

# INTERNATIONAL COMPARISON

March 2020



## What's in this issue: Concept of permanent establishment (VAT&CIT)

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 includes numerous country focus pieces, in which it is analysed and compared how the concept of permanent establishment applies in different countries.

We hope that you find this publication helpful.

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# Algeria

REQUIREMENTS	VAT	CIT
<b>Regulation</b>		
Definition according internal regulation	<p>Any fixed place of business where companies and individuals carry out economic activities.</p> <ul style="list-style-type: none"> <li>sales transactions, real estate works and the provision of services other than those subject to the special taxes, of an industrial, commercial or artisanal nature and made in Algeria on a regular basis or occasional.</li> </ul> <p>The VAT applies regardless of :</p> <ul style="list-style-type: none"> <li>the legal status of the persons involved in carrying out the taxable transactions or their position with respect to all other taxes;</li> <li>the form or nature of their intervention.</li> </ul> <p>(2) Import operations.</p>	<p>1- Are subject to corporate income tax (common law regime):</p> <p>The incomes realized by foreign companies having no permanent professional installation in Algeria which deploy temporarily within the framework of markets an activity, are subjected to a withholding tax at the rates of 24% ( article 150 direct tax rules )</p> <p>Moreover, notwithstanding the provisions of Article 137, a withholding tax at the rate provided for in Article 150 shall also be levied at source, when they are paid by a debtor established in Algeria, on companies subject to corporate income tax which do not have a permanent business establishment in that country:</p> <ul style="list-style-type: none"> <li>sums paid as remuneration for services of any kind provided or used in Algeria;</li> <li>products received by inventors under the licensing of their patents or the assignment or concession of trademarks, processes or manufacturing formulae.</li> </ul> <p>Likewise, sums paid to foreign shipping companies, except those covered by an international tax convention or agreement concluded between Algeria and the country of origin of such companies to avoid double taxation, shall be subject to withholding tax on company profits at the rate referred to in Article 150.</p> <p>(2) Deduction shall be made on the gross amount of turnover received. This withholding covers the tax on professional activity and the value added tax.</p>
Legal stipulation	Article 1/2/7 from the VAT rules	Article 156 of algerian direct tax
Main examples	<p>(a) a direction office (b) a branch; (c) an office, including offices where professional services; (d) a factory; (e) a workshop; (f) a mine, an oil or gas well, a quarry; or or any other place of extraction of natural resources.</p> <p>A construction or assembly site or a proposed facility does not constitute an establishment stable only if their duration exceeds 6 months.</p>	<p>In particular, management headquarters, branches, offices, factories, workshops, warehouses, shops or other establishments, mines, oil or gas wells, quarries, agricultural, forestry or livestock farms or any other site for the exploration or extraction of natural resources, and construction, installation or assembly work lasting more than six months shall be deemed to constitute a permanent establishment.</p>

# Algeria

Formal requirements	<ul style="list-style-type: none"> <li>• Identification Tax Number (begins with an "N")</li> <li>• Need a tax representative with residence in Spain or an algerian accredited tax representative</li> </ul>	<ul style="list-style-type: none"> <li>• Identification Tax Number (begins with an TIN")</li> <li>• Need a tax representative with residence in Spain or an algerian accredited tax representative</li> </ul>
Legal personality	No	No
Cost	Less costly than subsidiaries, as less formal requirements are needed	
<b>Main requirements</b>	<b>VAT</b>	<b>CIT</b>
Existence of place of business	Yes	Yes
Fixation of the place of business	Yes	Yes
Carrying of an economic activity	Yes	Yes
Further requirements per country	No	No
<b>Short analysis of the main examples</b>	<b>VAT</b>	<b>CIT</b>
Dependent agent	Agencies or representatives authorised to contract in the name and on behalf of the taxable person	
Real estate operated under lease or under any other title	The mere ownership of a property, consitutes a permanent establishment	
Construction, installation or assembly works	More than 6 months	
Warehouse	The ownership or rental of a warehouse constitutes a permanent establishment (not logistic services)	
<b>Consequences</b>	<b>VAT</b>	<b>CIT</b>
Tax returns	<ul style="list-style-type: none"> <li>• Monthly Quarterly Tax return</li> <li>• Annual summary of VAT returns</li> <li>• Regular declarations regarding intra-Community operations</li> <li>• Other informative declarations</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Corporate Tax return</li> <li>• Regular advance payments of the Corporate Tax return (0,05% from each advance or situation payed)</li> <li>• Other informative declarations</li> </ul>

