

International Tax Review

Current information on
international tax
developments provided by EY
Austria

Austria publishes two draft bills: The Economic Strengthening Act 2020 and the Investment Premium Act

Content

- 01 Austria publishes two draft bills: The Economic Strengthening Act 2020 and the Investment Premium Act
 - 01 COVID-19: Austria: VAT reduction to 5% in the gastronomy, hotel, cultural and publishing sectors approved by the National Council
 - 02 Austria: Application and interpretation of double taxation agreements in connection with COVID-19
 - 04 Austria: List of participating countries under Sec. 91 Mutual Reporting Standard Act
 - 05 OECD Developments
 - 05 EU Developments
 - 06 Country Updates
-

The Austrian Federal Government announced on 16 June 2020 a stimulus package to further support the economy in response to the COVID-19 pandemic.

More information on the recently published draft bill of the Economic Strengthening Act 2020 and the new Investment Premium Act (Investitionsprämien-gesetz) can be found via the following link: https://www.ey.com/en_gl/tax-alerts/austria-publishes-two-draft-bills-the-economic-strengthening-act-2020-and-the-investment-premium-act

COVID-19: Austria: VAT reduction to 5% in the gastronomy, hotel, cultural and publishing sectors approved by the National Council

The VAT rate for the gastronomy, cultural and publishing sectors is to be reduced to 5% between 1 July 2020 and 31 December 2020. The corresponding amendment to the Value Added Tax Act was adopted by the Austrian National Council on 30 June 2020. The second chamber of the Austrian Parliament has yet to approve the law change.

COVID-19: Austria: VAT reduction to 5% in the gastronomy, hotel, cultural and publishing sectors approved by the National Council

In contrast to the initial draft, the change in the law now also provides for the reduced VAT rate for hotel stays and comparable accommodation. Specifically, the following sales are to fall under the reduced 5% tax rate:

- ▶ The supply of food and beverages (i.e. also alcoholic beverages) for immediate consumption, provided that a business license is required. A clarification on the part of the tax authorities remains to be seen in the case of a delimitation in individual cases, e.g. for take away sales;
- ▶ the supply and importation of certain printed works, such as books, newspapers, picture and coloring books, sheet music and cartographic products and sales in context with certain electronic publications;
- ▶ accommodation in furnished living and sleeping rooms, e.g. hotel stays and the regularly associated ancillary services (e.g. local breakfast included in the price) as well as the rental of land for camping purposes;
- ▶ importation and supply of works of art and photographs taken by the artist in certain cases;
- ▶ turnover from the activity as an artist;
- ▶ services in the sense of the operation of a theatre (as well as theatre performances by other entrepreneurs), museums, botanical or zoological gardens and nature parks;
- ▶ Music and singing performances, film performances, circus performances.

The law also stipulates that Section 7 of the Price Act does not apply, thus the VAT reduction does not need to be passed on to consumers.

Beside the above reduction, the reduction of the VAT rate from 20% to 10% for deliveries and restaurant sales of open non-alcoholic beverages under the 19th COVID-19 Act (also applicable from 1 July 2020) was already enacted by the Austrian Parliament. However, the tax rate reduction on non-alcoholic beverages is largely obsolete in the view of the further tax rate reduction in the gastronomy.

Austria: Application and interpretation of double taxation agreements in connection with COVID-19

Double Taxation Agreement

The Austrian Federal Ministry of Finance published on 22 May 2020 an information on the impact of COVID-19 on the application and interpretation of double taxation agreements (DTAs) (BMF 2020-0.271.800).

The main points of the information are as follows:

Austria: Application and interpretation of double taxation agreements in connection with COVID-19

Wage regarding activities performed in the home office:

- ▶ In principle, Article 15 (1) and (2) of the OECD Model Agreement (OECD-MA) apply to the allocation of taxation rights to salaries, wages and similar allowances where no cross-border worker scheme is applicable. If the employee also works in his state of residence as a result of the exercise of his work in the home office, this state may tax that part of the remuneration which is attributable to the working days provided in the home office. The employer state may tax the part which is attributable to the working days provided in the employer state. The state of residence must exempt the remuneration attributable to the employer state subject to progression or offset the tax of the employer state against the domestic tax, taking the maximum tax credit into account.
- ▶ Any consultation agreement allowing temporary taxation of activities carried out in the home office according to the principle of the place of activity (see below in relation to Germany) shall take precedence over the above mentioned.

