



13.9.2013

Corporate Income Tax

FINLAND

The Finnish government has submitted the following proposals

It is suggested in the proposal (HE 95/2013) that the Finnish Business Income Tax Act and the Finnish Act on the Taxation of Farm Income should be amended by providing an employer an additional tax deduction related to education expenses. An employer carrying out business under the Finnish Income Tax Act could have a monetary remuneration on education expenses respectively (HE 99/2013).

The Finnish Tax Administration has rendered the following decision

Decision dated on 2 September 2013: As regards the investment tax relief for tax years 2013–2015, the investment recipients have an obligation to provide certain information to the Tax Administration. In this decision, the Tax Administration gives more detailed guidelines on what information should be provided and how.

The Finnish Tax Administration has given information package on tax havens

The information package dated on 3 September 2013 contains general level information on tax havens, how they are used in tax planning and how tax administrations are tackling them.

Government bills related to Budget 2014

No Government bills on taxation related to Budget 2014 have been submitted to the Parliament yet. We will give information on the bills as soon as this is possible.

UNITED STATES

Memorandum on tax deductibility of interest expenses to foreign parent company

The Chief Counsel of the US Internal Revenue Service has issued a memorandum (ILM 201334037) on the deductibility of interest payments in a situation where the payments to a foreign parent company were not made within the meaning of cash method payment. The US company got funds to cover the interest payments shortly before or after the payments through additional loans from the parent company or through lines of credit with the parent company. The memorandum states that such interest payments are not tax deductible for the US tax purposes as non-actual cash payments. The aforesaid consideration is discussed further in the memorandum.



LUXEMBOURG

Circular on alternative minimum corporate income tax

A Circular (Circular LIR – No. 174/1) on the application of alternative Minimum Corporate Income Tax (MCIT) was recently published by the Luxembourg administration. The Circular clarifies certain aspects of the application of MCIT. The Circular discusses e.g. the scope and level of taxation connected to alternative MCIT.

ITALY

Changes to exit taxation

New rules for optional deferral for exit taxation have been introduced with the Ministerial Decree of 2 August 2013. From 12 August 2013 onwards, an Italian company or permanent establishment migrating into either an EU country or a qualifying EEA country may opt for a deferral of exit taxation as an alternative to an immediate taxation. The Decree entered into force on 12 August 2013.

RUSSIA

Clarification on the tax deductibility of excess tax paid abroad

The Russian Ministry of Finance issued a clarification (Letter No. 03-08-05/31193) on 2 August 2013 on the deductibility of tax paid abroad which cannot be credited in Russia. According to Russian tax law, the amount of tax credited in Russia cannot exceed the tax due in Russia on that same income. Further, the excess tax is, according to the Ministry of Finance, a non-deductible expense for Russian tax purposes.

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Corporate Law

The proper and careful evaluation of the solvency of the company

The Finnish Companies Act chapter 13 section 2 stipulates the solvency requirement for the distribution of the assets of the company. The solvency requirement applies to all situations defined in the Finnish Companies Act chapter 13 section 1.

The Board of Directors of the company shall evaluate the criticality of the situation of the distribution of the assets in connection with the solvency test. The situations of the distribution of the assets may be classified to certain and uncertain situations based on the financial position of the company and the amount of the distributed assets.

In a certain situation the evaluation of the solvency may mainly be based on the information in the financial statement. In case of an uncertain situation of the distribution of the assets, the prediction of the future as reliable as possible shall especially be taken into consideration in the evaluation of the solvency.

The evaluation of the solvency shall be conducted at the time of the decision related to the distribution. The Board of Directors shall confirm the solvency of the company also at the time of the actual distribution of the assets.

The Finnish Companies Act does not stipulate the documentation requirements for the solvency evaluation. However, it is recommended to carefully document all decisions related to the evaluation of the solvency.

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