# Algeria

Tax rates	19% General rate 7 % Reduced rate 0% rate ( for exempted operations )	19% for production activities 23% for building, public works and hydraulic engineering as well as tourist and thermal activities excluding travel agencies 26 % General rate
Tax issues	-	Non deduction for payment for royalties, interests or commissions
Responsibility	At the limit of civil rules and tax rules ( 4 years of prescription)	At the limit of civil rules and tax rules ( 4 years of prescription)
Annual accounts and other commercial obligations	No (and neither of the parent-company)	No (and neither of the parent-company)



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# Austria

REQUIREMENTS	VAT	CIT
<b>Regulation</b>		
Definition according internal regulation	A branch must have a sufficient degree of stability and a structure that, in terms of personnel and technical equipment, enables the relevant services to be provided autonomously. The permanent establishment must generate taxable sales and would not merely be able to do so.	A person operates through permanent establishment in Austria when he or she holds in any way installations or work premises of any kind, in which he or she carries out all or part of his or her activity, or acts in it through an agent authorised to hire, in the name and on account of the non-resident, using these powers regularly.
Legal stipulation	Art 11 Para 1 VO (EU) 282/2011	Article 29 of the General Federal Tax Act
Main examples	<ol style="list-style-type: none"> <li>1. The place of management, branches, offices, factories, workshops, installations, shops and, in general, the agencies or representatives authorised to contract in the name and on behalf of the taxable person</li> <li>2. The mines, quarries or slag heaps, oil or gas wells or other places of extraction of natural products.</li> <li>3. construction, installation or assembly work</li> <li>4. agricultural, forestry or livestock operations</li> <li>5. Installations operated on a permanent basis by an entrepreneur or professional for the storage and subsequent delivery of their goods.</li> <li>6. Centres for the purchase of goods or services</li> <li>7. etc.</li> </ol>	In particular, management headquarters, branches, offices, factories, workshops, warehouses, shops or other establishments, mines, oil or gas wells, quarries, agricultural, forestry or livestock farms or any other site for the exploration or extraction of natural resources, and construction, installation or assembly work lasting more than six months shall be deemed to constitute a permanent establishment. Even home office may constitute a permanent establishment.
Formal requirements	<ul style="list-style-type: none"> <li>• Identification Tax Number</li> <li>• No need of a tax representative with residence in Austria if European company; Yes if third-country company</li> </ul>	<ul style="list-style-type: none"> <li>• Identification Tax Number (same Number for VAT and CIT)</li> <li>• No obligation of a tax representative with residence in Austria</li> </ul>
Legal personality	No	No
Cost	Less costly than subsidiaries, as less formal requirements are needed	
<b>Main requirements</b>	<b>VAT</b>	<b>CIT</b>
Existence of place of business	Yes	Yes
Fixation of the place of business	Yes	Yes
Carrying of an economic activity	Yes	Yes
Further requirements per country	No	No

# Austria

Short analysis of the main examples	VAT	CIT
Dependent agent	Agencies or representatives authorised to contract in the name and on behalf of the taxable person	Agents or representatives authorised to contract or negotiate in the name and on behalf of the taxable person
Real estate operated under lease or under any other title	The mere ownership of a property does not constitute a permanent establishment	The mere ownership of a property does not constitute a permanent establishment
Construction, installation or assembly works	-	-
Warehouse	The ownership or rental of a warehouse constitutes a permanent establishment in general	The ownership or rental of a warehouse does not constitute a permanent establishment (if the warehouse has auxiliary function only)
Consequences	VAT	CIT
Tax returns	<ul style="list-style-type: none"> <li>monthly or quarterly Tax return depending on the return</li> <li>Annual summary of VAT returns</li> <li>Regular declarations regarding intra-Community operations</li> <li>Other informative declarations"</li> </ul>	<ul style="list-style-type: none"> <li>Annual Corporate Tax return</li> <li>Regular advance payments of the Corporate Tax</li> </ul>
Tax rates	20 % General rate 13 % Reduced rate for certain services like artist activities, operation of swimming pools, theatres, music and singing performances, museums, films and circuses 10 % Reduced rate for example hotel accomodation, camping, rental for residential purposes, books etc."	25 %
Tax issues	-	-
Responsability	depending on the legal form of the parent company	depending on the legal form of the parent company
Annual accounts and other commercial obligations	No	Yes, under certain conditions (Art 124 ff FTA; Art 21 Para 1/3 CIT)

