



INTERNATIONAL COMPARISON

WHAT'S IN THIS ISSUE: “Holding Structures”

Auren International Comparison is a quarterly publication that provides you an overview of trends and international tax developments by comparing tax issues in different legislations around the world, that may affect those doing business in multiple locations.

Constant legislative, regulatory, and judicial changes, along with globalization, economic shifts, and operational adjustments, are challenging issues. Now more than ever, in an increasingly globalized world, companies must have a total perspective and awareness of tax issues, and this publication aims to cover key tax topics which should be of interest to businesses operating internationally.























This edition features several country focus pieces that analyze the characteristics of holding structures and the notable tax advantages these organizations offer.



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AUSTRIA

Concept	Explanation
Dividend and Capital Gains Exemption	Under § 10 of the Austrian Corporate Income Tax Act (Körperschaftsteuergesetz 1988 – KStG), dividends from national shareholdings are exempt from corporate income tax.
Participation in Non-Resident Entities	Dividends and capital gains from international shareholding are exempt from corporate income tax provided the company meets the participation requirements. Companies may opt for taxation of international shareholdings. This makes sense if losses or immaterial profits are expected.
Group of Companies Structure	An Austrian corporate tax group under § 9 KStG allows a parent company and its domestic subsidiaries to be treated as one taxable unit (only for CIT), enabling loss offsetting and cash-pooling within the group.
Participation requirements	There are no participation requirements for national shareholdings. Capital gains from international shareholdings are exempt if the company holds at least 10 % of the share capital continuously for at least one year.
Benefits of Holding shares	Holding shares in other companies allows for centralized control, cost savings, and simplified reporting as well as for taxation benefits.
Subholding Structure	Subholdings also benefit from the exemption (if they meet the participation and permanence requirements regarding capital gains from international shareholdings).
Protection of Minority Shareholders	Under the Austrian Law minority shareholders have enhanced rights (e.g. information, inspection rights) to safeguard their interests
Deduction to avoid Double Taxation	Depending on the underlying Double Tax Treaty holding entities can deduct foreign taxes paid on dividends received, provided that Austrian tax is levied on the foreign income.
Consideration of the Holding Company as a Taxable Person for VAT purposes	Holdings that provide services to their subsidiaries may be considered taxable persons for VAT purposes, allowing the deduction of input VAT for that services usually called "management fees". Other services could be provided, too.
Requirements for Capital Gains Exemption	The exemption on capital gains applies for international shareholdings if participation and minimum taxation requirements are met in the second-tier entities.
Group Structure and Tax Consolidation	Tax consolidation allows the offsetting of profits and losses among group entities, which can result in significant tax advantages.

COLOMBIA

Concept	Explanation
Dividend and Capital Gains Exemption	They are exempt from income tax and they have to be reported as exempt capital income under the Colombian Holding Company (CHC). This means that the CHC does not pay income tax on these earnings.
Participation in Non-Resident Entities	Participation in non-resident entities transforms the Colombian holding company into an entity with a global perspective. It's not just a legal or tax structure; it reflects a strategy for growth and the pursuit of new opportunities in the complex and dynamic global economic landscape.
Group of Companies Structure	The structure of a group of companies under a holding company scheme is a powerful tool for business organization and management, allowing for centralized control, risk diversification, and optimization of operations, all within a legal framework that imposes certain obligations but also offers significant benefits, especially with the CHC regime for international investments.
Participation requirements	Direct or indirect participation in at least 10% of the capital of two or more Colombian and/or foreign companies or entities for a minimum period of 12 months.
Benefits of Holding shares	Holding shares offers a number of benefits that go beyond the simple expectation of a profit from their sale. These include, among others: Strategic Control and Management, Capital Appreciation Potential (Capital Gains), Business Diversification and Risk Mitigation, Access to New Markets and Technologies, Asset Protection and Image Enhancement, and Access to Financing.
Subholding Structure	The structure of a subholding company allows for a more detailed and efficient organization of a business group. It not only helps manage the complexity of diversified operations but also offers strategic, operational, and tax advantages by enabling specialization and optimization at the intermediate level, always under the oversight and overall strategy of the parent company.
Protection of Minority Shareholders	The protection of minority shareholders is a complex interaction between explicit legal rights, oversight mechanisms, and the willingness of the parties to establish agreements that, through strong corporate governance, ensure a balance of power and fair management. In Colombia, Law 222 of 1995 and the Commercial Code, along with the case law of the Superintendency of Companies and other regulatory bodies, establish a robust framework to safeguard the rights of minority shareholders. The objective is to ensure equitable treatment and prevent the abuse of dominant positions.
Deduction to avoid Double Taxation	The CHC regime opts for a much more beneficial mechanism: full exemption. The dividends (and capital gains from the sale of shares) are exempt from income tax in Colombia, as long as all the requirements for the company to be recognized as a CHC are met.
Consideration of the Holding Company as a Taxable Person for VAT purposes	A CHC is not a VAT taxpayer for its inherent activities of holding and managing investments, nor for the sale of shares. However, it will be a VAT taxpayer if, in the course of its corporate purpose, it sells taxable goods or provides taxable services within the national territory. The VAT analysis for a CHC must always be based on the specific taxable events it carries out.

Taxation effects on Non-Resident Holdings	The tax treatment of a non-resident holding company is governed by the general rules of the Colombian Tax Code applicable to non-resident entities and the Double Tax Treaties (DTT) that Colombia has signed with the holding company's country of residence. The tax effects for a non-resident holding company in Colombia depend on the type of Colombian source income it receives and, fundamentally, on the existence of a DTT.
Requirements for Capital Gains Exemption	The capital gains exemption is a very attractive benefit for a CHC which seeks to actively manage their investments abroad. However, its application is subject to strict compliance with CHC qualification requirements (Article 896 of the Tax Code) and to the specific transaction involving the sale of shares in foreign entities, always avoiding abusive schemes.
Group Structure and Tax Consolidation	<p>The corporate group structure in Colombia is based on the concepts of parent company, subsidiary, and business group, as defined primarily by Law 222 of 1995 and the Commercial Code. However, from a tax perspective, there is no generalized consolidated income tax return: unlike other countries where tax consolidation allows for a single return and a unified tax liability for the entire group, in Colombia each company within the group, including the CHC and its Colombian subsidiaries, must file its own individual income tax return.</p> <p>In Colombia, tax consolidation is currently limited to the offsetting of tax losses among companies within the same group, and does not extend to a full consolidation of taxable bases or the filing of a single income tax return.</p>
Liability of the Parent Company	Like any other parent company in Colombia, a CHC is, in principle, not jointly liable for the debts and obligations of its subsidiaries. Each subsidiary, although controlled by the CHC, retains its own legal personality and independent assets. Creditors of a subsidiary must, in the first instance, seek recourse against that subsidiary's assets.



