such reservations at the OECD office. Over the years, all these countries have, however, cancelled these reservations, which means that they have to integrate the new dispositions also in their Double Taxation Agreements. No doubt this will be implemented also in the more than 100 DTAs which Switzerland has concluded.



JPA INTERNATIONAL IN ZÜRICH, SWITZERLAND

MEFIDA AG is a consulting and accounting firm, founded in 1982.

Taxation, local and international, has always been an important issue in the activity of MEFIDA AG and the new development in the international area of taxation is followed closely by the members of this firm. Particular issues are also the establishment of new enterprises in Switzerland, merger and acquisition of small and medium-sized enterprises, as well as consulting of individuals wishing to take up residence in Switzerland and consulting them in tax matters.

The president of the board of administration of MEFIDA AG was a long time lecturer for international tax law at the University of Applied Sciences in Zurich. MEFIDA AG further advises clients in tax procedure and administration matters and tax fraud procedures.

MEFIDA AG is pleased to be at your disposal whenever needed.

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hat does this mean ? The Model Double Taxation Agreement is not as such binding, but Switzerland has, as have other signatory members - at least a moral obligation to implement in the future DTAs the contents of article 26 of the Model DTA.

Under the pressure of the OECD and some of its member states, quite a few Double Taxation Agreements have been renegotiated and amended. In particular, Switzerland has introduced the contents of article 26 in the Double Taxation Agreements with its neighbour states, namely France, Germany and Austria, whereas negotiations are under way with Italy. In these new DTAs, the contents of paragraphs 4 and 5 of article 26 have been included.



They are in force in France since 4th November 2000 (Art. 28 DTA CH/France), in Germany since 21st December 2011 (Art. 27 DTA CH/Germany), in Austria since 16th November 2012 (Art. 26 DTA CH/Austria), and further in the United Kingdom since 19th December 2013 (Art. 25 DTA CH/UK), and in Spain since 24th August 2013 (Art. 25 DTA CH/Spain).

It is, however, the position of Switzerland as a matter of principle that also in the revised DTAs, Switzerland should observe the following guidelines:

⇒Information is restricted to the taxes which are subject to the DTA (this is not always followed in the new DTAs)



⇒Information is only given if requested

⇒The information clause has no retroactive effect (in principle, but not always observed)

⇒No “fishing expeditions” (see above). However, there is a new development of so-called “Group Requests” which needs to be carefully looked at

⇒A request has to indicate the taxpayer, whereby it is not necessary to know the name and address, but it must be possible to identify such taxpayer

⇒Subsidiarity Principle (i.e. the requesting state must first examine all information available within its own territory)

⇒Due legal Procedure

⇒Reciprocity

In a particular case, it is therefore of utmost importance that a client affected by such a request examines from the very beginning whether or not all the requirements to release such information from the requested state are fulfilled. This is of particular importance because the taxation systems of various countries differ substantially with regard to procedure and content of the tax law.



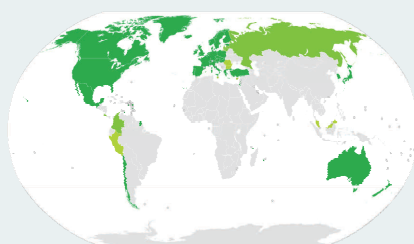
ARTICLE 26 OF THE OECD MODEL DOUBLE TAXATION AGREEMENT



1 . The competent authorities of the Contracting States shall exchange such information as is foreseeably relevant for carrying out the provisions of this Convention or to the administration or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the Contracting States, or of their political subdivisions or local authorities, insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by Articles 1 and 2.

- b) To supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;
- c) To supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information the disclosure of which would be contrary to public policy (*ordre public*).

2 . Any information received under paragraph 1 by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, the determination of appeals in relation to the taxes referred to in paragraph 1, or the oversight of the above. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.



4 . If information is requested by a Contracting State in accordance with this Article, the other Contracting State shall use its information gathering measures to obtain the requested information, even though that other State may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations of paragraph 3 but in no case shall such limitations be construed to permit a Contracting State to decline to supply information solely because it has no domestic interest in such information.

