

International Tax Review

Current information on
international tax
developments provided by EY
Austria

Austria: COVID-19 Loss Carryback Decree

Content

- 01 Austria: COVID-19
Loss Carryback Decree
- 02 Austria: Tax treatment
of new degressive
depreciation
- 02 Austria, MDR / DAC 6:
web forms for
reporting published
- 03 OECD Developments
- 03 EU Developments
- 03 Country Updates

The COVID-19 Loss Carryback Decree was published in the Austrian Federal Law Gazette on 17 September 2020 and entered into force on 18 September 2020.

Due to COVID-19, expected 2020 operating losses can already be claimed in the 2019 corporate income tax or income tax assessment with a special deduction item ("COVID-19-Reserve"). The COVID-19-Reserve requires that the operating income is positive in 2019 and likely negative in 2020. The COVID-19-Reserve reduces the total amount of income in 2019 and does not affect the amount of operating income. Without providing further evidence, the maximum reserve is 30% of the 2019 income, provided that the advance prepayments for 2020 are zero or have been set to the minimum corporate income tax. If the expected 2020 loss can be substantiated, the reserve amounts to up to 60% of the 2019 income. The COVID-19-Reserve claimed in the 2019 assessment must be added back in the 2020 assessment. The reserve is limited with EUR 5 million. Applications to claim a COVID-19-Reserve can already be filed.

The decree can be found under the following link:

https://www.ris.bka.gv.at/Dokumente/BgblAuth/BGBLA_2020_II_405/BGBLA_2020_II_405.pdf

Austria: Tax treatment of new degressive depreciation

*Income Tax Act/
Corporate Income Tax Act*

In order to strengthen the economy and stimulate investments, Austria introduced the possibility of a degressive depreciation of a maximum of 30% for assets acquired after 30 June 2020. The chosen percentage is to be applied unchanged to the prior year end book value.

The Federal Ministry of Finance now clarified that the degressive depreciation can be applied independent of depreciation applied under Austrian GAAP. This applies to acquisitions up to 31 December 2021. The Federal Ministry of Finance announced that it aims to amend the law for clarification.

Austria, MDR / DAC 6: web forms for reporting published

*EU Mandatory Disclosure
Regime*

Reportings under the Austrian EU-MPFG (transposing DAC 6) can now be submitted via the Austrian web tool of the tax administration ("FinanzOnline"). The announced paper form has not yet been published. The web forms are currently available for the initial notification of a customized arrangement, the initial notification of a marketable arrangement and the exemption notification if a reportable arrangement has already been reported in another Member State or by another intermediary. Currently, this applies in particular for Germany or Finland where the MDR reportings were already due. All other EU member states have agreed to extend the reporting deadline until the end of this year. Thus, initial reportings in other EU Member States are not due until the beginning of 2021.

In Austria, cross-border arrangements where the first step was taken between 25 June 2018 and 30 June 2020 (i.e. transitional period) had to be reported until 31 August 2020, at the latest based on the EU-MPFG. Arrangements designed, marketed, organized or made available for implementation from 1 July 2020 must be reported within 30 days according to the EU-MPFG. As reporting was not possible by 31 August 2020 due to the lack of technical implementation, the deadline for filing reports was extended until 31 October 2020 and penalties are suspended until that date by means of an information letter from the Austrian Ministry of Finance, which is still in draft.

As the technical infrastructure has now been released, cross-border tax arrangements triggering a reporting obligation by 30 September 2020 (arrangements in the transitional period as well as reportable arrangements from 1 July 2020 to 30 September 2020) must be reported until 31 October 2020, at the latest. Arrangements triggering a reporting obligation from 1 October 2020 must be reported within the 30-day period.