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DOMINICAN REPUBLIC

Concept	Explanation
Dividend and Capital Gains Exemption	In the DR, there is no general dividend and capital gains tax exemption for holding structures. Dividends paid by local companies to foreign companies and/or persons are subject to a withholding tax of 10% and capital gains are taxable at the general rate for income tax (27% for companies 0-25% for individuals)
Participation in Non-Resident Entities	No automatic exemption applies for dividends or capital gains obtained abroad.
Group of Companies Structure	A holding company can facilitate centralized management and strategic planning. However, tax consolidation is not allowed as each company is taxed separately.
Participation requirements	There are no participation thresholds required to access special tax exemptions for holdings, as no general exemption regime exists for them in the DR. However, participation thresholds may still be relevant for corporate governance or voting control purposes.
Benefits of Holding shares	Owning shares in subsidiaries enables centralized control, risk diversification, operational organization, family succession planning, and potential tax and asset protection structuring.
Subholding Structure	Subholdings can be created locally or abroad, often in jurisdictions with double taxation or general tax treaties (e.g., Spain) or special regimes (e.g., Panama, BVI) to optimize tax and legal planning.
Protection of Minority Shareholders	Dominican corporate law offers protection to minority shareholders through mechanisms such as rights to information pertaining the company, preemptive rights and the right to challenge decisions taken.
Deduction to avoid Double Taxation	Dominican tax law does not provide a formal statutory foreign tax credit mechanism for holding companies. However, double taxation may be avoided through bilateral tax treaties in force (such as with Spain and Canada).
Consideration of the Holding Company as a Taxable Person for VAT purposes	Holdings that provide services to their subsidiaries may be considered taxable persons for VAT purposes.
Taxation effects on Non-Resident Holdings	Dividends paid to non-resident holdings are subject to a 10% withholding tax.
Requirements for Capital Gains Exemption	No general capital gains exemption applies in the DR.
Group Structure and Tax Consolidation	There is no tax consolidation regime for holding structures. Each entity must report its income and comply with pricing rules, which follow "reasonable market" prices for intragroup transactions.
Liability of the Parent Company	Parent companies have limited liability under Dominican Law as shareholders are only liable up to the amount of their subscribed and paid-in shares. Likewise, courts may pierce the corporate veil of companies in cases of fraud, simulation, or abuse, especially to prevent tax evasion or protect creditors.

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GERMANY

Concept	Explanation
Dividend and Capital Gains Exemption	Holding companies can benefit from a 95% exemption on dividends obtained from their subsidiaries and capital gains obtained from selling subsidiaries participations.
Participation in Non-Resident Entities	Taxation on dividends and capital gains in holdings may be favorable even when involving foreign entities.
Group of Companies Structure	The existence of a group of companies managed through a holding allows for unified control and strategic planning.
Participation requirements	<p>A comparison of the two taxes is necessary here:</p> <p>Corporate Tax: In order to qualify for the 95% tax exemption on dividends, a shareholding of at least 10% of the nominal capital of the distributing company must be held at the beginning of the calendar year. With regard to capital gains, no minimum participation is required.</p> <p>Trade Tax: In order to qualify for the 95% tax exemption on dividends, a shareholding of at least 15% of the nominal capital of the distributing company must be held at the beginning of the calendar year. With regard to capital gains, no minimum participation is required.</p>
Benefits of Holding shares	Holding shares in other companies allows for centralized control, cost savings, and simplified reporting.
Subholding Structure	Subholdings may also benefit from the exemption if they meet the participation and permanence requirements.
Protection of Minority Shareholders	Subsidiary operations may weaken minority shareholder rights unless corporate governance safeguards are in place.
Deduction to avoid Double Taxation	The tax exemption in Germany ultimately means that foreign withholding tax cannot be credited (credit restriction due to domestic tax exemption).
Consideration of the Holding Company as a Taxable Person for VAT purposes	A holding company must provide its own services in return for payment in order to be considered as an VAT taxable persons, which allows for the deduction of input tax on these services, which are usually referred to as "administrative fees." Other services may also be provided.

Taxation effects on Non-Resident Holdings	From a German perspective, a non-resident holding is a foreign holding company that holds interests in domestic (German) corporations or other foreign subsidiaries but is not subject to unlimited tax liability in Germany. The tax implications can be divided into three main areas: Dividends distributed by a German subsidiary to a foreign holding company are generally subject to withholding tax
Requirements for Capital Gains Exemption	The 95% exemption on capital gains applies if participation and minimum taxation requirements (see above) are met in the second-tier entities.
Group Structure and Tax Consolidation	Tax consolidation allows the offsetting of profits and losses among group entities, which can result in significant tax advantages, also avoiding transfer price regulation and obligations within the group. In Germany, group taxation is only possible within Germany and not across borders.
Liability of the Parent Company	The parent company may be held liable for the decisions of the subsidiary, posing a risk to minority shareholders.



ISRAEL

Concept	Explanation
Dividend and Capital Gains Exemption	Holding Israeli companies can benefit from a 0% exemption on dividends obtained from their subsidiaries in Israel, since dividends between related companies in Israel are exempt.
Participation in Non-Resident Entities	If a non-resident opens an Israeli company, they can also enjoy a 0% tax on dividends.
Group of Companies Structure	The existence of a group of companies managed through a holding allows for unified control and strategic planning.
Participation requirements	No requirements to apply the 0% dividends exemption.
Benefits of Holding shares	Holding shares in other companies allows for centralized control, cost savings, and simplified reporting.
Deduction to avoid Double Taxation	Holding entities can deduct foreign taxes paid on dividends received according to the double tax treaty.
Consideration of the Holding Company as a Taxable Person for VAT purposes	Holdings that provide services to their subsidiaries may be considered taxable persons for VAT purposes, allowing the deduction of input VAT for that services usually called "management fees". Usually, a transfer price study is needed if it is related to international companies and Israeli companies.
Group Structure and Tax Consolidation	Tax consolidation does not allows the offsetting of profits and losses among group entities. Each P&L of a company stand alone.
Liability of the Parent Company	The parent company may be held liable for the decisions of the subsidiary, posing a risk to minority shareholders.



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ITALY

Concept	Explanation
Dividend and Capital Gains Exemption	Holding companies can benefit from a 95% exemption on dividends obtained from their subsidiaries, whereas the capital gains obtained from selling subsidiaries participations could be subject to the PEX regime (95% exemption) if the specific requirements of art.87 of TUIR (Consolidated Income Tax Act).
Participation in Non-Resident Entities	Taxation on dividends and capital gains in holdings may be favorable even when involving foreign entities, with the exception of those established in a country with a privileged tax regime (CFC rules).
Group of Companies Structure	The existence of a group of companies managed through a holding allows for unified control and strategic planning, together with the possibility of using tax consolidation (domestic or worldwide), under some conditions. Cash pooling structure can be implemented.
Participation requirements	To apply the 95% dividends exemption, it is necessary that the subsidiary company is a corporation. Other forms of companies cannot benefit from the exemption regime.
Benefits of Holding shares	In addition to tax advantages, the holding of participations allows for strategic group management, simplification in the distribution of profits and centralised control of activities.
Subholding Structure	Subholdings may also benefit from the exemption if they meet the participation and permanence requirements.
Protection of Minority Shareholders	Subsidiary operations may weaken minority shareholder rights unless corporate governance safeguards are in place. Specific guarantees are granted to minority shareholders under our Civil Code (ie. "Diritto di Recesso").
Deduction to avoid Double Taxation	Deduction of taxes paid abroad is also allowed in Italy under provision of the Art. 165 of TUIR.
Consideration of the Holding Company as a Taxable Person for VAT purposes	<p>A holding company can only be considered a VAT taxable person if it performs relevant economic activities, such as the provision of services to its subsidiaries (e.g. administrative, management or strategic services).</p> <p>This activity allows the deduction of VAT on purchases, but only in proportion to the taxable activity actually carried out (pro-rata or direct deductibility criterion).</p>
Taxation effects on Non-Resident Holdings	Dividends received by Italian holding companies from participations in foreign companies may benefit from 0 Wht (if "Parent-Subsidiary" directive applies) or Double Tax Convention Wht tax, where applicable. Italy has a large number of tax treaty in place.