3 . In no case shall the provisions of paragraphs 1 and 2 be construed so as to impose on a Contracting State the obligation:

- a) To carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;

5 . In no case shall the provisions of paragraph 3 be construed to permit a Contracting State to decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person.“

January 10, 2014 OCM/bg/ms



CORPORATE TAX CHANGES TO MAKE THE UK MORE COMPETITIVE

In these uncertain economic times, there is a recognition that entrepreneurship has to be encouraged to regenerate the economy. While there has been a squeeze in government spending and personal taxes have remained at the same levels over a number of years, there has been a concerted effort to encourage businesses to invest in the UK.

The UK is considered to have a competitive tax regime. In 2013 the Financial Times ran an article stating that some other countries were expressing concern about some aspects of the UK's corporate tax system. This brief article outlines some of the legislation that has been introduced over recent years to encourage this investment.

The first point is not a recent change. It should be noted that there are many tax reliefs available for UK sited group companies. The parent company can be based in the EU but where there are companies (or permanent establishments) which are subject to UK tax they can form a UK tax group and take advantage of UK trading loss relief; move assets within the group without paying UK capital gains or Stamp Duty Land Tax and Value Added Tax. The burden of tax administration and compliance is also reduced. There are of course terms and conditions to be met if companies want to take advantage of the reliefs available.

The Substantial Shareholders Exemption (SSE) exempts UK companies from taxing the gain on the sale of a substantial shareholding in a company located anywhere in the world. Certain conditions must be met by the UK investing company and the company being invested.

The main rate of corporation tax has been gradually reduced. The current rate is 23%. From 1 April 2014 the rate will be 21%.

Dividends received by UK companies are exempt from UK corporation tax provided certain conditions and anti-avoidance measures are met.

Innovative measures have been introduced to encourage investment in certain sectors of the economy. There are enhanced tax deductions for companies which undertake expenditure in eligible research and development (R&D) activities. Large companies receive a total tax deduction of 130% and small and medium companies qualify for a reduction of 225% on qualifying expenditure. Where a company is in a loss position, it can offset this loss against profits of another eligible UK group company. Qualifying companies can alternatively claim a tax credit (repayment) at much reduced rates which would enhance cash flow.

In April 2013 the UK introduced the Patent Box Regime (PBR) in common with other jurisdictions. However, the PBR introduced by the UK appears to have upset some Governments. This Regime allows qualifying UK companies to benefit from a reduced rate of corporation tax. This rate will reduce over a period of 5 years to 10%. The reduced tax rate applies to profits attributed to patents and certain other similar types of intellectual property. The total profits from the sale of machinery or equipment or the use of tools which incorporates a qualifying patent, will qualify for the reduced rate of corporation tax. The PBR is open to all businesses and applies to existing and new patents, newly acquired and self-registered patents. There is also the added advantage that companies can claim R&D relief as well.

JPA INTERNATIONAL IN THE UNITED KINGDOM

In today's ever changing tax environment you must be well advised and kept up to date on tax.

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Certainty that your company tax and personal tax liabilities are managed to suit your business goals. And to be certain you are legally only paying the least amount of corporate and personal tax.

Contact us to open a discussion about the tax challenges you face and what we can do to help!

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TAX INCENTIVE FOR INNOVATIVE ACTIVITIES IN THE NETHERLANDS

In 2007 the Netherlands introduced the patent box. The main goal of this tax incentive was to promote R&D activities in the Netherlands by introducing a corporate tax rate of

« Innovation Box: 5% tax on innovative activities »

10% on income from intangible assets which were developed and patented by taxpayers.

To further increase the attractiveness for foreign investors, in 2010 the patent box evolved into what we currently know as the Innovation Box. The major selling point of this regulation is that it offers a corporate tax rate of only 5% on profits from intangible assets.

Not only intangibles for which a patent is granted qualify, but also profits from R&D activities for which a qualifying R&D statement is granted fall within the scope of the Innovation Box. Such an R&D statement can be obtained from 'Agentschap NL', an executive part of the Dutch Ministry of Economic Affairs. Thus, the Innovation Box can also be applied by companies that do not intend to apply for patents for the products of their R&D efforts or companies that develop products that are not patentable, such as intangibles related to software and trade secrets.

To benefit from the Innovation Box the intangible asset must be self-developed and not acquired and the patent or R&D project must contribute to at least 30% of the total profits

realised from the intangible asset. Furthermore, the 5% tax rate can only be applied insofar as and to the extent that the profits exceed the total amount of production expenses of the intangible asset.