# Brazil

REQUIREMENTS	ICMS (VAT)	IRPJ (CIT)
<b>Regulation</b>		
Definition according internal regulation	Any place of business, owned or not by the tax payers, where companies and individuals carry out permanent or temporarily economic activities.	A person operates through permanent establishment in Brazil territory when he or she holds in any way installations or work premises of any kind, in which he or she carries out all or part of his or her activity, or acts in it through an agent authorised to hire, in the name and on account of the non-resident, using these powers regularly.
Legal stipulation	Article 14 of São Paulo State ICMS rules; in Brazil, each one of the 26 states and Federal District, have your own State ICMS rules (RICMS).	Articles 202, 468 and 469 of the Income Tax Act.
Main examples	<ul style="list-style-type: none"> <li>The place of management, branches, offices, factories, workshops, installations, warehouses, shops and, in general, the agencies or representatives authorised to contract in the name and on behalf of the taxable person;</li> <li>Installations operated on a permanent basis by an entrepreneur or professional for the storage and subsequent delivery of their goods;</li> <li>Centres for the purchase of goods or services;</li> <li>Real estate operated under lease or under any other title.</li> </ul>	Same as ICMS
Formal requirements	<ul style="list-style-type: none"> <li>State Registration</li> <li>Obligation of a tax representative in Brazil.</li> </ul>	<ul style="list-style-type: none"> <li>Identification Tax Number (CNPJ - for companies - or CPF - for person)</li> <li>Obligation of a tax representative in Brazil.</li> </ul>
Legal personality	Not necessary	Same as ICMS
Cost	Less costly than subsidiaries, as less formal requirements are needed	
<b>Main requirements</b>	<b>ICMS (VAT)</b>	<b>IRPJ (CIT)</b>
Existence of place of business	Yes	Yes
Fixation of the place of business	Yes	Yes
Carrying of an economic activity	Yes	Yes

# Brazil

Further requirements per country	No	No
<b>Short analysis of the main examples</b>	<b>ICMS (VAT)</b>	<b>IRPJ (CIT)</b>
Dependent agent	Agencies or representatives authorised to contract in the name and on behalf of the taxable person	Agents or representatives authorised to contract or negotiate in the name and on behalf of the taxable person
Real estate operated under lease or under any other title	The mere ownership of a property can constitute a permanent establishment	The place where the agent or representative act on behalf of a foreign company.
Construction, installation or assembly works	In terms of state legislation, there is no limit time to characterize a PE.	Same as ICMS
Warehouse	The ownership or rental of a warehouse constitutes a permanent establishment	Same as ICMS
<b>Consequences</b>	<b>ICMS (VAT)</b>	<b>IRPJ (CIT)</b>
Tax returns	<ul style="list-style-type: none"> <li>• Monthly tax return</li> <li>• Monthly summary of tax returns</li> <li>• Regular declarations regarding monthly ICMS</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Corporate Tax return or quarterly tax return (apuração trimestral);</li> <li>• Regular advance monthly payments of IRPJ (estimativa mensal) referring to annual tax return.</li> <li>• Other informative declarations.</li> </ul>
Tax rates	It depends on the State and the goods sold - essenciality; minimum rate is 4% and maximum is 35%.	25 % General rate
Tax issues	Tax credits	Tax credits and deduction for operating expenses
Responsibility	It depends on the situation; there is no limit to the parent company's liabilities and its partners can be liable.	It depends on the situation; there is no limit to the parent company's liabilities and its partners can be liable.
Annual accounts and other commercial obligations	No annual accounts or commercial obligations.	Have to prepare annual accounts, and no commercial obligations in terms of IRPJ.