Requirements for Capital Gains Exemption	<p>In order to use the PEX regime in the case of capital gains, the following requirements must be verified</p> <ul style="list-style-type: none"> • classification of the participation in the first balance sheet as a financial fixed asset • uninterrupted holding for 12 months • the subsidiary must not be resident in privilege tax regime • the subsidiary must be engaged in commercial activity.
Group Structure and Tax Consolidation	<p>Tax consolidation allows the offsetting of profits and losses among group entities, which can result in significant tax advantages. It is also possible to use group VAT settlement or even VAT group consolidation.</p>
Liability of the Parent Company	<p>In the case of tax consolidation, the subsidiaries are jointly and severally liable with the holding company for the higher taxes assessed, penalties and interest, in respect of their income.</p>



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LUXEMBOURG

	SOPARFI (Société de Participations Financières)	SPF (Société de Gestion de Patrimoine Familial)
Concept	Explanation	Explanation
Dividend and Capital Gains Exemption	A Luxembourg SOPARFI benefits from full tax exemption on dividends and capital gains from qualifying participations. To qualify, the SOPARFI must hold at least 10% of the subsidiary (or invest ≥ €1.2 million for dividends, ≥ €6 million for capital gains) for at least 12 months. Dividends received are exempt from corporate tax, and capital gains on disposal of such holdings are also tax-free. Additionally, no withholding tax applies on outbound dividends to qualifying EU or treaty-based shareholders. These exemptions make SOPARFI a highly efficient vehicle for international holding and investment structures, provided substance and anti-abuse conditions are respected.	A SPF (Société de gestion de Patrimoine Familial) offers full exemption from Luxembourg tax on both dividends and capital gains, making it highly attractive for private individuals and families managing passive investments. There are no minimum holding periods or ownership thresholds to benefit from these exemptions. However, the SPF is restricted to non-commercial activities and cannot actively manage its investments. It also does not benefit from tax treaties or EU directives, meaning it may still face withholding taxes in foreign jurisdictions. Despite these limits, the SPF remains a tax-efficient vehicle for private wealth preservation and succession planning.
Participation in Non-Resident Entities	A SOPARFI offers key advantages for participating in non-resident entities, including full tax exemption on dividends and capital gains from qualifying foreign subsidiaries, provided holding thresholds and duration requirements are met. It also benefits from Luxembourg's extensive double tax treaty network and EU directives, reducing or eliminating foreign withholding taxes. The regime supports tax-efficient repatriation of profits and capital, while qualifying participations are exempt from Luxembourg net wealth tax. With proper economic substance, the SOPARFI structure ensures legal and tax certainty, making it an attractive vehicle for international investment and group structuring.	A SPF (Société de gestion de Patrimoine Familial) is allowed to hold participations in non-resident entities, such as foreign companies, investment funds, or other legal structures. These holdings are considered passive investments, meaning the SPF can receive dividends and capital gains from them fully exempt from Luxembourg taxes. However, the SPF must not engage in any form of active management or commercial activity in connection with these entities. It cannot influence the daily operations or strategic decisions of the foreign companies it holds.
Group of Companies Structure	A SOPARFI is ideal for structuring a group of companies by enabling tax-exempt dividends and capital gains, benefiting from EU directives and tax treaties, and allowing centralized control. It supports efficient intra-group financing, simplifies management, and enhances legal and tax planning across jurisdictions.	A SPF cannot form or manage a group of companies in the typical sense. It may hold shares in multiple entities but only as a passive investor. It is excluded from tax consolidation, group-level tax planning, and treaty benefits, making it unsuitable for active corporate group structuring. Instead, it is designed purely for private, non-commercial wealth management.

	SOPARFI (Société de Participations Financières)	SPF (Société de Gestion de Patrimoine Familial)
Participation requirements	To qualify, the SOPARFI must hold at least 10% of the subsidiary or invest a minimum of €1.2 million (for dividends) or €6 million (for capital gains) for at least 12 months. These thresholds are relatively flexible, making it easier for companies to meet participation criteria. Additionally, qualifying participations are exempt from net wealth tax, and the structure benefits from Luxembourg's tax treaties and EU directives, further enhancing its appeal for holding investments.	A SPF can hold participations in any number of entities but only as a passive investor. It must avoid any form of management or commercial involvement, and it cannot claim tax treaty or directive benefits. There are no minimum holding thresholds or durations, making it a simple and tax-efficient tool for private wealth structuring, but not for active business participation.
Benefits of Holding shares	A SOPARFI is an efficient vehicle for holding shares due to full tax exemption on qualifying dividends and capital gains, exemption from net wealth tax, and access to EU directives and tax treaties that reduce or eliminate withholding taxes. It offers flexibility to hold international assets and engage in related activities like group financing, making it ideal for tax-efficient and compliant global structuring.	A SPF offers significant benefits for holding shares, including 0% tax on dividends, capital gains, and net wealth related to those holdings. Unlike SOPARFIs, there are no minimum participation thresholds (e.g. 10%, €1.2M/€6M) or holding period requirements. Distributions to shareholders are also exempt from Luxembourg withholding tax, provided the investors are eligible (e.g. individuals or private wealth structures). The SPF is not subject to VAT or audit (unless exceeding 2 of the 3 thresholds like €4.4M in assets, €8.8M in turnover and or 50 employees), and requires no business license.
Subholding Structure	A SOPARFI used as a subholding company provides significant advantages, including full tax exemption on qualifying dividends and capital gains, and reduced withholding taxes via EU directives and tax treaties. It enables efficient profit distribution, centralized ownership of subsidiaries, and streamlined group management. Additionally, it offers wealth tax relief on qualifying participations and can support intra-group financing or IP activities, making it a flexible and tax-efficient solution for multinational group structuring.	A SPF cannot act as a true subholding company due to its non-commercial status, lack of management rights, and ineligibility for group tax benefits. It may passively hold shares across multiple entities, but it is not suitable for coordinating or managing group operations.
Protection of Minority Shareholders	A SOPARFI offers strong protections for minority shareholders through legal rights such as access to information, voting participation, and legal recourse against unfair decisions. Shareholder agreements can also include tag-along rights and dividend entitlements. These measures help ensure fair treatment and protect minority interests within the structure.	Minority shareholders in an SPF are protected by Luxembourg company law through voting rights, access to information, legal remedies, and optional contractual protections like tag-along rights. These safeguards ensure fair treatment in a non-commercial, private wealth-holding context.