Consultation agreement on the DTA-Germany:

- ▶ On 15 April 2020, a consultation agreement was concluded between Austria and Germany on Article 15 of the DTA-Germany. Therefore, days on which employees work in the home office only due to COVID-19 are deemed to have been carried out in the contracting state in which the employees would normally have carried out their work (Article 15 (1) of the DTA-Germany). Furthermore, with regard to the cross-border commuter scheme, it was agreed that working days on which wages are received and on which cross-border commuters work in the home office only due COVID-19 are not regarded as days of non-return (Article 15 (6) of the DTA-Germany).

Compensation for short time working:

- ▶ Under Article 15 of the OECD-MA, the short time working support paid by an employer to his worker is to be taxed in the state in which the activity to which the short-time work support relates would have been carried out.
- ▶ If a DTA contains a separate provision for income from statutory social security, which usually allocates the right of taxation to the state of the treasury (e.g. Article 18 (2) of the DTA-Germany), the provision takes precedence over Article 15 OECD-MA.
- ▶ Since it may happen that the wage is to be exempted according to the respective DTA, but the short-time work support is not, or vice versa, the short-time work support must be allocated by calendar days for taxation. This can be done in accordance with the Austrian Wage Tax Guidelines Sec 1186a.

Home office activities as permanent establishments:

- ▶ The exercise of the work of employees in the home office during the COVID-19 crisis does not create a permanent establishment under Article 5 OECD-MA for the company, unless work in the home office becomes the rule.

Austria: Application and interpretation of double taxation agreements in connection with COVID-19

Interruptions in constructions and installations:

- ▶ In principle, a permanent establishment is only established for construction and installation if its duration exceeds a period of mostly twelve months (see Article 5 (3) OECD-MA). Temporary interruptions must in principle be included in the calculation of time limits. If COVID-19 causes a temporary interruption of construction or installation, this will not lead to any suspension of the deadline.
- ▶ Regarding the calculation of deadlines for constructions and installations in the form of Art. 5 (3) DTA-Germany, consultations are currently being held with Germany because of COVID-19.

The information (in German) is available under the following link:

<https://findok.bmf.gv.at/findok?execution=e100000s1&segmentId=ffa68f4e-bff7-4665-8863-ec0fd9656420>

Austria: List of participating countries under Sec. 91 Mutual Reporting Standard Act

Mutual Reporting Standard Act

The Federal Ministry of Finance published on 15 June 2020 a list of states, which have based on Sec. 91 of the Mutual Reporting Standard Act, participated in the automatic exchange of information concerning financial accounts since 1 January 2020. Furthermore, it lists the states, to which information concerning financial accounts has to be sent in 2020. This information replaces the information of 17 June 2019 (see our International Tax Review 07/2019 of 2 July 2019).

Austria has implemented the EU-Directive on the mandatory exchange of information regarding taxation (2014/107/EU) into national law with the Mutual Reporting Standard Act (Gemeinsamer Meldestandard-Gesetz). Furthermore, the law regulates the exchange of information concerning financial accounts regarding taxation within the global standards between Austria and Non-EU Member States based on the intergovernmental convention of 29 October 2014.

The following states and territories are considered as participating states according to Sec. 91 of the Mutual Reporting Standard Act:

Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Azerbaijan, Australia, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Columbia, Costa Rica, Cook Islands, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Grenada, Greece, Greenland, Guernsey, Hong Kong, Hungary, India, Indonesia, Ireland, Iceland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Morocco, Nauru, New Zealand, Netherlands, Nigeria, Niue, Norway, Pakistan, Panama, Poland,

Austria: List of participating countries under Sec. 91 Mutual Reporting Standard Act

Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Sweden, Switzerland, Seychelles, Singapore, Sint Maarten, Slovakia, Slovenia, Spain, South Africa, Turkey, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay and Vanuatu.

Brunei Darussalam, Dominica, Ecuador and Morocco have been added to the list.