What is interesting is that income qualifying for the 5% tax rate includes all economic benefits derived from the intangible, such as profits from products, royalty income and capital gains. Further points of attraction worth mentioning are the following:

⇒ The R&D statement also grants a reduction of wage tax costs that are linked to the R&D activities

⇒ Crediting foreign withholding taxes on licensing income could result in an even lower effective tax rate than 5%

⇒ Losses from intangible assets in the Innovation Box are deductible against the regular corporate income tax rate of 25% instead of 5%

⇒ There is no maximum to the use of the Innovation Box. The income that can be taxed against the 5% tax rate should be reasonably linked with the self-developed intangible asset.

Ruling

As with many other Dutch tax matters, the application of the Innovation Box can be discussed upfront with the Dutch tax office, resulting in a ruling to provide the taxpayer with the necessary certainty.



JPA INTERNATIONAL IN THE NETHERLANDS

Van Noort Gassler & Co is an accounting and consultancy organisation consisting of nine small-scale branches, with a primary focus on small and medium sized businesses.

Our objective is to assist the entrepreneur to the maximum degree; to anticipate problems that might arise and to offer fast and tailor-made solutions when a problem arises. A personal approach of our clients, their individual wishes and expectations is key in our organisation!

Keep focused on your business and count on us for the handling of your tax issues! you may benefit from an expert contribution on your various fiscal issues, an assistance in case of objection and appeal proceedings, or even any study of the inheritance tax legislation applicable to your projects.

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“Cyprus continues to expand its double Tax treaties “

UPDATE ON CYPRUS DOUBLE TAX TREATY NETWORK – NEW TREATIES AS FROM 2014



Cyprus continues to expand its Double Tax Treaty network and strengthen its bilateral ties with other countries. The conclusion of new or the revision of existing treaties, reflecting modern realities with important trading partners and emerging countries, promotes further the status of Cyprus as an important international business centre.

Recently concluded treaties with effect as from 2013 and 2014

During 2013 the Protocols to the existing treaties with Russia and Poland came into effect. Newly concluded or revised treaties coming into effect as from January 2014 are those with Ukraine, Spain, Portugal, Finland, Estonia and Austria.

The new treaty with Ukraine, replacing the previously applicable treaty between Cyprus and the USSR, retains the favourable capital gains provision, whereby the taxing right for gains on disposal of shares (including those of property-rich companies) remains with the seller. This constitutes Cyprus as one of the prime routes for inward investments in Ukraine, as capital gains in Cyprus are tax exempt.

Treaties under negotiations

Negotiations are in progress for concluding new treaties with The Netherlands, Switzerland, Israel, Indonesia, Libya and Malaysia. Furthermore, in an effort to bring existing treaties in line with the latest OECD guidelines and other requirements, negotiations are in progress with India, Serbia, Belgium, France, Norway and Greece.



Treaties awaiting ratification or signing

The treaties with Kuwait and United Arab Emirates are awaiting ratification and the revised or new treaties with Luxembourg, Bahrain, Georgia, Monaco, Latvia, Lithuania and South Africa are pending signatures.