OECD Developments

OECD Developments

- ▶ G20 Finance Ministers and Central Bank Governors' meeting communiqué extends mandate of Inclusive Framework to continue negotiations on BEPS 2.0 project until mid-2021 [▶ Read more](#)
- ▶ OECD's Inclusive Framework releases BEPS 2.0 documents and agrees to continue work with target of conclusion by mid-2021 [▶ Read more](#)
- ▶ PE Watch: Latest developments and trends, October 2020 [▶ Read more](#)
- ▶ OECD releases outcomes of third phase of peer reviews on BEPS Action 13 [▶ Read more](#)

EU Developments

EU Developments

- ▶ European Commission requests feedback on proposed directive to transform EU's VAT Committee into a 'Comitology Committee' [▶ Read more](#)
- ▶ ECOFIN publishes revised list of non-cooperative jurisdictions for tax purposes [▶ Read more](#)
- ▶ European Commission publishes explanatory notes on new VAT e-commerce rules [▶ Read more](#)
- ▶ European Commission publishes new guidance on Customs Valuation [▶ Read more](#)

Argentina

Country Updates

- ▶ Argentina issues guidance on foreign exchange regulations [▶ Read more](#)
- ▶ Argentina establishes new reverse withholding regime applicable to certain purchases of foreign currency, and goods and services from abroad [▶ Read more](#)
- ▶ Argentina issues regulations on new tax settlement plan [▶ Read more](#)

Australia

- ▶ Australia issues 2020-21 Federal Budget [▶ Read more](#)
- ▶ Australia extends JobKeeper program to March 2021 [▶ Read more](#)

Canada

- ▶ Canada: British Columbia Land Owner Transparency Act takes effect [▶ Read more](#)
- ▶ Canada: Distributed Investment Plans required to request certain investor information by 15 October 2020 [▶ Read more](#)
- ▶ Canada: Newfoundland and Labrador issues budget 2020-21 [▶ Read more](#)
- ▶ Canada: British Columbia announces tax incentives as part of its economic recovery plan [▶ Read more](#)

Country Updates

Chile

- ▶ Chile's tax authorities amend reporting obligations for indirect transfers [▶ Read more](#)

Czech Republic

- ▶ Czech Republic publishes final bill amending Act on International Cooperation in Tax Administration to implement Mandatory Disclosure Rules [▶ Read more](#)

Denmark

- ▶ Danish Tax Board rules Danish data center does not create a permanent establishment for nonresident company [▶ Read more](#)

Egypt

- ▶ Egypt amends income tax and stamp duty law provisions [▶ Read more](#)

France

- ▶ French government releases draft Finance Bill for 2021 [▶ Read more](#)
- ▶ France implements new rules impacting French trust reporting requirements [▶ Read more](#)

Ireland

- ▶ Ireland issues Budget for 2021: Review of indirect tax and environmental measures [▶ Read more](#)

Japan

- ▶ Peru-Japan double tax treaty is sent to Peruvian Congress for approval [▶ Read more](#)

Kenya

- ▶ Kenya adjusts specific excise duty rates for inflation [▶ Read more](#)
- ▶ Kenya's Tax Appeals Tribunal issues landmark ruling on chargeability of Excise Duty on various income streams [▶ Read more](#)

Myanmar

- ▶ Myanmar enacts Union Taxation Law 2020 [▶ Read more](#)

Country Updates

Netherlands

- ▶ Dutch government publishes details on proposed changes to loss set-off rules [▶Read more](#)
- ▶ Dutch government publishes further details on job-related investment tax credit [▶Read more](#)

Norway

- ▶ Norway proposes 15% withholding tax on interest, royalty and certain lease payments to related parties tax resident in a low-tax jurisdiction [▶Read more](#)
- ▶ Norwegian Tax Authority focuses on modernizing VAT system [▶Read more](#)

Oman

- ▶ Oman ratifies automatic exchange of information [▶Read more](#)
- ▶ Oman introduces Country-by-Country Reporting requirements [▶Read more](#)
- ▶ Oman amends Income Tax Law [▶Read more](#)

Panama

- ▶ Panama enacts law creating “EMMA” special regime for manufacturing services [▶Read more](#)

Peru

- ▶ Peruvian tax authorities address merger of nonresident entities with one entity having a PE in Peru [▶Read more](#)
- ▶ Peruvian Tax Court rules Peruvian payor may not consider double tax treaty benefits when determining withholding tax because the Certificate of Residency was issued retroactively [▶Read more](#)
- ▶ Peru's Tax Authority postpones filing of CbC report for 2019 tax year [▶Read more](#)
- ▶ Peru extends deadline for applying for new deferral and installment payment regime for tax debts [▶Read more](#)
- ▶ Peru-Japan double tax treaty is sent to Peruvian Congress for approval [▶Read more](#)