For the period 2019, the collected information pursuant to Sec. 4 para. 2 and 3 of the Mutual Reporting Standard Act must be submitted to the tax office for the following states:

Andorra, Antigua and Barbuda, Argentina, Australia, Azerbaijan, Barbados, Brazil, Belgium, Bulgaria, Canada, Chile, China, Columbia, Cook Islands, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Greece, Greenland, Guernsey, Hong Kong, Hungary, Iceland, India, Indonesia, Ireland, Israel, Isle of Man, Italy, Japan, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Monaco, New Zealand, Netherlands, Norway, Pakistan, Panama, Poland, Portugal, Russia, Romania, Saint Lucia, San Marino, Saudi Arabia, Sweden, Switzerland, Seychelles, Singapore, Slovakia, Slovenia, South Africa, Spain, Turkey, United Kingdom and Uruguay.

Antigua and Barbuda, Cook Islands, Hong Kong, Panama, Saint Lucia and Turkey have been added to the list.

The information (in German) is available under the following the link:
<https://findok.bmf.gv.at/findok?execution=e100000s1&segmentId=cdf049b3-78e6-46a2-8a38-b415111a9fb9>

OECD Developments

OECD Developments

- ▶ The Latest on BEPS and Beyond | June 2020 edition [▶ Read more](#)
- ▶ PE Watch: Latest developments and trends, June 2020 [▶ Read more](#)
- ▶ OECD releases the Platform for Collaboration on Tax toolkit on taxation of offshore indirect transfers of assets [▶ Read more](#)

EU Developments

EU Developments

- ▶ EU reaches agreement on postponement of VAT e-commerce rules due to COVID-19 crisis [▶ Read more](#)
- ▶ Council of the EU adopts amendments for deferral of MDR filing deadlines [▶ Read more](#)
- ▶ CJEU rules price adjustments require VAT deduction adjustments [▶ Read more](#)
- ▶ The Latest on BEPS and Beyond | June 2020 edition [▶ Read more](#)
- ▶ EU Council ambassadors reach agreement on amended proposal for deferral of MDR filing deadlines [▶ Read more](#)

Algeria

Country Updates

- ▶ Algeria enacts 2020 Complementary Finance Act including foreign direct investment incentives [▶Read more](#)

Argentina

- ▶ Argentina further extends due dates for transfer pricing filings [▶Read more](#)

Australia

- ▶ Australian Taxation Office publishes guidance on COVID-19 economic impacts on transfer pricing arrangements and altering related party arrangement [▶Read more](#)

Belgium

- ▶ Belgium reduces VAT rates for restaurant services [▶Read more](#)
- ▶ Belgian Government proposes temporary carryback of losses and special tax-exempt reserve in response to COVID-19 [▶Read more](#)

Brazil

- ▶ Brazilian Superior Court of Justice rules service income received by French companies for technical services rendered in Brazil is not subject to withholding [▶Read more](#)

Bulgaria

- ▶ Bulgaria reduces VAT rates for certain sectors [▶Read more](#)

Canada

- ▶ Canada: Prince Edward Island issues budget 2020-21 [▶Read more](#)
- ▶ Canada: Update on tax return filing deadlines and late-filing penalties [▶Read more](#)
- ▶ Canada: Saskatchewan issues budget 2020-21 [▶Read more](#)

China

- ▶ China announces masterplan for Hainan Free Trade Port [▶Read more](#)

Country Updates

Colombia

- ▶ Colombia updates regulations on tax incentives for investments in renewable energy sources [▶Read more](#)
- ▶ Colombia issues additional COVID-19 tax measures during second state of emergency [▶Read more](#)
- ▶ Colombian Tax Authority clarifies profits distributed by Colombian branch to its home office in Spain are not dividends [▶Read more](#)
- ▶ Colombian Government issues new thin capitalization regulations (update) [▶Read more](#)

Costa Rica

- ▶ Costa Rica's Tax Authorities publish guidance on charging and collecting of VAT on cross-border digital services and intangible assets [▶Read more](#)

Cyprus

- ▶ Cyprus amends Notional Interest Deduction rules [▶Read more](#)
- ▶ Cyprus adopts legislation implementing exit taxation and hybrid mismatch rules [▶Read more](#)