	SOPARFI (Société de Participations Financières)	SPF (Société de Gestion de Patrimoine Familial)
Deduction to avoid Double Taxation	<p>A SOPARFI can reduce or avoid taxation through several deductions:</p> <p>Participation exemption: Full tax exemption on dividends ($\geq 10\%$ holding or €1.2M investment) and capital gains ($\geq 10\%$ or €6M), held for at least 12 months.</p> <p>Interest deduction: Interest on acquisition loans may be deductible, subject to anti-abuse rules.</p> <p>Operating expenses: Business-related costs (e.g. legal, audit) are deductible.</p> <p>Loss carryforward: Tax losses can be carried forward for up to 17 years.</p> <p>Double tax relief: Foreign taxes may be credited via treaties or domestic rules.</p>	<p>A SPF cannot claim deductions or relief to avoid double taxation, as it does not qualify for tax treaties or foreign tax credits. Any foreign tax withheld on income is typically a non-recoverable cost.</p>
Consideration of the Holding Company as a Taxable Person for VAT purposes	<p>A SOPARFI is considered a VAT taxable person only if it performs economic activities, such as invoicing subsidiaries for management or other services. Pure holding companies that only receive dividends are not VAT liable. If VAT-registered, the SOPARFI can deduct input VAT, but only for its taxable activities. It may also benefit from VAT grouping with its subsidiaries. Compliance requires proper invoicing, documentation, and VAT filings.</p>	<p>A SPF is not a VAT taxable person and is not entitled to input VAT recovery. It does not register, invoice, or file VAT returns, as it performs no economic activity. This ensures regulatory simplicity but means VAT on costs becomes non-recoverable.</p>
Taxation effects on Non-Resident Holdings	<p>Non-resident shareholders of a Luxembourg SOPARFI face a 15% withholding tax on dividends, unless reduced or exempt under EU directives or tax treaties. Capital gains are generally tax-free in Luxembourg unless the non-resident held $< 10\%$ and sold within 6 months. Interest payments are usually exempt from withholding tax. Anti-abuse rules may limit benefits if the structure lacks substance. Net wealth tax applies only to the SOPARFI, not its non-resident shareholders.</p>	<p>For a SPF, non-resident holdings have the following tax effects: the SPF itself is fully tax-exempt in Luxembourg on dividends and capital gains, and does not apply withholding tax on distributions to non-resident shareholders.</p>
Requirements for Capital Gains Exemption	<p>To benefit from capital gains exemption, a SOPARFI must:</p> <ul style="list-style-type: none"> Hold at least 10% of the subsidiary or invest a minimum of €6 million, Maintain the participation for at least 12 months, Ensure the subsidiary is subject to a comparable tax ($\geq 9\%$ effective rate) in Luxembourg, the EU, or a treaty country, Comply with anti-abuse rules, proving economic substance and non-artificial structuring. 	<p>A SPF benefits from full capital gains exemption with no minimum holding period or investment threshold, provided it acts as a passive, non-commercial investor and stays within its legal purpose of managing private wealth.</p>

SOPARFI (Société de Participations Financières)

Group Structure and Tax Consolidation

A SOPARFI can benefit from tax consolidation through fiscal unity, either vertically with its Luxembourg subsidiaries or horizontally with sister companies under a common parent. To qualify, companies must be fully subject to CIT, share the same financial year, and be at least 95% owned. Profits and losses are pooled for tax purposes, with a single return filed by the parent. Net wealth tax remains separate. The election must be made before year-end and lasts at least 5 years. This structure enhances tax efficiency within Luxembourg-based corporate groups.

Liability of the Parent Company

A parent company of a SOPARFI generally has limited liability, restricted to its capital contribution. It is not liable for the SOPARFI's debts unless it provides guarantees, enters into fiscal unity (sharing tax liability), or engages in fraud or abuse of legal form. Liability may also arise through management roles or contractual obligations.

SPF (Société de Gestion de Patrimoine Familial)

A SPF cannot be used in a group structure or tax consolidation arrangement. It is strictly limited to passive wealth holding, with no commercial activity or management powers.

The parent company (if qualified to be a shareholder) has limited liability, meaning it is only liable up to its capital contribution. The SPF's separate legal personality protects shareholders, provided the structure is not abused or misused.



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MALTA

A Maltese holding structure is often used in international tax planning due to Malta's favorable tax regime, full imputation system, and participation exemption rules. Below is a detailed overview :

Concept	Explanation
Dividend and Capital Gains Exemption	Malta offers a Participation Exemption regime under which dividends and capital gains derived from qualifying holdings in foreign companies can be exempt from tax in Malta. Conditions must be met, including minimum equity ownership and nature of the subsidiary.
Participation in Non-Resident Entities	Malta allows companies to hold shares in non-resident entities without restrictions. If the holding qualifies under the participation exemption regime, income and gains from such entities can be exempt from Maltese tax. Malta does not impose withholding taxes on outbound dividends, interest, or royalties.
Group of Companies Structure	Malta recognizes group relief provisions, allowing companies in the same group (more than 50% ownership) to transfer losses between them. Group structures can benefit from tax consolidation, simplified reporting, and internal financing advantages.
Participation requirements	<p>To qualify for participation exemption, the Maltese company must:</p> <ul style="list-style-type: none"> • Hold at least 5% of the equity or voting rights in the subsidiary, or • Have an option to acquire the remainder, or • Hold an investment valued at €1.164 million for at least 183 days. <p>Additional criteria apply to ensure the subsidiary is:</p> <ul style="list-style-type: none"> • Not resident in a blacklisted jurisdiction; • Subject to tax of at least 15%; • Not a passive income vehicle, unless the conditions above are met.
Benefits of Holding shares	<p>Holding shares through a Maltese company provides:</p> <ul style="list-style-type: none"> • Tax-efficient repatriation of profits; • Asset protection; • Access to Malta's network of over 70 double tax treaties; • Centralized management of diverse international holdings; • Facilitates estate planning and succession.
Subholding Structure	<p>A sub-holding company (e.g., used regionally) can be established under the Maltese holding company for:</p> <ul style="list-style-type: none"> • Risk isolation; • Geographical or business line segmentation; • Streamlined regional tax optimization; • Enhanced exit strategies through structured disposals.

Protection of Minority Shareholders	<p>The Companies Act (Chapter 386) offers statutory protections for minority shareholders, including:</p> <ul style="list-style-type: none"> • Derivative actions; • Protection against unfair prejudice; • Right to information and meeting participation; • Oppression remedy in court.
Deduction to avoid Double Taxation	<p>Malta offers several methods to avoid double taxation:</p> <ul style="list-style-type: none"> • Double Tax Treaties (DTTs); • Unilateral relief (where no DTT exists); • Participation exemption; • Foreign tax credit system (flat rate foreign tax credit, deemed credit, or actual).
Consideration of the Holding Company as a Taxable Person for VAT purposes	<p>Generally, a pure holding company with no economic activity (e.g., just holding shares) is not considered a taxable person for VAT. However, if the company actively manages subsidiaries or provides taxable services, it may be VAT-registered. Each case must be assessed on the economic activity test under EU VAT Directive principles.</p>
Taxation effects on Non-Resident Holdings	<p>Non-residents holding shares in a Maltese company:</p> <ul style="list-style-type: none"> • No Maltese withholding tax on dividends; • No Maltese capital gains tax (if the assets are not mainly Maltese real estate); • May benefit from refunds under Malta's full imputation system, effectively reducing corporate tax to 5% or less.
Requirements for Capital Gains Exemption	<p>For capital gains from the sale of a participating holding to be exempt:</p> <ul style="list-style-type: none"> • The sale must involve a qualifying participation; • The participation must meet the criteria under Article 12(1)(u)(2) of the Income Tax Act; • The holding must be non-immovable property in Malta; • The minimum holding or investment thresholds must be respected.