# Bulgaria

REQUIREMENTS	VAT	CIT
<b>Regulation</b>		
Definition according internal regulation	Any fixed place of business where companies and individuals carry out economic activities.	<p>A foreign person has a:</p> <ul style="list-style-type: none"> <li>• Definite place (owned, rented or used on another ground), through which the foreign person implements fully or partially an economic activity in the country, for example: place of management, branch, trade representative office registered in the country; office; chamber; studio; factory; workshop (factory); shop; storehouse for trade; service shop; installation site; construction site; mine; quarry; drill; petrol or gas well; spring or another site for deriving natural resource;</li> <li>• The implementation of activity in the country by persons, authorised to conclude contracts on behalf of foreign persons, except for the activity of the representative with independent statute under chapter six of the Commercial Law;</li> <li>• Durable implementation of commercial transactions with place of fulfilment in the country, even when the foreign person has no permanent representative or a definite place."</li> </ul>
Legal stipulation	Paragraph 1, p.5 of the Supplementary Provisions of the Tax and Social Insurance Procedure Code	Paragraph 1, p.5 of the Supplementary Provisions of the Tax and Social Insurance Procedure Code
Main examples	<p>A fixed place of business where companies and individuals carry out economic activities means:</p> <ol style="list-style-type: none"> <li>1. a sales office, a branch, an office, a law firm, an atelier, a factory, a workshop (factory), a shop, a trade warehouse,</li> <li>2. a service facility, an assembly site, a construction site,</li> <li>3. a mine, a quarry, a well, an oil or gas well, a well or other such, aimed at the extraction of natural resources,</li> <li>4. a particular premises (own, rented or used for other reasons)</li> </ol> <p>or any other place through which a person carries out, in whole or in part, economic activity on the territory of Bulgaria"</p>	<p>In particular, management headquarters, branches, offices, factories, workshops, warehouses, shops or other establishments, mines, oil or gas wells, quarries, agricultural, forestry or livestock farms or any other site for the exploration or extraction of natural resources. Certain activities such as construction, installation and supervision activities are linked with a certain period (6 to 12 months) to become a PE.</p>

# Bulgaria

Formal requirements	<ul style="list-style-type: none"> <li>Each taxable person with a taxable turnover of BGN 50,000 or more, accumulated for a period not exceeding 12 consecutive months before the current month, shall be obliged within 7 days from the end of the tax period (calendar month) during which it reached this turnover, apply for registration.</li> <li>A foreign person who has a permanent establishment on the territory of Bulgaria from which he conducts an economic activity and meets the conditions above, shall be registered through an accredited representative, with the exception of branches of foreign persons, which shall be registered. in the general order.</li> <li>The accredited representative shall be a natural person with permanent address or permanent residence in Bulgaria or local legal entity who is not in liquidation procedure or has not been declared bankrupt and has no taxable and unpaid tax and social security contributions to be collected by the National Revenue Agency."</li> </ul>	<ul style="list-style-type: none"> <li>Foreign legal entities which carry on business in the country, including through PE or a particular base or object are obliged to a registration in the BULSTAT register</li> <li>No need of a tax representative with residence in Bulgaria</li> </ul>
Legal personality	No	No
Cost	Less costly than subsidiaries, as less formal requirements are needed	
<b>Main requirements</b>	<b>VAT</b>	<b>CIT</b>
Existence of place of business	Yes	Yes
Fixation of the place of business	Yes	Yes
Carrying of an economic activity	Yes	Yes
Further requirements per country	No	No

