BDO HOLDING COMPANIES TABLE

as per April 1st 2016

FACTOR	ARGENTINA	AUSTRAL;IA	AUSTRIA	BELGIUM	BRAZIL	CYPRUS	DENMARK	GERMANY	HONG KONG	IRELAND	ITALY
Treatment of dividends	Taxed against 35% (1)	Exempt	Exempt (2)	95% Exempt (3)	Exempt	Exempt (4)	Exempt (5)	95% Exempt	Exempt	Taxable (6)	95% Exempt (7)
Minimum holding for dividends	No	10%	10%	10% or EUR 2.5m	None	None	10%	10% / 15% (17)	None	None (18)	None
Treatment of capital gains	Taxed against 35% (25)	Reduced by active business asset % (26)	Exempt (27)	Exempt / 25.75% / 0.412% (28)	Withholding income tax of 15%	Exempt (29)	Exempt	95% Exempt	Exempt	Exempt (30)	95% Exempt (31)
Minimum holding for gains	No	10%	10%	None	None	None	10% (40)	None	None	5% (41)	None
Minimum ownership period	No	1 year (46)	1 year (47)	1 year (dividends and gains) (48)	None	None	None	None	At least 1 year	1 year	1 year
Minimum substance requirements	No	No	No (52)	No (53)	No	No (54)	No	No (55)	No (56)	No	No (57)
Must subsidiary be active	N/A (63)	Yes	Yes	No	No	No (64)	No	No	No	Yes (65)	Yes
Must subsidiary be liable to tax	N/A (69)	No	No (70)	Yes (71)	No	No (72)	No	No	No	No (73)	No
CIT Rate	35%	30%	25%	33.99% (79)	34%	12.5%	22%	15.825% (80)	16.5%	12.5% (81)	27.5% (82)
Normal WHT on dividends paid	10% + 35% if corresponds (89)	nil if fully franked (90)	28%	27% (91)	0%	0%	27% (92)	26.375% (93)	None	20% (94)	0% / 1.375% 11% / 26% / 27% (95)
Anti tax treaty shopping provisions	No (103)	No	No (104)	No (105)	No	No	No (106)	Yes (107)	Yes (108)	No (109)	No
Normal WHT on liquidation distributions	10% (118)	nil if fully franked	No	27% (119)	None	0%	0% / 27% (120)	26.375% (121)	None	No	0% / 1.375% 11% / 26% / 27% (122)
Interest deduction	Yes (128)	Yes	Yes (129)	Yes	Yes	No	Yes (130)	Yes	No	Yes (131)	Yes (132)
Debt/equity restrictions	2:1 (142)	1.5:1 (143)	No	5:1 (144)	(2:1) - general rule 30%	No	4:1 (145)	Yes (146)	No	No	No
CFC rules	Sometimes (152)	Yes (153)	No	No	Yes	No	Yes	Yes (154)	No	No	Yes
Anti-avoidance targeting abusive exit structures	No	Yes (157)	No	Yes (158)	Yes. (159)	No	Yes 160)	Yes (161)	No	Yes (162)	No (163)
Binding pre-transaction rulings	N/A	Yes	Sometimes	Yes	No	Sometimes	Yes	Yes (169)	Yes	No	Yes (170)
Other taxes	Wealth Tax 0.5% (172)	Stamp duty (173)	None	None	VAT taxes	Defense Tax 17-30% (174) 0.6% CD%	None	Trade Tax app. 15%	0.2% SD	None	Regional business tax (IRAP) 3.9%
Treaty network (180)	Limited	Fair	Excellent	Excellent	Fair	Fair	Good	Excellent	Limited	Good	Excellent

Abbreviations

APA: Advance Pricing Agreement
ATR: Advance Tax Ruling
CD: Capital Duty
CFC: Controlled Foreign Company
CIT: Corporate Income Tax
EBITDA: Earnings before interest, tax, depreciation and amortisation
EEA: European Economic Area
ETVE: Spanish holding companies regime
GAAR: General Anti-Avoidance Rule
GST: Goods and Services Tax
IRAP – Regional Business Tax (Italy)
LOB: Limit on Benefits
MBT: Municipal Business Tax
NWT: Net Worth Tax
PPT: Principal Purpose Test
ROL: Gross value of the production – production costs + amortization
SAAR: Specific Anti-Avoidance Rule
TT: Trade Tax
WHT: Withholding tax