Philippines

- ▶ Philippines amends fair market value definition for unlisted shares of stock [▶Read more](#)

Puerto Rico

- ▶ Puerto Rico's treasury department issues guidance on requesting economic assistance under a local Payroll Protection Program [▶Read more](#)

Country Updates

Saudi Arabia

- ▶ Saudi Arabia extends economic relief initiatives until 31 December 2020 [▶ Read more](#)
- ▶ Saudi Arabia introduces real estate transaction tax [▶ Read more](#)
- ▶ Saudi Arabia launches consultation on e-invoicing [▶ Read more](#)

Singapore

- ▶ Singapore provides transfer pricing guidance related to impact of COVID-19 [▶ Read more](#)

Sweden

- ▶ Swedish ministry of finance publishes memorandum regarding new 'risk tax' aimed at large banks and financial institutions [▶ Read more](#)

Switzerland

- ▶ Swiss Federal Supreme Court issues decision on withholding tax reclaims on derivatives and beneficial ownership [▶ Read more](#)

Turkey

- ▶ Turkey's election regarding Article 5 of the MLI may impact certain tax treaties [▶ Read more](#)
- ▶ Turkey extends application of temporary and high rate of Additional Customs Duties through 31 December 2020 [▶ Read more](#)

United Kingdom

- ▶ UK issues new guidance on Brexit and UK imports [▶ Read more](#)
- ▶ UK government announces new COVID-19 support measures [▶ Read more](#)

United States

- ▶ Report on recent US international tax developments - 9 October 2020 [▶ Read more](#)
- ▶ Report on recent US international tax developments - 2 October 2020 [▶ Read more](#)
- ▶ Report on recent US international tax developments - 25 September 2020 [▶ Read more](#)
- ▶ US: Final regulations add clarifications and revisions to source-of-income rules [▶ Read more](#)
- ▶ US initiates Section 301 investigation into Vietnam currency policy; files WTO appeal on Canada lumber finding [▶ Read more](#)
- ▶ US: Final and proposed regulations limit impact of repeal of Section 958(b)(4) [▶ Read more](#)

Country Updates

- ▶ US: Final regulations largely adopt proposed characterization of foreign persons' gain or loss from sale or exchange of interests in certain partnerships, with some welcome changes [▶ Read more](#)
- ▶ US IRS delays certain Section 987 foreign currency regulations for additional year [▶ Read more](#)

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Business Tax

Dr. Markus Schragl
Phone +43 1 211 70 1268
markus.schragl@at.ey.com

International Tax

Dr. Roland Rief
Phone +43 1 211 70 1257
roland.rief@at.ey.com

Transfer Pricing

Andreas Stefaner
Phone +43 1 211 70 1041
andreas.stefaner@at.ey.com

Indirect Tax

Ingrid Rattinger
Phone +43 1 211 70 1251
ingrid.rattinger@at.ey.com

People Advisory Services

Regina Karner
Phone +43 1 211 70 1296
regina.karner@at.ey.com

Global Compliance & Reporting

Maria Linzner-Strasser
Phone +43 1 211 70 1247
Maria.Linzner-Strasser@at.ey.com

Transaction Tax

Andreas Sauer
Phone +43 1 211 70 1625
andreas.sauer@at.ey.com

Editor and owner of the medium:

Ernst & Young
Steuerberatungs-
gesellschaft m.b.H. ("EY")
Wagramer Straße 19
1220 Vienna

Responsible Partner

Klaus Pfleger
Phone +43 1 211 70 1179
klaus.pfleger@at.ey.com

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**Ernst & Young
Steuerberatungsgesellschaft m.b.H.**
1220 Wien, Wagramer Straße 19
4020 Linz, Blumauerstraße 46
5020 Salzburg, Sterneckstraße 33
9020 Klagenfurt, Eiskellerstraße 5

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