Group Structure and Tax Consolidation	<p>Malta introduced a formal tax consolidation regime in 2019, allowing qualifying group companies to be treated as a single taxpayer. This provides several key advantages:</p> <p>Eligibility:</p> <ul style="list-style-type: none"> • The parent must own at least 95% of the subsidiary's equity, voting rights, and profits. • Both companies must be Maltese tax residents and not exempt from tax in Malta. • The election is optional and must be made by both parent and subsidiary. <p>Benefits:</p> <ul style="list-style-type: none"> • Single tax return for the group; • No need for inter-company dividend withholding tax refunds, as transactions are ignored for tax purposes; • Simplified cash flow management and administrative efficiency; • Elimination of intercompany profits/losses for tax purposes; • May defer tax payments across the group more effectively.
Liability of the Parent Company	<p>Malta follows separate legal personality principles:</p> <ul style="list-style-type: none"> • The parent company is not liable for the debts or obligations of subsidiaries; • Liability is limited to capital invested, unless corporate veil is pierced due to fraud or abuse; • Legal and tax separateness makes Malta ideal for layered structures.

PAKISTAN

Concept	Explanation
Dividend and Capital Gains Exemption	Holding companies and subsidiary companies of 100% owned group may opt to be taxed as one fiscal unit which shall be a irrevocable option for the group structure. However, any income derived from inter-corporate dividend within the group companies entitled to group taxation under section 59AA is exempt from tax subject to the condition that return of the group has been filed for the tax year.
Participation in Non-Resident Entities	Tax benefits and credits are available for the holdings in the foreign entities subject to conditions and circumstances.
Group of Companies Structure	Having a group of companies managed under a holding structure enables centralized control and cohesive strategic planning.
Participation requirements	A holding company and each of its subsidiary companies of 100% owned group which fulfill the conditions specified in section 59AA of Income Tax Ordinance , 2001 shall make separate application containing declaration of irrevocable option for group taxation as one fiscal unit to the concerned Commissioner in the form as set out in the Schedule within the first quarter of the tax year for which group taxation is opted for. However, the option to be taxed as a single fiscal unit is restricted to the locally incorporated under the Companies Act, 2017.
Benefits of Holding shares	Holding shares in other companies allows for centralized control and group taxation reliefs for tax purposes.
Subholding Structure	Subholdings may also benefit from the exemption if they meet the participation criteria.
Protection of Minority Shareholders	Minority shareholder rights can be compromised in subsidiary operations unless protected by strong corporate governance measures and may not be able to avail the tax reliefs available to the group companies.
Deduction to avoid Double Taxation	In availability of double taxation treaties with the countries, the income derived from such countries would not be subject to double taxation. However, in case of non-availability of treaty, the foreign sourced income of a resident person, tax credits are also available subject to conditions and circumstances.
Consideration of the Holding Company as a Taxable Person for VAT purposes	In Pakistan, VAT is commonly known as Gross Sales Tax (GST), for GST purposes the holding entities that provide services to their subsidiaries may be considered taxable persons, allowing the deduction of input GST for that services.
Taxation effects on Non-Resident Holdings	Dividends and capital gains distributed by non-resident holdings may not be subject to tax in the holding entity, depending the receipt is the resident person or not.

Requirements for Capital Gains Exemption	The transfer of shares between companies and the share holders, in one direction, would not be taken as a taxable event provided the transfer is to acquire share capital for formation of the group and approval of the Security and Exchange Commission of Pakistan or State Bank of Pakistan, as the case may be, has been obtained in this effect. Sale and purchase from third party would be taken as taxable event.
Group Structure and Tax Consolidation	Tax consolidation allows the offsetting of profits and losses among group entities, which can result in significant tax advantages subject to holding structures and types of losses. Carried forward losses shall not be allowed to be offset from the profits of the group companies.
Liability of the Parent Company	The parent company may be held liable for the decisions of the subsidiary, posing a risk to minority shareholders.



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PARAGUAY

Concept	Explanation
Dividend and Capital Gains Exemption	<p>S.A.s. do not pay profit distribution tax (IDU) in the following cases: income or profits from a sole proprietorship that pays Income Tax through the SIMPLE or RESIMPLE, as well as surpluses, dividends, or profits generated by cooperatives, mutual societies, and simple companies.</p> <p>Likewise, dividends, profits, or returns from investment programs authorized under Law No. 60/1990 "Establishing the tax incentive regime for the investment of capital of national and foreign origin" will not be taxed by the IDU, provided they meet the conditions and requirements established in section h) of Article 5 of the aforementioned Law and its amendments.</p> <p>Likewise, dividends, profits, or earnings from contracts approved pursuant to Law No. 1,064/1997 "On the Export Maquiladora Industry" are excluded from the IDU.</p> <p>Finally, dividends, profits, or earnings generated by Free Trade Zone Users within the framework of their activities are exempt from this Tax, in accordance with Article 3 of Law No. 523/1995 "Authorizing and Establishing the Free Trade Zone Regime."</p>
Participation in Non-Resident Entities	Dividends and profits obtained from foreign companies are not taxed in Paraguay.
Group of Companies Structure	Holding companies, even with that name, are not conceptualized within the national legal framework. The existence of "affiliated companies" is considered.
Participation requirements	Not applicable
Benefits of Holding shares	There are no benefits directly related
Subholding Structure	Not applicable
Protection of Minority Shareholders	For minority shareholders, like all other shareholders, each share entitles them to one vote, and the personal limitations imposed on shareholders of corporations apply.
Deduction to avoid Double Taxation	For countries with which Paraguay has agreements to avoid double imputation, the option of paying the tax in only one of the countries could be considered.
Consideration of the Holding Company as a Taxable Person for VAT purposes	Holding companies (related) that provide services to their subsidiaries may have normal obligations regarding the payment of VAT, i.e., these operations generate a VAT Fiscal Debit, which are imputed with the VAT Fiscal Credit of the purchases corresponding to the month, if the difference is greater in terms of the debit, then it is necessary to pay the treasury.

Taxation effects on Non-Resident Holdings	Dividends and capital gains distributed by non-resident holdings in the country (Paraguay) are not subject to tax payments.
Requirements for Capital Gains Exemption	Not applicable
Group Structure and Tax Consolidation	There is no possibility of offsetting profits and losses between group entities or related companies. Each entity must submit its financial statements and income tax returns independently. However, transfer prices between related entities abroad or locally that are subject to tax exemptions (e.g., free trade zones) are taken into account.
Liability of the Parent Company	The parent company is responsible for the decisions of the subsidiary, which poses a risk to minority shareholders.