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as per April 1st 2016

FACTOR	LATVIA	LUXEMBOURG	MALTA	MAURITIUS	NETHERLANDS	PANAMA	SINGAPORE	SPAIN	SWEDEN	SWITZERLAND	UK
Treatment of dividends	Exempt (8)	Exempt (9)	Exempt (10)	Taxable (11)	Exempt (12)	20% / 10% / 5 (13)	Exempt (14)	Exempt (15)	Exempt	Exempt	Exempt (16)
Minimum holding for dividends	None	10% or cost o acquisition EUR 1.2m	10% (19)	None (20)	5% (21)	5% (22)	None	5% or cost of acquisition EUR 20m (23)	None (24)	10% or CHF 1m	None
Treatment of capital gains	Exempt (32)	Exempt (33)	Exempt (34)	Not taxable	Exempt (35)	10% / 5% / 3 (36)	Exempt (37)	Exempt (38)	Exempt	Exempt	Exempt (39)
Minimum holding for gains	None	10% or cost o acquisition EUR 6m	0% (42)	None	5%	No	None (43)	5% or cost of acquisition EUR 20m	None (44)	10% (45)	10%
Minimum ownership period	None	1 year	None (49)	6 months	None	No	None (50)	1 year	None (51)	1 yr (Gains)	1 yr (Gains)
Minimum substance requirements	Legal address (58)	Yes (59)	No	No (60)	Yes (61)	No	Yes (62)	No	No	No	No
Must subsidiary be active	No	No	No	No	No (66)	No	No (67)	Yes (68)	No	No	Yes for gains
Must subsidiary be liable to tax	No	Yes (74)	No (75)	No	No (76)	No	No (77)	Yes (78)	Yes	No	No
CIT Rate	15%	22.47% (83)	35% (84)	15%	25% (85)	25%	17% (86)	25%	22%	7.8% (87)	20% (88)
Normal WHT on dividends paid	0% (96)	15% (97)	None	None	15% (98)	20% / 10% / 5 (99)	None	19% (100)	30% (101)	35% (102)	None
Anti tax treaty shopping provisions	No (110)	No (111)	No (112)	No	Yes (113)	No	No (114)	No (115)	No	Yes (116)	Yes (117)
Normal WHT on liquidation distributions	0% (123)	No	None	None	15% (124)	No	None	19% (125)	30% (126)	35% (127)	None
Interest deduction	Yes (133)	Yes (134)	Yes (135)	Yes	Yes (136)	Yes (137)	Yes (138)	Yes (139)	Yes (140)	Yes	Yes (141)
Debt/equity restrictions	4:1	85:15 (147)	No	No	No	No	No	No (148)	None (149)	6:1 (150)	Yes (151)
CFC rules	No	Yes	No	No	Yes (155)	No	No	Yes	Yes	No	Yes (156)
Anti-avoidance targeting abusive exit structures	No (164)	No (165)	No	No	Yes (166)	No	No	No (167)	No	No	Yes (168)
Binding pre-transaction rulings	Yes	Very good	Excellent	Good	Excellent	No	Good	Very good (171)	Very good	Excellent	Limited
Other taxes	None (175)	MBT (6.75%) NWT (176)	No other direc taxes	None	None	N/A	GST, Stamp duty	None	Trade Tax app. 15%	1% CD, 0.15% 0.3% STT (177), 0.001% 0.4% NWT (178)	0.5% Stamp duty (179)
Treaty network (180)	Fair	Good	Good	Fair	Excellent	Limited	Very good	Very good	Excellent	Excellent	Excellent

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BDO HOLDING COMPANIES TABLE
as per April 1st 2016

