

International Tax Review

Current information on
international tax
developments provided
by EY Austria

Program of the new Austrian government: planned tax changes

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On 2 January 2020, the new Austrian government formed by the conservative Austrian People's Party and the Green Party presented its governmental program for the period 2020 to 2024. The new government commits itself to a balanced budget and to reduce state debt to the Maastricht treaty objective of 60%. Austria shall become climate-neutral until 2040.

The new government announced to develop a tax reform to reduce the overall tax burden for people and to bring truth to ecological costs in the overall tax system. The program underlines to reduce the overall tax ratio to 40%, to introduce a both ecologic and social tax reform with steering effects to fight against climate change, to expand innovative capacity, sustainability and competitiveness of the Austrian economy.

There is the plan to reduce flat corporate income tax from currently 25% to 21%, without providing a timetable. As background information, on 30 April 2019, the former Austrian government announced its plans to reduce the corporate income tax in two stages in 2022 from 25% to 23% and in 2023 from 23% to 21%. Based on recent comments from government officials, a substantial reduction of the corporate income tax rate already in 2021 does not have priority for the new government and is expected in later years of the legislative period 2020 to 2024.

In addition, the new government plans to reduce income tax by reducing the first three income tax brackets (from 25% to 20%; from 35% to 30% and from 42% to 40%) which could reduce income tax for annual taxable income of EUR 60,000 by EUR 1,580 per year. Although the program does not provide for a timetable, income tax brackets could be reduced already with effect from 2021. Beside several other smaller amendments, there is the plan to recodify the Austrian Income Tax Act.



Program of the new Austrian government: planned tax changes

A first draft bill is expected in the next months.

In a second step there is the plan to determine prices for climate damaging emissions and to introduce a second stage of the tax reform effective 2022. As basis there is the necessity to determine economic costs of CO₂ emissions. There is the plan to bring truth for all CO₂ emissions.

Reporting obligations for certain payments under Sec. 109b Austrian Income Tax Act

Income Tax Act

If an Austrian entrepreneur effects payments to a foreign country for services rendered in Austria, he has the obligation to notify the Austrian tax authorities electronically about these payments under Sec. 109b Austrian Income Tax Act ("AITA"). With this regulation the Austrian tax authorities want to ensure the correct taxation in Austria as well as to provide information to foreign tax authorities that likely have the right of taxation.

For payments made in the calendar year 2019, Austrian entrepreneurs have to notify the Austrian tax authorities electronically (via ELDA or Statistik Austria) by 29 February 2020 at the latest.

The reporting requirement applies for independent personal services under Sec. 22 AITA (in particular professional services providers, supervisory board members, private foundation management board members and managing directors with a shareholding of more than 25%) rendered in Austria, agency services rendered by residents or agency services relating to domestic transactions, as well as commercial or technical advisory services rendered in Austria.

A reporting requirement applies regardless of whether the commercial or technical advisory services or the agency services are rendered to a business or a private person. The commercial or technical advisory services require physical attendance in Austria.

The reporting must contain the name and address of the service provider as well as the international country code of the respective country. In case of a corporation or a partnership without legal personality acting as a service provider, the main responsible individual (who has the responsibility for the services in Austria - may also be more than one person) has to be declared additionally.

Furthermore the service provider as well as the main responsible individual must provide their Austrian tax number or social security number. If an Austrian tax number or social security number does not exist, the VAT ID or the date of birth has to be reported. In addition the amount paid and the calendar year of the payment as well as the international country code of the recipient country have to be declared.

A reporting is not necessary if the fees paid to the service provider within one calendar year do not exceed EUR 100,000.00, or if withholding tax under

Reporting obligations for certain payments under Sec. 109b Austrian Income Tax Act

Sec. 99 AITA is withheld (and a relief at source is not applied), or the payment is made to a foreign corporation that is subject to a tax rate of at least 15% in its home country.

OECD Developments

OECD Developments

- ▶ OECD and Brazilian Revenue Authority issue joint report on convergence of Brazilian transfer pricing rules with OECD standard [►Read more](#)
- ▶ Officials discuss OECD BEPS 2.0 project at DC Conference [►Read more](#)
- ▶ The Latest on BEPS and Beyond - December 2019 [►Read more](#)

EU Developments

EU Developments

- ▶ EU Advocate General finds that legitimate input VAT must be refunded promptly and unconditionally [►Read more](#)

Argentina

Country Updates

- ▶ Argentina makes sweeping changes to tax laws, followed by regulations implementing recently enacted tax reform [►Read more](#)
- ▶ Argentine Central Bank extends foreign exchange restrictions [►Read more](#)
- ▶ Argentine Central Bank issues consolidated text of foreign-exchange regulations containing some definitions and clarifications [►Read more](#)
- ▶ Argentina enacts tax reform [►Read more](#)
- ▶ Argentina amends Tax Consensus between the Federal Government and provincial governments, postponing reductions on certain provincial taxes [►Read more](#)
- ▶ Argentine Province of Buenos Aires and City of Buenos Aires impose turnover tax withholding systems on digital services provided by nonresidents [►Read more](#)
- ▶ Argentine tax reform bill sent to Congress [►Read more](#)
- ▶ Argentina reorders income tax law and its regulatory decree and issues list of jurisdictions considered "non-cooperating" for tax purposes [►Read more](#)