POLAND

Concept	Explanation
Dividend and Capital Gains Exemption	<p>The Polish Holding Company can benefit from:</p> <ul style="list-style-type: none"> • full CIT exemption for gains on the disposal of shares of a subsidiary company to an unrelated party, and • full CIT exemption for dividend payments received from a subsidiary.
Participation in Non-Resident Entities	<p>In order to benefit from the CIT exemption the subsidiary must not be an entity having its registered office or management in:</p> <ul style="list-style-type: none"> • a country applying harmful tax competition, • a country indicated in the EU list of non-cooperative jurisdictions for tax purposes, or • a country with which Poland or the European Union has not ratified an agreement allowing for information exchange.
Group of Companies Structure	<p>Group of companies a parent company and one or more subsidiaries that are capital companies, which, according to a resolution on participation in the group, follow a common strategy to achieve a shared interest (the interest of the group), justifying the unified management exercised by the parent company over the subsidiary or subsidiaries.</p> <p>It should be also noted that according to Polish legal system a parent company is a commercial company that, in relation to another company (called a subsidiary) or cooperative (subsidiary cooperative), meets at least one of the following conditions:</p> <ol style="list-style-type: none"> a) holds the majority of votes at the subsidiary's shareholders'; b) has the right to appoint or remove the majority of the subsidiary's or management board members; c) has the right to appoint or remove the majority of the subsidiary's or supervisory board members; d) its management members make up more than half of the subsidiary's management board. <p>Additionally, a parent company may also be characterized by holding the majority of votes in the subsidiary partnership general meeting or exerting decisive influence over the subsidiary's activities, especially through agreements managing the subsidiary or governing profit transfers.</p> <p>Moreover, a parent entity having its registered seat or place of management in the territory of the Republic of Poland shall prepare an annual consolidated financial statement of the capital group, covering data of the parent entity and all of its subsidiaries at all levels, regardless of their registered seats, presented as if the capital group constituted a single entity. In addition to its individual financial statement, the parent entity includes in the consolidated financial statement the reports of all subordinate entities within the consolidation group, regardless of the location of their registered seats. Given that the territorial scope of the subsidiaries subject to consolidation may extend beyond the borders of Poland, the financial statements of individual subordinate entities may be prepared in accordance with local accounting regulations and in different currencies.</p> <p>In order to benefit from the CIT exemption the Polish Holding Company must directly own at least 10% of the shares (stocks) in the capital of the subsidiary.</p>

Participation requirements	<p>A characteristic feature of the control/subordination relationship is the limitation of the category of the controlling entity to a commercial company. Polish Commercial Companies Code refers to a parent company (spółka dominująca), rather than to a controlling entity in a broader sense. Accordingly, a natural person, a legal person other than a capital company (including a cooperative, foundation, association, or state enterprise), an organizational unit without legal personality, or the State Treasury may not act as the “superior” party in a control/subordination relationship.</p> <p>However, the obligation to notify the establishment of a control relationship also applies to foreign parent companies (i.e., companies governed by foreign law).</p> <p>The CIT exemption is applicable if certain conditions are met, in particular the Polish Holding Company should own at least 10% of the shares (stocks) in the capital of the subsidiary company continuously for a period of at least 2 years as of the day before the date of receiving the relevant income.</p>
Benefits of Holding shares	<p>The parent company may at any time review the books and documents of the subsidiary participating in the group of companies and request information from it. In the event of refusal, a motion may be submitted to the registry court to force the management board of the subsidiary to provide access to the books and documents or to provide the requested information. Moreover, the supervisory board of the parent company exercises ongoing supervision over the subsidiary’s implementation of the interest of the group of companies, provided that the subsidiary participates in the group.</p> <p>The shareholders’ meeting (general meeting) of a subsidiary participating in a group of companies may adopt a resolution on the compulsory buyout of shares or stocks held by shareholders representing no more than 10% of the share capital. To exercise this right, the parent company must directly hold at least 90% of the subsidiary’s share capital—this threshold excludes indirect holdings or rights arising from agreements with third parties. However, the subsidiary’s articles of association may introduce two modifications:</p> <ul style="list-style-type: none"> a) allowing the parent company to count both direct and indirect holdings; b) lowering the ownership threshold for the compulsory buyout right to not less than 75% of the subsidiary’s share capital.
Subholding Structure	<p>As a rule, under Polish law, only a company governed by Polish law may qualify as a parent company. When a legal rule addressed to a parent company is meant to apply also to its subsidiaries, only a Polish company can act as the parent company in that context. This is because such rules are directed specifically at Polish companies or their officers. For example, only a Polish company is subject to the ban on acquiring its own shares, and only the officers of a Polish company are covered by the prohibition on holding multiple positions.</p>
Protection of Minority Shareholders	<p>A minority shareholder or shareholders of the subsidiary participating in the group of companies, representing at least 10% of the share capital, may apply to the registration court to appoint an auditing firm to examine the accounting and activities of the group of companies. They may also demand that the agenda of the nearest shareholders’ meeting or general meeting include the matter of adopting a resolution on the compulsory buyout of their shares or stocks by the parent company, which directly, indirectly, or based on agreements with other persons, represents at least 90% of the share capital of the subsidiary participating in the group of companies.</p>
Deduction to avoid Double Taxation	<p>As a rule, the holding company can apply the methods for double taxation avoidance.</p>

Consideration of the Holding Company as a Taxable Person for VAT purposes	The VAT position of a holding company is a complex issue. In principle, simply holding shares in order to receive dividends or sell them for a capital gain is an investment activity and not an economic activity for VAT purposes. Still, the holding company may be treated as a VAT entrepreneur, if for example it is actively involved with the management of subsidiaries.
Taxation effects on Non-Resident Holdings	In principle the tax benefits are applicable also to a Polish Holding Company that has non-resident subsidiaries.
Requirements for Capital Gains Exemption	The Polish Holding Company is required to notify the tax authority about the intent to apply the CIT exemption for gains on the disposal of shares at least 5 days before disposal.
Group Structure and Tax Consolidation	The holding company and the subsidiaries cannot settle CIT on a joint basis.
Liability of the Parent Company	<p>The parent company is liable towards a partner or shareholder of the subsidiary for a reduction in the value of their share or stock, if such reduction was a result of the subsidiary's execution of a binding instruction.</p> <p>The parent company is liable to the subsidiary for damage caused by the execution of a binding instruction, if such damage is not remedied within the period specified in the instruction—unless the parent company proves it was not at fault. This regulation establishes the parent company's independent liability for its own obligation, rather than a "piercing the corporate veil" liability for the subsidiary's debt. The parent company may be released from liability if it can demonstrate absence of fault. In assessing fault, particular attention must be given to the duty of loyalty the parent company owes to the subsidiary when issuing and enforcing binding instructions—a key principle governing intra-group relations.</p> <p>Moreover, if enforcement against a subsidiary participating in a group of companies proves ineffective, the parent company is liable for the damage caused to the subsidiary's creditor, unless it is not at fault or the damage did not result from the subsidiary's execution of a binding instruction.</p>