Footnotes

Treatment of dividends
1. Argentina's' legislation does not provide a preferential treatment. Dividends are taxed in the year of distribution or when accrued.
2. Exemption inapplicable if foreign sub's income mainly passive, and tax rate less than 15%. Also, if dividend deductible in payer's jurisdiction.
3. Certain anti-avoidance rules may apply – see note 46. 100% (instead of 95%) exemption arguable per EC Treaty.
4. Exemption inapplicable if more than 50% of foreign sub's income from investment activities (passive) – and effective tax rate less than 6.25%.
5. Exemption only applies if (a) Danish holding co directly or indirectly exercises decisive influence over sub, or (b) sub is EU, EEA, or treaty-partner resident, or (c) sub tax- consolidated with Danish parent. A bill is introduced that would relax the requirements under (b).
6. In principle, taxed at 25% with foreign tax credit. However, option to be taxed at 12.5% where div sourced (a) at least 75% from trading activity treaty-partner resident foreign sub, and (b) where consolidated value of group's trading assets not less than 75% of all its assets.
7. Exemption inapplicable (a) if foreign sub resident in black-list jurisdiction, or (b) dividend received deductible in payer's jurisdiction.
8. Exception for companies in blacklisted jurisdictions.
9. Dividends qualifying for participation exemption are not taxable. Exemption inapplicable to non-EU sub liable to tax at a rate less than 10.5%
10. Dividends qualifying for participation exemption are not taxable. Subject to satisfying anti-abuse criteria.
11. A credit of foreign taxes can be claimed. A company holding a Global Business License category 1 can claim a deemed foreign tax credit of 80% of the tax payable if more favourable.
12. Shareholding in a sub qualifies if not held as a portfolio investment. Alternatively, a sub qualifies, if assets are more than 50% good assets or the profit of the sub is subject to reasonable tax. If the participation cannot satisfy 1 of these criterion, a direct and an indirect tax credit are available.
13. 20% for bearer shares, 10% for taxable dividends and 5% exempt and foreign dividends.
14. Exempt provided foreign jurisdiction taxes income from which dividends declared or withholding tax paid on the dividend income, and headline tax in foreign jurisdiction is at least 15%. (Exceptions in certain cases).
15. Exempt provided minimum holding requirements are met and sub (and lower-tier sub) is subject to tax similar to Spanish tax at a nominal tax rate of at least 10% in the FY in which the retained earnings have been generated. A specific "intermediary holding test" should be met if the subsidiary paying the dividends perceives itself dividends or other income derived from shareholdings which represents more than 70% of its income. Exemption only applies to the part of dividends that proceed from qualifying lower-tiered subsidiaries. If resident in tax haven, exemption inapplicable unless EU resident for economic purposes and with commercial activity.
16. Subject to anti-avoidance rules, including that dividends are not deductible in payer's jurisdiction.

Minimum holding dividends
17. Minimum shareholding for German CIT purposes is 10% and for German TT 15%.
18. An Irish company is entitled to elect to tax dividends, which are paid out of trading profits, at the 12.5% tax rate if they are paid by a company which is tax resident in the EU or a country with which Ireland has a tax treaty. There is no minimum shareholding requirement in this case. The election can also be made where trading dividends are received from a company, the principle class of shares in which it or its 75% parent, are substantially and regularly traded on certain recognized stock exchanges
19. Or (a) holding cost in excess of €1,165,000, or (b) majority control, voting, or pre-emption rights.
20. Minimum of 5% required to claim underlying tax credit.
21. Less in some cases.
22. 0% may apply under certain treaty rights.
23. Minimum holding and ownership requirement of 5% must be met at the level of intermediary holding. The requirements may be relaxed if the companies belong to a group of companies as defined by the Commercial Code and they consolidate for accounting purposes.
24. 10% holding requirement for shares held in listed companies.

Treatment of capital gains
25. Capital losses on foreign shares can be offset against profits of the same kind within 5 years.
26. Taxable gain on foreign subsidiary shares is reduced by the percentage of active business assets held by the foreign subsidiary.
27. See note 2. Gains on sale of shares in Austrian companies are taxable. Please note that companies holding substantial participation may exercise an option to have capital gains/write-ups and capital losses/write downs treated as taxable or tax deductible, respectively. The option must be exercised in the year of acquisition of the participation and cannot be revoked.
28. In principle, capital gains can benefit from a tax exemption, if taxation condition mentioned in note 48 is complied with (if not, corporate tax rate of 33.99% is applicable). As from assessment year 2014, capital gains realized by large companies will be subject to a separate taxation of 0,412%. This taxation concerns a minimum taxation as no tax deductions can be applied on the taxable capital gain.
29. Exemption inapplicable to gains on shares in companies owning Cyprus real estate.
30. Basic 33% tax rate. However, gains exempt when arising on disposal of shares in an EU sub, or co resident in treaty-partner jurisdiction, trading group and shares held for at least 12 months continuous period.
31. Exemption is inapplicable if foreign sub is resident in black-list jurisdiction. Capital gains are 95% exempt if the following requirements are met: (i) the participation has been held continuously for at least 12 months; (ii) the participation is classified as a financial asset in the first financial statement closed after the participation was acquired; (iii) the company in which the participation is held has not been a resident in a black list jurisdiction in the previous three years; (iv) the participated company has carried on business activities during the last three years.
32. See note 8.
33. See note 9. Also, an exempt capital gain can result in a recapture of an interest expense and impairment deductions re shareholding – Note 97.
34. See note 10 (other than requirement to meet anti-abuse criteria).
35. See note 12.
36. 10% applies for fixed assets and is the general rate. 5% may apply as a prepayment for shares and 3% for real estate, in both cases the prepayments may be considered as the final tax.
37. Provided it is a capital gain. To provide certainty, subject to certain exceptions, gains derived by a divesting company from its disposal of ordinary shares in an investee company is not taxable if immediately prior to the date of share disposal, the divesting company had held at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months. The rule is applicable to disposals of ordinary shares in an investee company made during the period 1 June 2012 to 31 May 2022 (both dates inclusive).
38. Shall be exempt if the minimum holding threshold, the ownership test and the subject-to-tax test are met (see note 15). The subject-to-tax must have been met in each of the years in which the shares have been held. In case the test has not been met in all these years, the exemption shall be applied proportionally. Special rules apply in order to determine such proportion.
39. Exemption applies to a disposal of shares in a trader or trading group, with conditions.