Australia

- ▶ Australian Government issues Exposure Draft Bill to amend the hybrid mismatch rules for public consultation [►Read more](#)

Belgium

- ▶ Belgium publishes legislation on Mandatory Disclosure Rules [►Read more](#)
- ▶ Belgium publishes draft proposal on Mandatory Disclosure Rules [►Read more](#)

Country Updates

Brazil

- ▶ OECD and Brazilian Revenue Authority issue joint report on convergence of Brazilian transfer pricing rules with OECD standard [► Read more](#)

Canada

- ▶ Canada delays proposed changes to employee stock option rules [► Read more](#)

China

- ▶ USTR issues amendments to granted exclusions to Lists 1 and 2 for Chinese-origin goods; grants new exclusions to List 3 [► Read more](#)
- ▶ US and China reach Phase One Agreement on trade [► Read more](#)

Colombia

- ▶ Colombia enacts new tax reform law [► Read more](#)
- ▶ Colombia-UK tax treaty will enter into force in 2020 [► Read more](#)

Costa Rica

- ▶ Costa Rica's tax authorities issue guidance on the tax obligations for "inactive companies" [► Read more](#)
- ▶ Costa Rica's tax authorities modify information return for reporting financial and professional transactions between taxpayers [► Read more](#)
- ▶ Costa Rica modifies transfer pricing documentation regulations [► Read more](#)
- ▶ Costa Rica requests comments on proposed Authorized Economic Operator Regulation [► Read more](#)

Curacao

- ▶ Curaçao amends profit tax legislation from a worldwide tax system to territorial system [► Read more](#)

Cyprus

- ▶ Cypriot Tonnage Tax re-approved by European Commission for new 10-year period as of 1 January 2020 [► Read more](#)

Ecuador

- ▶ Ecuador's President vetoes second tax reform bill and proposes amendments [► Read more](#)

Equatorial Guinea

- ▶ Equatorial Guinea's Ministry of Finances issues new Ministerial orders on VAT and Corporate Income Tax [► Read more](#)

Country Updates

France

- ▶ French Parliament approves Finance Bill for 2020 [►Read more](#)

Germany

- ▶ German Government postpones adoption of draft ATAD implementation law [►Read more](#)

Hong Kong

- ▶ Hong Kong clarifies certain issues regarding treaty benefits [►Read more](#)
- ▶ Hong Kong clarifies certain profits tax issues [►Read more](#)

India

- ▶ India passes Amendment Bill approving reduced tax rates for Indian companies [►Read more](#)

Italy

- ▶ Italy approves 2020 Budget Law [►Read more](#)

Japan

- ▶ Japan release 2020 tax reform outline [►Read more](#)

Kenya

- ▶ Kenyan employers requested by Higher Education Loans Board to register on its online portal by 31 December 2019 [►Read more](#)

Luxembourg

- ▶ Luxembourg Parliament adopts draft law implementing EU ATAD 2 on hybrid mismatch arrangements [►Read more](#)
- ▶ Luxembourg: 2020 tax considerations for MNEs [►Read more](#)

Mexico

- ▶ Mexico's tax reform affects banking and capital markets activities [►Read more](#)

Netherlands

- ▶ Netherlands passes Act to implement Mandatory Disclosure Rules [►Read more](#)

Country Updates

Panama

- Panamanian National Assembly approves bill on beneficial owner register for legal entities [►Read more](#)

Peru

- Peru amends rules for capital gains tax exemptions [►Read more](#)
- Peru extends tax benefits for agricultural sector [►Read more](#)
- Peru extends income tax and VAT exemptions [►Read more](#)

Poland

- Poland requires dematerialization of paper shares in Polish joint stock companies [►Read more](#)
- Poland publishes decree deferring certain provisions of new withholding tax reform [►Read more](#)

South Korea

- Korea enacts 2020 tax reform bill [►Read more](#)

Spain

- Spanish Supreme Court may have favorable impact on reclams by sovereign funds and pension funds [►Read more](#)

Switzerland

- Swiss Tax Authority clarifies that disclosure of worldwide turnover in Swiss VAT returns by non-Swiss entities is no longer required [►Read more](#)

Turkey

- Turkey further extends time period for Asset Peace Incentive provisions [►Read more](#)
- Turkey amends protocol with Turkish banks on collection of taxes, duties and penalties related to banking system [►Read more](#)

United Kingdom

- Colombia-UK tax treaty will enter into force in 2020 [►Read more](#)

United States

- Report on recent US international tax developments - 10 January 2020 [►Read more](#)
- Report on recent US international tax developments - 3 January 2020 [►Read more](#)
- Report on recent US international tax developments - 20 December 2019 [►Read more](#)

Country Updates

- ▶ US: Source-of-income rules modified by proposed regulations implementing TCJA changes [►Read more](#)
- ▶ US Treasury grants another extension of time for reporting signature authority (FBAR, Form 114) over certain foreign financial accounts [►Read more](#)
- ▶ US IRS issues final Section 871(m) regulations on dividend equivalent payments on derivatives referencing US equities, extends transition relief [►Read more](#)
- ▶ USTR issues amendments to granted exclusions to Lists 1 and 2 for Chinese-origin goods; grants new exclusions to List 3 [►Read more](#)
- ▶ US and China reach Phase One Agreement on trade [►Read more](#)

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