

5.12.2013

## ***Corporate Income Tax***

### **FINLAND**

#### **European Commission proposes amendments to Parent Subsidiary Directive**

On 25 November 2013, the European Commission (hereafter: EC) proposed amendments to the Parent Subsidiary Directive (2011/96/EU; hereafter: PSD). The amendments are in the context of the fight against tax fraud and evasion and aggressive tax planning in the EU. The proposal follows the political guidance agreed in 2009 on business taxation to avoid the distorting effects of mismatches resulting from differences in the tax treatment of hybrid loans between EU Member States. The proposal seeks to tackle hybrid financial mismatches within the scope of application of the PSD and to introduce a general anti-abuse rule (GAAR) to protect the functioning of the directive. The existing rules may result in a situation in which the parent company does not pay any taxes of the profit of its daughter company when using hybrid loans. The wording of the introduced GAAR is more detailed in comparison with the existing anti-abuse rules. Member States are expected to implement the amended Directive by 31 December 2014, if the proposal is approved unanimously by the Council of the European Union.

### **CHINA**

#### **Amendment on taxation of financial products**

The Chinese State Administration of Taxation has issued an announcement (SAT Gong Gao [2013] No. 63) on business taxation of gains on disposals of financial products on 6 November 2013. The announcement will apply as of 1 December 2013. After 1 November 2013, different types of financial products, e.g. currency and bonds, will no longer be classified independently for tax purposes. Instead the balance of losses and gains in all financial products will be subject to business tax. Possible losses are subject to a carry-forward to next tax period.

### **UNITED STATES**

#### **Proposal for an overhaul of international taxation**

The US Senate Finance Committee has announced the issuance of a staff discussion draft in a press release dated 19 November 2013. The staff discussion draft contemplates an overhaul of the US international tax legislation in order to e.g. avoid US companies from transferring their business abroad. The aim of the overhaul would be fairness, competitiveness and the simplification of the US international tax system. Contemplated measures include e.g. the elimination of international aspects of the US "check-the-box" rules.

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## ***Corporate Law***

### **Provisions of the Finnish Companies Act regarding protection of minority shareholders**

In the Finnish Companies Act there are many provisions the main goal of which is to protect minority shareholders. The most important of these provisions are 1) the right to demand an extraordinary general meeting (5:4 §), 2) the right to demand minority dividend (13:7 §), 3) the right to bring an action on behalf of the company (22:7.1 §), 4) the right to demand an auditor to audit the company (7:5 §) and 5) the right to demand ordering a special audit (7:7 §).

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