Minimum holding gains
40. This tax exemption includes capital gains on portfolio shares, i.e. shareholdings below 10%. However, the exemption will only include capital gains on unquoted shares.
41. See note 30.
42. Or (a) an investment of at least €1.64M held uninterruptedly for 183 days or (b) right to appoint a director.
43. See note 37.
44. 1 year ownership period required for shares held in listed companies.
45. Less in some cases.

Minimum ownership period
46. The holding company must hold 10% or more of the direct voting rights for a period of 12 months within the period of 24 months before event that makes the gain.
47. No minimum ownership period for dividends from Austrian companies.
48. In order to claim the capital gain exemption, companies must have held the shares for at least one year at the moment of realization of the capital gain (besides complying with taxation condition). Otherwise, taxation as mentioned in 28 (note however minimum taxation for capital gains realized by holding and large companies as from assessment year 2014).
49. But minimum holding period of 183 days if participation exemption is claimed on basis of € 1.164M investment.
50. See note 37.
51. 1 year ownership period required for shares held in listed companies. The beneficial treatment for dividends will be applicable if afterwards the 12 months period will be fulfilled.

Minimum substance
52. Generally no minimum requirements. However a company is deemed to be a resident company if the meetings of the board of directors are held in Austria. A pour letter box will be insufficient.
53. At this moment Belgian tax law does not include minimum substance requirements; also no official guidance is available. Generally a company is deemed to be a resident company in Belgium if this is the place where the board of directors meetings are held, where strategic decisions are taken, etc. We do however expect increased attention from the Belgian tax authorities and future legislative changes in the framework of BEPS.
54. The law states that residency is determined by virtue of management and control. However, no official guidance or interpretation is provided.
55. For domestic holding companies no specific guidance, however dormant domestic companies can be subject to general GAAR rule. For foreign holding companies guidance have been issued in connection with anti-treaty shopping rules in which a level substance is required to benefit from German withholding tax reductions.
56. In the application of certificate of resident status enquires the applicant's principal activities in HK, whether it has any office and staff and derive any income etc. to assess the business substance.
57. Resident companies (including holding companies) are those which for the greater part of the tax year have had their legal seat, place of effective management or main business purposes in Italy.
58. There are no official stated minimum requirements. Thus, from company set-up perspective – legal address should be in Latvia plus accounting should be done in Latvian language (supporting documents must be kept in Latvia).
59. Under Luxembourg tax law, a company which has its registered seat and/or its place of effective management located in Luxembourg qualifies as a Luxembourg tax resident. 2011 circular on transfer pricing provides guidance for companies carrying out intra-group financing activities (for instance the key decisions have to be taken in Luxembourg, the company needs to have a bank account in Luxembourg, the majority of the members of the board of directors are Luxembourgian resident or have a professional activity in Luxembourg).
60. In order to obtain a Global Business License Category 1, minimum requirements are applicable which are not included in tax law.
61. A company established based on Dutch law will be qualified as a Dutch tax resident, as will a legal entity managed and controlled in the Netherlands. In case an APA/ATR will be requested or a taxpayer qualifies as an intermediary financial service company, basic minimum substance requirements need to be met.
62. Requirements are provided for application for certificate of residence.