# Bulgaria

Short analysis of the main examples	VAT	CIT
Dependent agent	Agencies or representatives (Accredited representatives) authorised to contract in the name and on behalf of the taxable person	Agents or representatives (Accredited representatives) authorised to contract or negotiate in the name and on behalf of the taxable person
Real estate operated under lease or under any other title	The mere ownership of a property, doesn't constitute a permanent establishment	The mere ownership of a property, does not constitute a permanent establishment
Construction, installation or assembly works	12 months	12 months
Warehouse	The ownership or rental of a warehouse constitutes a permanent establishment (not logistic services)	The ownership or rental of a warehouse does not constitute a permanent establishment (not logistic services)
Consequences	VAT	CIT
Tax returns	<ul style="list-style-type: none"> <li>Monthly VAT return</li> <li>Regular declarations regarding intra-Community operations if certain requirements are met</li> <li>Other informative declarations depending on the specific case"</li> </ul>	<ul style="list-style-type: none"> <li>Annual Corporate Tax return</li> <li>Regular advance payments of the Corporate Tax return if certain requirements are met</li> <li>Other informative declarations depending on the specific case</li> </ul>
Tax rates	20 % General rate 7 % Reduced rate when accommodation is provided by a hotelier when it is part of an organized trip ( so called tourist services VAT Tax) 0 % Super reduced rate on certain deliveries	10 % General rate
Tax issues	-	Non deduction for payment for royalties, interests or commissions
Responsability	No limit to the parent company's liabilities	No limit to the parent company's liabilities
Annual accounts and other commercial obligations	Yes (and neither of the parent-company)	No (and neither of the parent-company)

# Chile

REQUIREMENTS	SALES AND SERVICES TAX LAW (IVA)	LAW ON INCOME TAX (LIR)
<b>Regulation</b>	Decree Law No. 825 of 1974	Decree Law No. 824 of 1974
Definition according internal regulation	A place that is used for the permanent or habitual realization of all or part of the business, business or activity of a person or entity without domicile or residence, but in Chile, but who decides to formally establish a business in Chile.	A person operates through a permanent establishment in Chilean territory when he has facilities or workplaces of any kind, in which he performs all or part of his activity, or acts in it through an agent authorized to hire, on behalf of and on behalf of the non-resident.
Legal stipulation	Article 2 and 8 of DL 825 of 1974.	Article 2 N ° 12 DL 824, incorporated into Tax Reform Law 21.210 and Article 58 Income Law.
Main examples	Offices; agencies, facilities, construction projects and branches.	In particular, management headquarters, branches, offices, factories, workshops, warehouses, stores or other establishments, mines, oil or gas wells, quarries, agricultural, forestry or livestock farms or any other site for the exploration or extraction of natural resources; and construction, installation or assembly work that lasts more than six months will be considered a permanent establishment.
Formal requirements	When establishing itself in Chile in the manner described in the definition, it has the obligation to inform the authority of the Beginning of Activities; obtain the tax identification number (RUT); inform the address (s) and keep complete accounting. Articles 66 and 68 DL 830.	
Forced to withhold taxes, as there is no Permanent Establishment	In the operations carried out by service providers domiciled or residing abroad, without EP in Chile, those responsible for withholding IVA will be the issuers of credit cards, debit cards or other payment system.	In the income tax, those forced to withhold are the payers of the services used in Chile.
Legal personality	yes	yes
<b>Main requirements</b>	<b>IVA</b>	<b>LIR</b>
Existence of place of business	Yes	Yes
Fixation of the place of business	Yes	yes
Carrying of an economic activity	Yes	Yes
Further requirements per country	Be represented by a natural person resident in Chile	Be represented by a natural person resident in Chile