QATAR

Concept	Explanation
Dividend and Capital Gains Exemption	Dividends and capital gains are generally not subject to tax, provided that the participation requirements are satisfied.
Participation in Non-Resident Entities	Dividend and capital gains taxation within holding structures remains favorable, even when involving foreign subsidiaries.
Group of Companies Structure	Managing a group of companies through a holding entity enables unified decision-making and strategic oversight.
Participation requirements	To qualify for capital gains tax exemption, the holding entity must possess at least a 10% ownership stake in the subsidiary, maintained for a minimum of six months, and the shares must not be held primarily for resale purposes.
Benefits of Holding shares	Holding shares in other companies facilitates centralized management, operational efficiencies, simplified reporting and access to Double Taxation Treaty benefits.
Sub holding Structure	Sub-holding companies may also qualify for tax exemptions if they comply with the required ownership percentage and participation conditions.
Protection of Minority Shareholders	Subsidiary structures may limit the rights of minority shareholders unless robust corporate governance mechanisms are implemented.
Deduction to avoid Double Taxation	Holding companies can claim deductions for foreign taxes paid on dividend income, provided the applicable participation requirements are met.
Consideration of the Holding Company as a Taxable Person for VAT purposes	Qatar does not impose Value Added Tax (VAT) at present
Taxation effects on Non-Resident Holdings	Dividend and capital gains income distributed by non-resident holding entities is considered foreign-sourced and is not subject to tax in the holding Company.
Requirements for Capital Gains Exemption	A full exemption from capital gains tax is available, provided that the participation conditions are satisfied.
Group Structure and Tax Consolidation	Tax consolidation within a group allows profits and losses to be offset across entities, offering significant tax planning advantages and minimizing intra-group transfer pricing obligations.
Liability of the Parent Company	The parent company may bear legal and financial responsibility for the actions of its subsidiaries, which could present risks for minority shareholders.



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SINGAPORE

Concept	Explanation
Dividend and Capital Gains Exemption	Holding companies can benefit from a exemption on dividends obtained from their subsidiaries if the subsidiary is resident in a tax paying jurisdiction whose minimum headline tax rate is 15% or above. There is no Capital Gain Tax in Singapore.
Participation in Non-Resident Entities	Tax treatment on dividends is same as above.
Group of Companies Structure	The existence of a group of companies managed through a holding allows for unified control and strategic planning.
Participation requirements	Holding companies can benefit from a exemption on dividends obtained from their subsidiaries if the subsidiary is resident in a tax paying jurisdiction whose minimum headline tax rate is 15% or above. There is no Capital Gain Tax in Singapore.
Benefits of Holding shares	Holding shares in other companies allows for centralized control, cost savings, and simplified reporting.
Subholding Structure	Subholdings may also benefit from the exemption if they meet the requirements.
Protection of Minority Shareholders	Subsidiary operations may weaken minority shareholder rights unless corporate governance safeguards are in place.
Deduction to avoid Double Taxation	Holding entities can deduct foreign taxes paid on dividends received in line with DTA signed between the two countries.
Consideration of the Holding Company as a Taxable Person for VAT/GST purposes	Holdings that provide services to their subsidiaries may be considered taxable persons for VAT purposes, allowing the deduction of input VAT / GST for that services usually called "management fees". Other services also could be provided.
Taxation effects on Non-Resident Holdings	Dividends and capital gains received by a non-resident holding company may be subject to tax as per non-resident status.
Requirements for Capital Gains Exemption	There is no capital gains tax in Singapore.
Group Structure and Tax Consolidation	Tax consolidation allows the offsetting of profits and losses among group entities, which can result in significant tax advantages, also avoiding transfer price regulation and obligations within the group.
Liability of the Parent Company	The parent company may be held liable for the decisions of the subsidiary, posing a risk to minority shareholders.



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SPAIN

Concept	Explanation
Dividend and Capital Gains Exemption	Holding companies can benefit from a 95% exemption on dividends obtained from their subsidiaries and capital gains obtained from selling subsidiaries participations.
Participation in Non-Resident Entities	Taxation on dividends and capital gains in holdings may be favorable even when involving foreign entities.
Group of Companies Structure	The existence of a group of companies managed through a holding allows for unified control and strategic planning.
Participation requirements	To apply the 95% dividends exemption, it is necessary to have at least a 5% stake in the subsidiary, held for a minimum of one year, or being held in future; the same for 95% capital gain exemption, but when participation has been taken by the holding company through non-monetary contribution of shares, those must be held for a minimum of two years before selling it.
Benefits of Holding shares	Holding shares in other companies allows for centralized control, cost savings, and simplified reporting.
Subholding Structure	Subholdings may also benefit from the exemption if they meet the participation and permanence requirements.
Protection of Minority Shareholders	Subsidiary operations may weaken minority shareholder rights unless corporate governance safeguards are in place.
Deduction to avoid Double Taxation	Holding entities can deduct foreign taxes paid on dividends received, provided that participation requirements are met.
Consideration of the Holding Company as a Taxable Person for VAT purposes	Holdings that provide services to their subsidiaries may be considered taxable persons for VAT purposes, allowing the deduction of input VAT for that services usually called "management fees". Arre services also could be provided.
Taxation effects on Non-Resident Holdings	Dividends and capital gains distributed by non-resident holdings may not be subject to tax in the holding entity, depending on the ownership structure.
Requirements for Capital Gains Exemption	The 95% exemption on capital gains applies if participation and minimum taxation requirements are met in the second-tier entities.
Group Structure and Tax Consolidation	Tax consolidation allows the offsetting of profits and losses among group entities, which can result in significant tax advantages, also avoiding transfer price regulation and obligations within the group.
Liability of the Parent Company	The parent company may be held liable for the decisions of the subsidiary, posing a risk to minority shareholders.



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THAILAND

Concept	Explanation
Dividend and Capital gain Exemption	<p>Tax Exemption of Dividend</p> <p>1. Half Tax Exemption</p> <p>A limited company incorporated under Thai laws receiving dividends from another company incorporated under Thai laws must include the income in its tax calculation. However, only 50% of such income is subject to tax.</p> <p>2. Full Tax Exemption</p> <p>A public limited company incorporated under Thai laws whether it is listed or non-listed company holding at least 25% of the voting rights in the dividend-distributing company incorporated under Thai laws is fully exempted from tax on dividends, provided that the dividend-distributing company does not hold any shares in the dividend recipient company whether directly or indirectly.</p> <p>In both cases, the holding company must hold the shares in the dividend-distributing company for at least 3 months before and after the dividend payment.</p> <p>Tax Exemption of Capital Gain</p> <p>Tax exemption of capital gain applies only in certain cases of share transfers where specific holding periods and criteria of the shares in the company incorporate and operated in Thailand are met.</p>
Participation in Non-Resident Entities	<p>A limited or public limited company incorporated under Thai laws shall be exempt from tax on dividends distributed by any company or partnership incorporated under foreign laws if the following conditions are met:</p> <ol style="list-style-type: none"> 1. Such Thai company must hold at least 25% of the total voting shares in the dividend-distributing entity, and the shares must be held for at least six months from the date of acquisition to the date the dividend is distributed; and 2. The dividend must be paid from net profits after the tax deduction in the country where the dividend-distributing entity is incorporated, at a rate of not less than 15% of the net profits after tax deduction, regardless of whether that country provides any tax reduction or exemption for the dividend-distributing entity.
Group of Companies Structure	Any group of companies managed through a holding structure enables centralized and unified control, as well as strategic decision-making. The profits generated by subsidiaries/affiliates of the group of companies will also be required to be retained and reinvested within the group.
Participation requirements	To qualify for full dividend tax exemption under Thai laws, the parent company must hold at least 25% of the total voting shares in the subsidiary, with no cross-shareholding structure. In addition, the parent company must have held such shares for not less than three months before and after the dividend distribution date.
Benefits of Holding shares	Holding shares in other companies with centralized control will reduce costs, manage risk, protect assets, and provide tax benefits.
Subholding Structure	Thai law does not specifically define a subholding company. If it acts like a holding company regardless of level of shareholding structure, the conditions regarding the holding company will be applied.