Active subsidiary
63. See footnote 1.
64. See note 4.
65. See note 6 & 18.
66. See note 12.
67. See note 14.
68. In case of intermediary holding companies, additional requirements have to be met to qualify for the dividend exemption. Besides, CFC rules may apply if Spanish parent company holds 50% or higher shareholding in, directly or indirectly held, subsidiaries whose tax effectively paid in the state of residence is less than 75%of Spanish CIT and sub has no substance or alternatively, passive income in excess of 15% of its total income.

Liable to tax
69. See note 1.
70. See note 2.
71. Sub must be liable to similar tax to Belgian CIT. Minimum 15% tax condition must be met, but inapplicable to companies resident in EU. Dividends and gains from certain types of co, such as financing, treasury, investment companies etc. resident in jurisdiction without similar tax base, are not exempt.
72. See note 4.
73. See note 30.
74. See note 9.
75. See note 10.
76. See note 12.
77. See note 14.
78. Liability to tax (at a nominal tax rate of at least 10%) deemed satisfied where sub is resident in treaty country with exchange of information clause. GAAR: dividend exemption will not apply to income that qualifies as deductible expense in the source state. Capital gains exemption does not apply in case of transfer of shares in a CFC whose passive income exceeded 15% of its total income. In this latter case, the exemption applies only in the proportion of the qualifying income.

CIT rate
79. 33% + 3% additional crisis contribution.
80. CIT-rate of 15% + 5.5% solidarity surcharge thereof. Additionally Trade Tax (TT) of approx. 15% is payable.
81. 12.5% applies to trading income; 25% to investment income.
82. As of 1 January 2017 the CIT rate will be reduced to 24%.
83. Current corporate tax rate 22.47% (including 7% tax deductible solidarity surcharge). The Luxembourg government announces that the CIT rate will be decreased to 19% in 2017 and 18% in 2018 (20.33% for 2017 and 19.26% for 2018 including 7% tax deductible solidarity surcharge).
84. Most of 35% tax can be refunded to qualifying shareholders of holding companies on dividend distribution.
85. First € 200k taxed at 20%. Profits in excess are taxed at 25%.
86. 75% of first SGD 10,000 of normal chargeable income and 50% of next SGD 290,000 of normal chargeable income – tax exempt. For years of assessment 2016 and 2017 (i.e. financial year ended 2015 and 2016), corporate tax rebate at 50% of tax payable is available, capped at SGD 20,000 for each year of assessment. Foreign tax credit claim must be substantiated with proof of payment.
87. Excludes tax at canton / communal level. 8.5% federal tax deductible, so effective rate of 7.8%.
88. Single rate of 20% from 1st April 2016 falling to 19% from April 2017 and 17% from 1 April 2020.

WHT dividends
89. The 10% tax is applied to the amount resulting from subtracting in the amount of profit distribution, the amount of withholding, if any, made by way of "equalization tax". Also, the latter is applied on the amounts distributed which exceed the income levied by income tax in head of the company. Equalization tax can be reduced applying double tax treaties.
90. Nil if fully franked (paid out of taxed profits) 30% on unfranked part of dividend but not if paid out of profits from non-Australian sources or treaty reduction applies.
91. 0% in application of Parent/Sub Directive or where dividend recipient resident in treaty partner country with exchange of information and treaty conditions broadly similar to Parent/Sub Directive. As of 28 December 2015, a 1.6995% dividend withholding tax may be applied if the participation threshold of 10% under the Parent-Subsidiary Directive is not met, but the acquisition value of the qualifying company exceeds the threshold of EUR 2.5M.
92. 27% where recipient not parent co resident in EU, EEA, or treaty-partner country. A bill is introduced that would reduce the rate to 22%.
93. 25% + 5.5% solidarity surcharge (10% refund for active non-resident shareholders possible which leads to a total withholding tax of 15.825%).
94. Standard rate 20%. No WHT on dividends paid to (a) non-Irish persons who are not co's and are resident in EU State or in treaty-partner jurisdiction; (b) non-resident co's ultimately controlled by EU or treaty-partner resident; (c), non-resident co's, principal class of shares of whose 75% parent are substantially and regularly traded on recognized stock exchange in EU state or in treaty-partner jurisdiction; (d) co's resident in EU state or treaty-partner jurisdiction and not controlled by Irish residents; and (e) non-resident co's wholly owned by two or more co's, each of whose principal class of shares is substantially and regularly traded on one or more stock exchanges approved by Minister of Finance.
95. 0% in application of Parent/Sub Directive; 1.375% in case of dividends from EU country which does not satisfy Parent/Sub directive; 11% in case of dividends received by pension funds; 27% in case of dividends received by subjects exempts from CIT and Law decree 66/2014 provides a 26% rate in case of dividends relating to non-qualified equity received by physical persons.
96. See note 8.
97. 0% where dividend recipient owning at least 10% is resident in EU or EEA or treaty partner country and fully liable to tax. Some other exemptions.
98. In addition to EU parent, 0% when paid to an EU corporate shareholder owning at least 5% of Dutch holding co's shares.
99. 20% bearer shares, 10% taxable dividends, 5% exempt and foreign dividends.

