Tax news
PwC Finland

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Corporate Income Tax

FINLAND

The Finnish government has published the following proposals

It is suggested in the proposal published on 19.9.2013 (HE 137/2013) that foundations should pay surveillance fee to National Board of Patents and Registrations of Finland based on their total assets on a yearly-basis as of 2014.

Decision 2013 13/0910/4 of the Administrative Court of Helsinki

In the case, fixed asset shares were allocated to a Finnish permanent establishment. The Administrative Court decided that an exit tax on the shares could not be levied on the basis of closing down the Finnish PE.

RUSSIA

Letter on the deductibility of taxes, levies and duties paid abroad

The Russian Ministry of Finance has published Letter (No. 03-03-10/32521) on 28 August 2013 stating that taxes, levies, duties and other mandatory charges paid abroad are tax deductible in Russian taxation for legal entities. Exceptions to this rule are foreign corporate income taxes and property taxes as Russian tax law provides separate mechanisms to avoid the double taxation for these taxes.

UNITED STATES

Reissued list of boycott countries

The US Treasury Department has reissued its list of boycott countries. Countries in this list are Iraq, Kuwait, Lebanon, Libya, Qatar, the Republic of Yemen, Saudi Arabia, Syria and the United Arab Emirates. Operations in the aforesaid countries by US tax payers incur adverse tax consequences such as denial of US foreign tax credits for taxes paid in these countries.

LATVIA

Changes to tax audit procedure

The Latvian tax authorities have announced on 5 September 2013 their intention that tax payers will in the future receive informational letters in advance regarding planned tax audits. The intention is to improve cooperation between taxpayers and the tax administration and to promote voluntary tax compliance. Currently tax authorities are required to notify taxpayers at least 10 working days prior to the start of the tax audit. Furthermore, the notification is currently sent after the decision to conduct

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the audit has been made. Now the intention is to begin sending notifications before making the actual decision to conduct a tax audit.

NETHERLANDS

Proposal to amend statute of limitations

A Bill to amend the statute of limitations was presented to the Dutch parliament on 2 September 2013. The Bill proposes, e.g., that the period for issuing supplementary assessment would be reduced from 5 years to 2 years whereas the period in case of tax frauds would be extended from 5 years to 12 years. The Bill is a result of earlier governmental announcements made in the spring of 2013.

BRAZIL

Ruling on the taxation of capital gains obtained by non-residents

The Federal Revenue Office has stated in a ruling (Conflict Resolution Ruling COSIT 16/2013) published on 4 September 2013 that capital gains obtained by non-residents are to be determined according to the same regulations as with Brazilian residents.

EU

EU Council Legal Service issued an opinion calling into question the territorial scope of Financial Transaction Tax

EU Council Legal Service has issued an opinion on 6 September 2013, which is calling into question the territorial scope and especially the application of the Financial Transaction Tax ("FTT") to financial institutions based outside of the Participating Member States ("PMS") where they transact with counterparties locating within a PMS. According to the opinion, the Article 4(1)(f) of the proposed Directive exceeds Member States´ jurisdiction for taxation under international law, among others. Whilst the opinion is non-binding, it is influential when going forward with the further negotiations for the FTT.

Decision 2013:148 of the Supreme Administrative Court

In the decision, the Supreme Administrative Court ("SAC") stated among others, that interest must be paid to withholding tax refunded by the Finnish Government. This is a new position compared to the prevailing praxis of the Tax Administration of not making any interest payments. However, according to the SAC, the claim regarding withholding tax refund and interest must be filed within the due dates determined in Finnish internal legislation.

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Corporate Law

The Special Audit of the Limited Company

According to the Finnish Limited Liability Companies Act the minority shareholders have a right to demand for the special audit of the administration and accounts of the company for a given past period or for given measures or circumstances. The special audit may for example be directed to the legal acts done by majority shareholders or management of the company in order to find out if there are any misconducts and liability for damages. The special audit is not part of the normal audit of the company.

A shareholder may apply to the Regional State Administrative Agency for an order of the special audit under certain conditions. The proposal for special audit must have been dealt with by the General Meeting and it must have been supported by shareholders holding at least one tenth (1/10) of all shares or at least one third (1/3) of the shares represented at the General Meeting. Granting an order for special audit also requires that weighty reasons for the special audit have been presented.

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