Protection of Minority Shareholders	Under the Thai laws, protection of minority shareholders can be in several form, including participation in meetings, voting rights, and the ability to inspect company records as mutually specified in the articles of association of the company.
Deduction to avoid Double Taxation	Double Tax Agreements (DTAs) Bilateral tax treaties are signed by and between Thailand and many other contracting countries (e.g., the United States, Singapore, Japan, China, the United Kingdom, Germany, Australia, etc.) to prevent natural persons and juristic persons with cross-border income from facing double taxation in both Thailand and such particular foreign countries. The measures can be in a form of tax credit or tax exemption.
Consideration of the Holding Company as a Taxable Person for VAT purposes	Business engaging in certain activities are required to register for VAT. However, a holding business is not considered as a business activity subject to VAT. Thus, it is not required to register and is not subject to collect and conduct VAT filing.
Taxation effects on Non-Resident Holdings	"A company incorporated under foreign laws that does not conduct business in Thailand, but receives assessable income, such as dividends or other benefits from a company operated and based in Thailand, will be liable to pay tax under Thai laws. Additionally, capital gains from the sale of shares in a company incorporated and operated in Thailand by a non-resident are subject to withholding tax in Thailand as Thai-sourced income."
Requirements for Capital Gains Exemption	Capital gains from the sale of shares of the company incorporate and operated in Thailand may be exempt from the income tax if the following conditions are met: <ul style="list-style-type: none"> • The shares have been held for at least 24 months prior to the sale; • The sale results in a capital gain (i.e., generating profits from the original investment); • The company incorporated and operated in Thailand earns at least 80% of its revenue from government-promoted activities for two consecutive accounting years prior to the sale. In addition, capital gains from the transfer of shares in a venture capital holding company may also be exempt from tax, provided that a venture capital holding company has invested in a company incorporated and operated in Thailand that earns at least 80% of its revenue from government-promoted activities for two consecutive accounting years prior to the sale.
Group Structure and Tax Consolidation	Thailand's tax system treats each company as a separate taxable entity, requiring companies to file taxes individually. There is no provision under the Thai Revenue Code for group tax filing or consolidated tax returns. Profits and losses cannot be offset across the group.
Liability of the Parent Company	A parent company is generally not liable for the debts or obligations of its subsidiary/affiliates, as it is a separate entity from its subsidiaries/affiliates. However, as a shareholder, it is liable to pay for any unpaid amount of shares it holds in such subsidiaries/affiliates. The liability will be as in the amount of unpaid amount of shares.



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UNITED KINGDOM

Concept	Explanation
Dividend and Capital Gains Exemption	Dividends received by UK holding companies are generally exempt from corporation tax under the dividend exemption rules. Capital gains on the sale of a trading subsidiary may be exempt under the Substantial Shareholdings Exemption (SSE), provided key conditions are met.
Participation in Non-Resident Entities	UK tax treatment of dividends and gains from non-resident entities is generally favourable, especially where double tax treaties apply. CFC rules may apply to control passive income.
Group of Companies Structure	UK groups benefit from streamlined tax and legal structuring. Holding companies facilitate coordinated control, strategic oversight, and intra-group efficiencies.
Participation Requirements	To benefit from the dividend exemption, there are typically no minimum ownership or holding period requirements for UK tax purposes, though the exemption is subject to anti-avoidance rules and the nature of the dividend. Commercial ownership and substance are key. To access the SSE, the parent must have held $\geq 10\%$ of ordinary share capital in the trading company for ≥ 12 consecutive months within the last 6 years before disposal.
Benefits of Holding Shares	Centralisation of ownership through a holding company allows for improved governance, strategic capital allocation, and cost-efficient treasury functions.
Subholding Structure	Subholding companies can be used to organise business lines, ringfence risk, and facilitate group relief or SSE claims, if relevant conditions are met.
Protection of Minority Shareholders	Corporate governance mechanisms (e.g., shareholder agreements, statutory protections) must be maintained to safeguard minority shareholders, particularly in partially owned subsidiaries.
Deduction to Avoid Double Taxation	Foreign tax credits or exemptions under treaties may prevent double taxation on overseas income, though the UK has moved from credit to exemption-based rules in many cases.
VAT Consideration for Holding Companies	Holding companies that are part of a VAT group are generally treated as outside the scope of VAT for intra-group transactions. However, to recover input VAT on other costs, the holding company must provide taxable supplies (e.g., management services) to subsidiaries.
Taxation Effects on Non-Resident Holdings	Dividends and capital gains from non-resident entities may be exempt under UK rules or treaty provisions. However, CFC or hybrid mismatch rules could impose a UK tax charge in certain circumstances.
Requirements for Capital Gains Exemption	The SSE allows 100% capital gains exemption on qualifying disposals. Conditions include 10% holding in a trading company/group and 12-month ownership within the previous 6 years.
Group Structure and Tax Consolidation	UK group relief allows for surrender of losses among group companies, creating significant tax efficiencies. While the UK does not have a formal tax consolidation regime, transfer pricing rules still apply to intra-group transactions, requiring arm's length pricing unless an exemption applies (e.g., for UK-to-UK transactions in some cases).
Liability of the Parent Company	In general, the parent is not liable for the debts of its subsidiaries. However, liability may arise under cross-guarantees, wrongful trading rules, or where the corporate veil is pierced.



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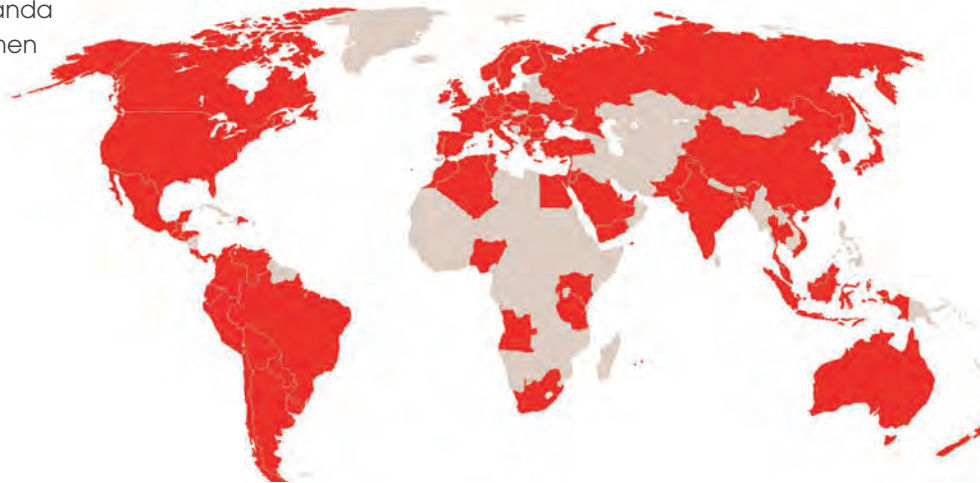
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