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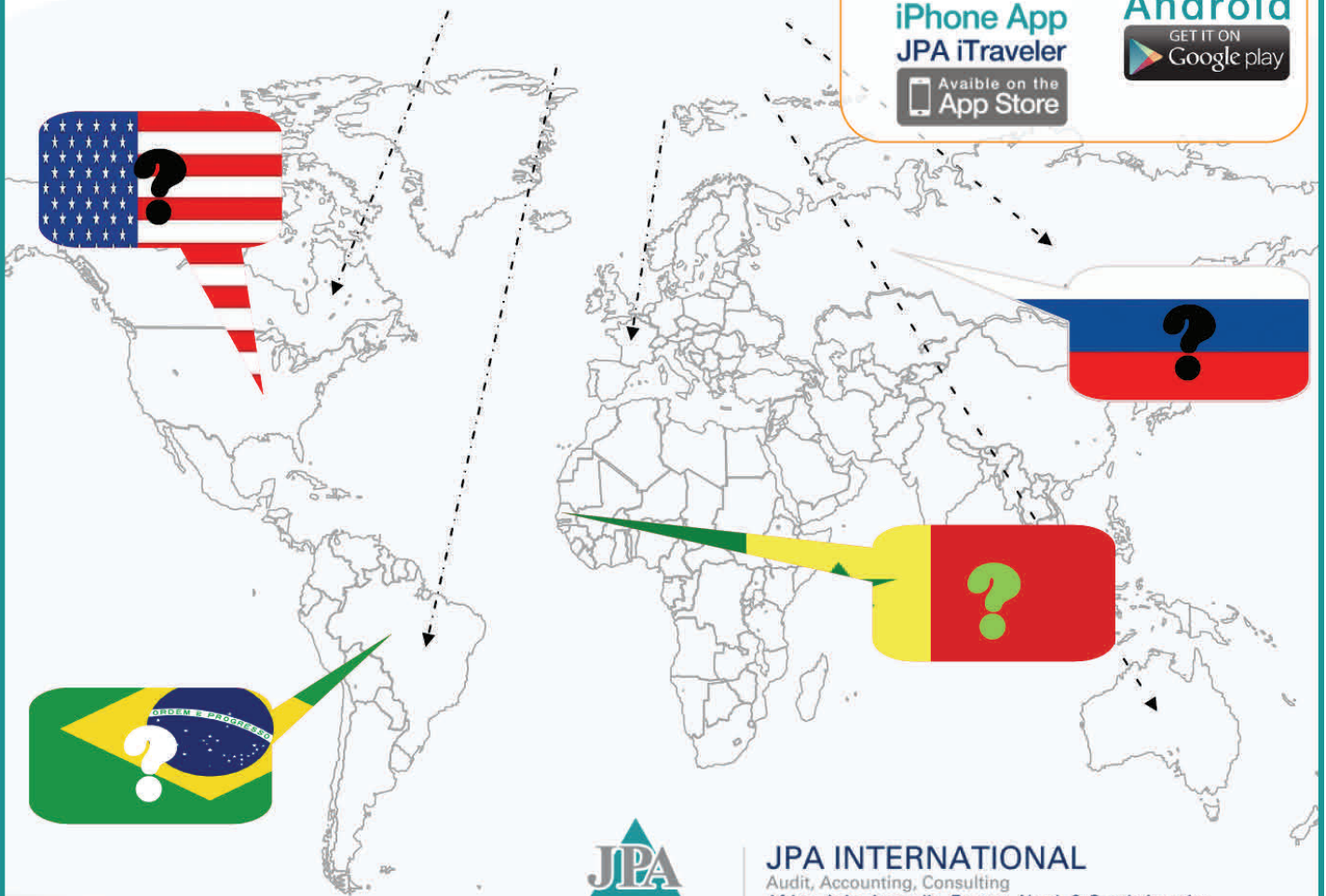
... explaining your point of view about a crossborder project and having **no idea of the regulatory consequences** of your choices ?

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→ The **Keys facts** section will give you the best answers to the first questions you may wonder at your arrival.

Your life never brought you to have knowledge about the history and customs of this country ?

→ The essential events to know about are given in the **Quick History** part !

You want to know the taxation of benefits from your subsidiaries?

→ You will definitely find the answer and many others in the **Tax system** category.

You can't decide between the different possibilities to enter a new market in the country?

→ Evaluate the main challenges to carry out your entry in the **Business environment** section

You don't know the customs of the country regulating business meetings ?

→ Find the way to proceed with the **Business etiquette** informations !

You don't have the magic words in the local language that could help you to communicate easily ?

→ The vital assistance to open the doors will be in the section **Speaking** !

You are afraid of being treated like a tourist at the airport exit?

→ The essential advices will be in the field **Pay the right price**.

You're tempted by a new culinary experience ?

→ You will find the best tips in the **Eating out** category.

You want to break the ice at business meals ?

→ See how usefull is the **Conversation starters** tool !

JPA International has been providing international support for more than 25 years. Founded in 1987 by Jacques Potdevin, JPA International is a network of chartered accountants, statutory auditors and independent consultants represented in more than 50 countries through nearly 140 locations who are dedicated to respect a common code of ethics to provide high quality services to their customers worldwide. At any time, you can localize a JPA International contact on the map, send email or dial him if you need professional business assistance .



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