German

- ▶ German Government announces additional stimulus package in response to COVID-19 [▶Read more](#)

Ghana

- ▶ Ghana Revenue Authority issues Practice Notes on various tax issues [▶Read more](#)
- ▶ Ghana Revenue Authority issues Practice Note on excise duty sliding scale policy [▶Read more](#)
- ▶ Ghana amends Customs Act to provide incentives for the automobile industry [▶Read more](#)

Greece

- ▶ Greece implements electronic accounting books and e-invoicing process [▶Read more](#)

Indonesia

- ▶ Indonesia issues implementing regulations for VAT on digital transactions [▶Read more](#)

Country Updates

Israel

- ▶ Israel's Tax Authority releases tax circular on burden of proof related to transfer pricing audits [▶Read more](#)

Italy

- ▶ Italy enacts EU Tax Dispute Resolution Mechanisms [▶Read more](#)
- ▶ Italian Tax Authorities provide clarifications on Brexit impact on Italian source taxation and application of look-through approach to outbound dividends paid to ACS [▶Read more](#)

Jordan

- ▶ Jordan introduces new Golden Taxpayers List [▶Read more](#)

Kenya

- ▶ Kenya introduces VAT regulations on supply of digital services [▶Read more](#)

Korea

- ▶ South Korea deposits its instrument of ratification of the MLI [▶Read more](#)

Luxembourg

- ▶ Luxembourg Tax Authorities issue MDR guidance [▶Read more](#)
- ▶ Luxembourg takes additional corporate governance measures to mitigate impact of COVID-19 [▶Read more](#)

New Zealand

- ▶ New Zealand introduces new omnibus tax Bill [▶Read more](#)

Nigeria

- ▶ Nigeria issues order on definition of significant economic presence in Nigeria [▶Read more](#)

Norway

- ▶ Norway's Parliamentary Finance Committee addresses uncertainty resulting from Ministry of Finance statement regarding application of GAAR [▶Read more](#)
- ▶ Norway's Government proposes temporary tax stimulus measures for oil and gas companies [▶Read more](#)

Country Updates

Oman

- ▶ Oman tax card system to apply from 1 July 2020 [▶Read more](#)

Philippines

- ▶ Philippines proposes law for taxation of the digital economy [▶Read more](#)
- ▶ Philippines enhances proposal for corporate tax reform to promote investment [▶Read more](#)

Poland

- ▶ Poland defers certain provisions of new withholding tax reform to 1 January 2021 [▶Read more](#)

Puerto Rico

- ▶ Puerto Rico enacts additional COVID-19 stimulus measures with implications for tax years 2019 and 2020 [▶Read more](#)
- ▶ Puerto Rico's Treasury Department establishes procedure for distributing COVID-19 economic incentives to small and medium-sized businesses under Strategic Disbursement Plan for funds received under CARES Act [▶Read more](#)
- ▶ Puerto Rico's Treasury Department extends sales tax exemption for necessities through 30 June 2020 [▶Read more](#)

Saudi Arabia

- ▶ Saudi Arabia issues taxpayer guidance for MAP [▶Read more](#)

South Africa

- ▶ South Africa's Minister of Finance delivers 2020 Supplementary Budget review [▶Read more](#)

Spain

- ▶ Spanish Supreme Court rules on limits to dynamic interpretation of tax treaties [▶Read more](#)
- ▶ Colombian Tax Authority clarifies profits distributed by Colombian branch to its home office in Spain are not dividends [▶Read more](#)
- ▶ Spain publishes proposal for indirect tax on non-reusable plastic packaging [▶Read more](#)

Taiwan

- ▶ Taiwan issues tax ruling on treatment of leases under IFRS 16 [▶Read more](#)

Country Updates

Tanzania

- ▶ Tanzania's Parliament passes Finance Bill, 2020 [▶Read more](#)

Thailand

- ▶ Thai Cabinet approves VAT bill regarding taxation of foreign e-business (digital services) [▶Read more](#)

Trinidad and Tobago

- ▶ Trinidad and Tobago issues Mid-Year Budget Review 2020 [▶Read more](#)

