Tax news
PwC Finland

19.12.2013

Corporate Income Tax

FINLAND

The Parliament enacted the Government's proposal on amendments in business taxation 185/2013 with certain changes on 17 December 2013

The Parliament mainly approved the proposal, yet proposing some technical changes to it. However, the proposal regarding cooperative societies was postponed for further law preparation by the government.

Tax rate change

The Finnish Parliament passed legislation on the corporate income tax rate change from 24.5% to 20%. The tax rate charge is therefore considered substantively enacted for the purposes of IAS 12, 'Income taxes' as of 17 December 2013. Deferred taxes should be recorded at the new 20% tax rate in financial statements for the year ended 31 December 2013.

Please click here to find details of the tax accounting implications of the tax rate change

Tax Administration's renewed guideline on principle *ne bis in idem* in taxation

Tax Administration published a renewed guideline on principle *ne bis in idem* in taxation on 2 December 2013 to comply with the legislation which is in force since 1 December 2013. The principle is a legal doctrine to the effect that no legal action can be instituted twice for the same cause of action.

The Government has issued published the following proposal

The Government has issued a proposal HE 204/2013 on amendments to the Act on the Public Disclosure and Confidentiality of Tax Information and to the Act on the Contractor's Obligations and Liability. According to the proposal, everyone is able to get access to the information regarding outstanding taxes of EUR 5.000 or higher of a registered company or a registered trader from Tax Administration's register.

Base interest rate 0.5 per cent

The Ministry of Finance has set the base interest rate to 0.5 per cent as of 1 January 2014 until the end of June 2014. The base rate has been at 0.5 per cent since 1 July 2013.

ITALY

Corporate income tax surcharge on financial entities

A new Law Decree (No. 133/2013) on a surcharge on certain entities was published in the Official Gazette on 30 November 2013. According to the Law Decree, an additional surcharge of 8.5 % will apply to income of banks, insurance entities and financial entities for tax year 2013.

RUSSIA

Ministry of Finance clarification on withholding taxation of forgiven interest

The Russian Ministry of Finance has issued a Letter (No. 03-08-05/48939) on the withholding taxation of forgiven interest on 14 November 2013. In the case mentioned in the Letter, a Russian entity had taken a loan from a foreign entity not having a permanent establishment in Russia. The interest accrued on the loan was forgiven by the foreign entity and subsequently written off by that entity. The Ministry of Finance clarifies that, there is no withholding tax due as the foreign entity had written off the amount of forgiven interest. The amount forgiven was, however, taxable as the Russian entity's income.

Draft law on authorization procedure for persons concluding immovable property transactions

The Russian Ministry of Economic Development has recently issued a draft law that would require foreign persons and entities to seek a permit to conclude transactions involving immovable property in Russia. The permit would be sought from a competent authority prior to the transaction. The authority can refuse it e.g. for public security reasons. If adopted, the law should enter into force three months after its publication.

UNITED STATES

List of boycott countries reissued

The United States Treasury Department has reissued the list of boycott countries. The list is unchanged from August 2013 and contains the following countries: Iraq, Kuwait, Lebanon, Libya, Qatar, Saudi Arabia, Syria, the United Arab Emirates, and the Republic of Yemen. United States taxpayers operating in these countries face e.g. additional compliance requirements such as reporting their activities in these countries to the United States Treasury Department, and denial of US tax benefits.

For further information, please contact

Eija Kuivisto, tel. +358 (0) 400 810 253, eija.kuivisto@fi.pwc.com

Corporate Law

Recent developments in fund legislation

The fund legislation has recently gone through major developments. The most essential legislation, which brought many unregulated funds into the scope of the regulation, was the AIFMD (the Alternative Investment Fund Managers' Directive 2011/61/EU). As the AIFMD is not a product regulation and only regulates the fund manager and thus not the fund, the variety of funds falling into the application of the AIFMD is large. As there may be different risks or needs relating to specific types of funds, fund specific regulation has prepared and is under preparation. Among such regulation can be mentioned the regulations on the European Venture Capital Funds (EuVECA), on European Social Entrepreneurship Funds (EuSEF), on European Long-Term Investment Funds (ELTIF) and on Money Market Funds (MMF).

For further information, please contact

Mikko Reinikainen
tel. +358 (0)*20 787 7463*
mikko.reinikainen(at)fi.pwc.com

Josefin Björklund
tel. +358 (0)20 787 8182
josefin.bjorklund(at)fi.pwc.com