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100. 0% applies provided Spanish holding has ETVE status. Otherwise the WHT general rate is 19% (in 2016 and following years), or 0% if conditions are met for Parent/Subsidiary Directive benefits, or reduced WHT rate if a tax treaty applies.
101. 0% provided foreign parent subject to effective tax rate similar to Sweden (10% - 15%). Otherwise 30% withholding tax subject to treaty.
102. In addition to treaty reduction, 0% under EU Savings Directive.

Anti-treaty shopping

103. In general beneficial ownership provisions will be included, but no specific LOB's will be included.
104. In general Austria will not include such provisions with exception of some tax treaties.
105. Belgium does not have the policy to include such provisions in tax treaties.
106. The general anti-avoidance rule (GAAR) in Danish national law would probably make it redundant to include anti-treaty provisions in Danish tax treaties. See note 160.
107. The German policy in the past has been to implement treaty overrides (e.g. very strong domestic anti-treaty shopping rule according to which the benefits from a reduced WHT rate either in terms of tax treaties or in terms of EU-directives can only be claimed to the extent that certain conditions – such as substance requirements – are fulfilled). There are several decisions pending where the German Federal Constitutional Court has to decide whether the domestic treaty overrides are in line with our constitution. A recent decision of the German Federal Constitutional Court seems to indicate that the Court sees the treaty overrides in line with our constitution.
108. There is a miscellaneous provision in some of the treaties which states that nothing in the treaty shall prejudice the right of either side to apply its domestic laws and measures concerning tax avoidance. There are also limitation of benefits clause or principal purposes test in some treaties.
109. Very few existing tax treaties have provisions. The Ireland/US treaty utilises an LOB provision.
110. Only 6 tax treaties have a LOB-clause, accordingly it cannot be stated that Latvia has a policy.
111. General trend is a PPT clause.
112. Only at request of other contracting state.
113. In some treaties a LOB provision, PPT, or enterprise test is included and in new tax treaties this is policy. The policy is that there should be no accumulation of anti-tax treaty shopping rules in a single tax treaty.
114. Generally, the beneficial ownership test is used.
115. Spain will support the PPT-approach.
116. In all new tax treaties and as a general anti-abuse rule, mainly re beneficial ownership. No preferable anti-abuse measure have been adopted.
117. SAAR re royalty withholding tax and GAAR.

WHT liquidation distributions

118. See note 89. It is exempt in case of stock and share distribution.
119. Lower withholding tax of 10% on liquidation distribution is still possible for small enterprises if liquidation regime is applied.
120. See note 92.
121. See note 93
122. See note 95.
123. See note 8.
124. See note 98.
125. Liquidation proceeds qualify as capital gain, unless otherwise defined in the applicable tax treaty, if any. As such liquidation proceeds are usually taxed in the state of residence according to tax treaty. If no tax treaty, but Parent/ Subsidiary Directive, liquidation proceeds would not benefit from 0% WHT. The applicable WHT in this and other scenarios not mentioned in this foot note would be 19%.
126. See note 101.
127. See note 102.