Turkey

- ▶ Turkey's Central Bank now requires certain companies to submit weekly report of foreign exchange position [▶Read more](#)
- ▶ Turkey revises tax rate for certain financial instruments [▶Read more](#)
- ▶ Turkey introduces guidelines on exemption applied on FX gains related to calculation of capital gains derived from shares [▶Read more](#)
- ▶ Turkey notifies WTO on measures against EU-origin goods [▶Read more](#)

United Kingdom

- ▶ UK Tax Authority publishes update on current delays in processing and refunding VAT under Overseas Refund Scheme [▶Read more](#)
- ▶ UK announces new measures to support customs intermediaries and controls for importing goods will now apply from July 2021 [▶Read more](#)

United States

- ▶ Report on recent US international tax developments - 26 June 2020 [▶Read more](#)
- ▶ Report on recent US international tax developments - 19 June 2020 [▶Read more](#)
- ▶ Report on recent US international tax developments - 12 June 2020 [▶Read more](#)
- ▶ Report on recent US international tax developments - 5 June 2020 [▶Read more](#)
- ▶ US Supreme Court declines to hear Altera case [▶Read more](#)
- ▶ US Ways & Means trade hearing discusses BEPS 2.0 news [▶Read more](#)
- ▶ USTR publishes USMCA Uniform Regulations Chapters as trade prepares for 1 July Entry into Force [▶Read more](#)
- ▶ USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions [▶Read more](#)

Country Updates

Uruguay

- ▶ Uruguayan Executive Power issues decree establishing tax incentives to encourage investments [▶Read more](#)
- ▶ Uruguay's Executive Power adds new conditions under which individuals may obtain tax residence [▶Read more](#)
- ▶ Uruguay's Executive Power extends tax incentives for construction activities [▶Read more](#)
- ▶ Uruguay's Executive Power modifies tax incentives to promote social interest housing [▶Read more](#)

Zambia

- ▶ Zambia announces termination of double taxation agreement with Mauritius [▶Read more](#)

Contact

Feedback

If you have any questions or suggestions or if you would like to be contacted please send an e-mail to: Feedback

Website

Get mor information about our services, activities and events on our new: [Website](#)

Archive

Find our previous issues of this newsletter on our new [Website](#) or send us an inquiry: newsletter@at.ey.com.

Unsubscribe

If you want to unsubscribe from this newsletter please send an e-mail that contains your name and your e-mail address to ey.crm@ey.com.

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 Pflieger
Phone +43 1 211 70 1179
klaus.pflieger@at.ey.com

EY | Assurance | Tax | Transactions | Advisory

About the global EY organization

The global EY organization is a global leader in assurance, tax, transaction and advisory services. We leverage our experience, knowledge and services to help build trust and confidence in the capital markets and in economies the world over. We are ideally equipped for this task – with well trained employees, strong teams, excellent services and outstanding client relations. Our global purpose is to drive progress and make a difference by building a better working world – for our people, for our clients and for our communities.

The global EY organization refers to all member firms of Ernst & Young Global Limited (EYG). Each EYG member firm is a separate legal entity and has no liability for another such entity's acts or omissions. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. For more information about our organization, please visit ey.com.

In Austria, EY has four locations. In this publication, "EY" and "we" refer to all Austrian member firms of Ernst & Young Global Limited.

Information according to § 25 Austrian Media Act (MedG) can be accessed [here](#).

© 2020 Ernst & Young
Steuerberatungsgesellschaft m.b.H.
All Rights Reserved.

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

This publication contains information in summary form and is therefore intended for general guidance only. Although prepared with utmost care this publication is not intended to be a substitute for detailed research or the exercise of professional judgment. Therefore no liability for correctness, completeness and/or currentness will be assumed. It is solely the responsibility of the readers to decide whether and in what form the information made available is relevant for their purposes. Neither Ernst & Young Steuerberatungsgesellschaft m.b.H. nor any other member of the global EY organization can accept any responsibility. On any specific matter, reference should be made to the appropriate advisor.

Your e-mail address will not be disclosed to third parties and is used solely for the distribution of Ernst & Young publications. According to the Austrian Telecommunication Act /TKG, version from March 1, 2006) you can withdraw your authorization at any time if you do not wish to receive future e-mails.

ey.com/at