



TAX INFORMATION

General News

21 September 2012 the State Duma ratified the Protocol to DTA between Russia and Switzerland.

The main changes introduced by the Protocol are:

- 10% withholding tax on interest income will be eliminated;
- New article on exchange of tax related information is introduced in order to comply with OECD standards;
- New article on anti-conduit rules is presented to limit application of double tax treaty benefits to conduit structures for dividends, royalties and interest payments;
- New definition of dividends will include any payments on units of real estate investment funds as well as on units of mutual investment funds deriving more than 50% of their income from shares;
- Significant adjustment in respect to capital gains from disposal of shares is introduced.



The European Parliament adopted its opinion on draft EU legislation on interest and royalty taxation

On September 11th the European Parliament voted in favour of introducing a minimum tax rate on interests and royalty income.

MEPs adopted the Gáll-Pelcz report, which represents the European Parliament's opinion as part of a consultation procedure on the draft legislation on a common system of taxation applicable to interest and royalty payments by companies.



This is a critical step in the fight against tax dodging by multinational companies. Royalties and interest payments made between subsidiaries of the same company are two of the main instruments used by multinational companies to evade taxes, at the moment this is far too easy.



Basel Country has become the latest canton to abolish a preferential tax system for rich foreign residents

Just over 61 per cent of voters in Basel Country approved an initiative by the Social Democrats, according to official results. In canton Bern, a similar proposal was excluded by a two to one majority. However, 53 per cent of voters agreed to introduce a minimum tax level of SFr 400,000 to be eligible for the privilege. Under the scheme wealthy foreigners are taxed on their estimated cost of living instead of the stated combined annual income and wealth. Over the past three years, five of the 26 Swiss cantons have scrapped the scheme, while another five have voted to keep the special tax but decided to raise the bar for beneficiaries. The calculation rate was increased to up to ten times the annual rental value of the residence, instead of the current five, and the minimum level of income for beneficiaries was set at SFr 600,000 a year in some cantons.



Liechtenstein released consultation report to amend Tax Act

In particular, the following amendments are planned:

- Increase of the minimum corporate income tax from CHF1,200 to CHF1,800;
- Increase of the taxation of dedications from 2.5% to 3%;
- Tariff adjustment of the income tax for individuals providing for an increase of the maximum tax rate from 7% to 8%;
- The rate to determine the standardized income on wealth (notional income) shall be uncoupled from the rate for the notional interest deduction and, furthermore, the rate for the notional interest deduction shall be decreased significantly;
- The inter-period loss deduction shall be limited.



Please feel free to contact us with any questions or queries.

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