Interest deduction

128. There are limitations to the deductibility of interest on debt (among which: thin cap rules).
129. Anti-avoidance measures may deny deduction (e.g. interest for acquisition of direct or indirect participation within a group of companies.
130. Denied in specific circumstances.
131. Strict conditions to be satisfied. Anti-avoidance rules apply.
132. Interest expenses exceeding the amount of interest received are deductible within 30% of the ROL (gross value of the production – production costs + amortization). The part not deducted can be carried forward and deducted when ROL is sufficient. Also the ROL of the year in excess can be carried forward and used to cover future net interest expenses.
133. Interest paid other than to credit institutions or registered financial companies, that are resident in the EU/EEA or country with which Latvia has double tax treaty in force, in excess of the greater of the two following amounts is not deductible: i) interest calculated using 1,57 times the weighted average interest rate for domestic loans to non-financial companies in accordance with the interest rate set by the Bank of Latvia and ii) interest calculated on a company's average debt in excess of four times opening equity.
134. Interest that has a direct economic connection with tax exempt income in a given year is not deductible, except to the extent that the interest exceeds the amount of the (tax exempt) income of that year. The capital gain exemption does not apply to interest tax deductible previously.
135. No thin capitalisation rules and no debt/equity restrictions.
136. There is a set of measures to deny interest deductions relating to the acquisition and owning of subsidiaries. Generally these measures eliminate the interest deduction, where such a deduction is considered the result of an artificial or harmful structure or structuring.
137. If the WHT is paid and the interest has taxable purpose.
138. Interest only deductible to the extent dividend income is taxable, which is comparatively rare. Note 14.
139. No thin cap rules (no debt-equity ratio), but interest deduction limitation: 30% of tax EBITDA. The minimums monetary threshold € 1M. Special limitations may apply in case of leveraged acquisition of shares in group companies, particularly if both entities merge afterwards or if they integrate the fiscal unity. Debt/equity rules do no longer exist.
140. Interest costs related to internal debts is not deductible but could be if the interest is taxed with at least 10% or the debt is based mainly on business reasons.
141. But subject to anti-avoidance rules; e.g., anti- hybrid, dual deductions, worldwide debt cap, thin-cap rules in some cases. Debt/equity restrictions etc.

Debt/equity ratio

142. Applicable for certain interest on debt. This interest is mainly accrued for financial debts not derived from business operations, incurred with related foreign entities and foreign entities that are banks or financial institutions of a country that do not qualify as tax havens and where "bank secrecy" may not be alleged. The argentine borrowing company is not a financial entity. Also, subject to these rules is the rest of the financial interest, accrued in favour of foreign beneficiaries, which are not subject to the withholding tax rate of 35%. The interest which is not deductible will receive a similar treatment to that of dividends.
143. Can also use "arm's length debt" test or "worldwide gearing test".
144. 5:1, when paid to other group companies as well as to persons taxed at low rate or if exempt. 1:1 ratio re loans from individual directors/shareholders.
145. Additionally, interest limited by reference to EBITDA and Asset Values.
146. If net interest expense EUR 3m or more, deduction limited to 30% tax adjusted EBITDA. Interest barrier inapplicable if German co's ratio of equity to assets equal or higher than same ratio for worldwide group (2% shortfall acceptable). Special rules for German tax groups.
147. No statutory rule but 85:15 generally applied in practice for shareholding activities and holding of real estate. Special rules for financing activities.
148. Spain does not apply debt/equity restrictions on the deduction of interests. Thin capitalization rules have been abolished and have been substituted by a fixed ratio rule (30% TAX EBITDA).
149. Exemptions include royalty income, White List countries, and real economic activities in EU/EEA.
150. Tax administration circular, 6.6.97: Safe harbour debt/equity ratio is 6:1 for finance and holding companies.
151. Based on connected party transfer pricing rules. Additionally, for large groups, Worldwide Debt Cap restriction applies to disallow excess of intergroup finance costs over Worldwide group finance costs on external borrowing.

CFC rules

152. The results obtained by Argentine holding companies, arising from the investment in companies settled abroad, must be recognized for tax purposes in the year of distribution or in the year of accrual, depending on the type of company and its place of incorporation. While, the results belonging to partnerships and joint stock companies located in jurisdictions considered of low or no taxation (whose greater proportion of revenues are passive), must be recognized each year regardless of when it is distributed; the income of the joint stock companies different from the above mentioned are taxed at the moment of distribution. For applying foreign tax credits certain requirements need to be fulfilled.
153. Broadly, rules apply only to passive income.
154. Inapplicable if EU/EEA resident CFC conducts genuine economic activity.
155. Specific anti-avoidance rules may have broadly same effect as CFC only if shareholding exceeds 25% in subsidiary owning 90% or more low-taxed free portfolio investments which is not subject to reasonable tax.
156. Many exemptions, including a de Minimis test, an Excluded Countries list with conditions, and companies active in EU countries.

Anti-avoidance

157. Although there is no specific anti-avoidance provision targeting abusive exit structures, the General anti-tax avoidance provisions may apply to reduce tax benefits where arrangements have a dominate tax avoidance purpose.
158. Belgian tax law includes a general anti-abuse rule to tackle constructions that are implemented with the aim to claim unlawfully a tax benefit or to fall outside the scope of taxation. Given its broad scope, this general anti-abuse rule can in our opinion be applied to tackle a large range of abusive structures.
159. Brazil uses a blacklist. Accordingly it is required to comply with the following items: 1) UBO of foreign entity should be disclosed in order to allow deduction of payment in Brazil, ii) Brazilian tp rules are applicable even if the foreign entity is not a related party, iii) thin cap rules (0.3:1) and iv) benefit of profit consolidation and tax deferral rules are not applicable.
160. The GAAR states that a taxpayer may not benefit from a treaty or certain EU-Directive if the main purpose(s) of the structure is to achieve a tax benefit. Accordingly some sales / liquidations could be re-qualified to dividends.
161. A German general anti-avoidance rule (GAAR) is applicable if an inappropriate legal structure is chosen that leads to a tax advantage for which the tax payer cannot provide significant non-tax reasons. If there is an abuse of law, the option or structure used to obtain a tax benefit, is disregarded for tax purposes.
162. Irish domestic legislation contains a general anti avoidance provision. Tax legislation also includes a number of specific anti avoidance provisions but none are specific to holding companies per se. Tax treaties are considered to override Irish domestic tax law. Certain BEPS related structures such as the offshore/non treaty double Irish structure have been legislated against (through a change to Irish tax provisions regarding tax residence of an Irish incorporated company) however existing structures are grandfathered.
163. No specific rules are used as anti-avoidance for an "easy exit" for holding companies. The general rule applies which provides that if an Italian company transfers its tax residence to an EU/EEA Member State without leaving its assets and liabilities in an Italian PE, it may alternatively (i) pay an exit tax at the time of the migration, (ii) elect for the suspension of the collection of any exit tax until the actual realization of the relevant capital gain or (iii) choose to pay the exit taxes in equal instalments over a six-year period.
164. There are no general rules. However, there is a clause in Taxes and Duties Act that provides tax authority rights to analyze transaction of economic substance over form.
165. No specific anti-abuse measures. However specific measures: i) taxable capital gain on shares held less than 6 months, ii) exit tax if transferring company / legal seat, iii) concept of simulation and iv) substance over form.
166. The Dutch corporation tax code has a substantial shareholder regime under which shareholders can be taxed, if tax evasion is one of the principal motives for the structure, *and* the structure is artificial or the result of artificial structuring. The dividend withholding tax act has a similar rule that could cancel the withholding tax exemption available to EU and EEA parent companies. Fraus legis is an overriding principle under Dutch tax law.
167. General provisions included in law like a general exit tax provision if a Spanish company transfers its tax residence. GAAR and AAR may apply in fraudulent or abusive cases.
168. National GAAR rule.

Binding rulings

169. Binding pre-transaction rulings may trigger considerable fees levied by the tax authorities.
170. APAs available, especially for large inbound investments.
171. See note 169 and 170.

Other taxes

172. Wealth Tax on Equity interest must be paid, in its role as "surrogate", by the Argentine company when its owners are individual residents in the country and/or foreign legal persons. This tax amounts to 0.50% on net equity of the company as of December 31st each year, and the company could request from the shareholders the recovery of the amounts paid for this tax. Currently, no Tax Treaty to Avoid Double International Taxation gives preferential treatment.
173. State stamp duty may be payable on disposal of shares in companies owning real estate.
174. Non-exempt dividends subject to 17% Defence Tax. Interest on fixed deposits subject to 30% Defence Tax. Both exempt from corporation tax.
175. Minimum CIT payable per annum EUR 50. In certain situations, payroll tax should be paid for at least one employee on statutory salary (EUR 370 in 2016).
176. Municipal business tax of 6.75% is levied in Luxembourg City. NWT is levied at a rate of 0.5% on the unitary value. As from 1 January 2016 a minimum net wealth tax replaces the minimum corporate income tax charge of EUR 3.210 for holding companies if financial assets/securities or cash exceed 90% of their balance sheet.
177. Payable on disposal or acquisition of securities if company holds more than CHF 10M in securities. For intercompany transactions exemptions may apply.
178. Rate varies per canton and commune.
179. On the transfer of shares in a "UK" incorporated company.

Tax treaties

180. Number of tax treaties / Classification

Number of tax treaties	Classification
< 40	Limited
40 > 60	Fair
60 > 80	Good
80 > 90	Very Good
90, and more	Excellent

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