# Chile

Short analysis of the main examples	IVA	LIR
Dependent agent	Agencies or representatives authorized to hire on behalf of the taxable person	Agents or representatives authorized to hire or negotiate on behalf and on behalf of the taxpayer
Real estate operated under lease or under any other title	The mere ownership of a property, constitutes a permanent establishment	The mere ownership of a property, does not constitute a permanent establishment
Construction, installation or assembly works	183 days	183 days
Warehouse	The ownership or rental of a warehouse constitutes a permanent establishment (not logistic services)	The ownership or rental of a warehouse does not constitute a permanent establishment (not logistic services)
Consequences	IVA	LIR
Tax returns	<ul style="list-style-type: none"> <li>• Monthly tax return Form.29 IVA</li> <li>• Annual summary of IVA returns</li> <li>• Other informative statements</li> </ul>	<ul style="list-style-type: none"> <li>• Annual corporate tax return</li> <li>• Regular advance payments of the Corporation Tax declaration</li> <li>• Other informative statements"</li> </ul>
Tax rates	19% general rate	27 % general rate or rate of 25% if it is small or medium business
Tax issues	-	When remitting profits, a withholding is made at the rate difference that results from applying 35% less the 27% or 25% tax.
Responsability	There is no limit to the obligations of the parent company.	There is no limit to the obligations of the parent company.
Annual accounts and other commercial obligations	You have the obligation to file a Monthly Tax Return	You have the obligation to file Annual Income Tax Return.



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# Colombia

REQUIREMENTS	VAT	CIT
<b>Regulation</b>		
Definition according internal regulation	A person or a company non - resident has a permanent establishment in Colombian territory when it has fixed place of business permanent in the country, carries out all or part of its activity or acts in it through an agent authorized to hire, in the name and on account of the non-resident, using these powers regularly.  The permanent establishment acts as a representative of the foreign company and when they sell goods or provides services within the country causes or generates VAT.	A person or a company non - resident has a permanent establishment in Colombian territory when it has fixed place of business permanent in the country, carries out all or part of its activity or acts in it through an agent authorized to hire, in the name and on account of the non-resident, using these powers regularly.
Legal stipulation	Article 20-1 and 420 of the Colombian Tax Law	Article 20-1 and 240 of the Colombian Tax Law
Main examples	<ol style="list-style-type: none"> <li>The place of management, branches, offices, factories, workshops, installations, shops and, in general,</li> <li>The agencies or representatives authorised to contract in the name and on behalf of the taxable person.</li> <li>The mines, quarries or slag heaps, oil or gas wells or other places of extraction of natural products.</li> <li>Other examples can be found under the agreements to avoid double taxation: <ul style="list-style-type: none"> <li>Construction, installation or assembly work lasting more than 6 months.</li> <li>Agricultural, forestry or livestock operations</li> <li>Installations operated on a permanent basis by an entrepreneur or professional for the storage and subsequent delivery of their goods.</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>The place of management, branches, offices, factories, workshops, installations, shops and, in general,</li> <li>The agencies or representatives authorised to contract in the name and on behalf of the taxable person.</li> <li>The mines, quarries or slag heaps, oil or gas wells or other places of extraction of natural products.</li> <li>Other examples can be found under the agreements to avoid double taxation: <ul style="list-style-type: none"> <li>Construction, installation or assembly work lasting more than 6 months.</li> <li>Agricultural, forestry or livestock operations</li> <li>Installations operated on a permanent basis by an entrepreneur or professional for the storage and subsequent delivery of their goods.</li> </ul> </li> </ol>
Formal requirements	Identification Tax Number	Identification Tax Number
Legal personality	No	No
Cost	Less costly than subsidiaries, as less formal requirements are needed	
<b>Main requirements</b>	<b>VAT</b>	<b>CIT</b>
Existence of place of business	Yes	Yes

# Colombia

Fixation of the place of business	Yes	Yes
Carrying of an economic activity	Yes	Yes
Further requirements per country	No	No
<b>Short analysis of the main examples</b>	<b>VAT</b>	<b>CIT</b>
Dependent agent	Agencies or representatives authorized to contract in the name and on behalf of the taxable person	Agents or representatives authorized to contract or negotiate in the name and on behalf of the taxable person
Real estate operated under lease or under any other title	The mere ownership of a property, constitutes a permanent establishment The operation of real estate through a trading establishment generates VAT.	The mere ownership of a property, does not constitute a permanent establishment
Construction, installation or assembly works	6 months ( under the agreements to avoid double taxation)	6 months ( under the agreements to avoid double taxation)
Warehouse	The ownership or rental of a warehouse constitutes a permanent establishment (not logistic services) The sale of goods and the provision of services in the country generates VAT.	The ownership or rental of a warehouse does not constitute a permanent establishment (not logistic services)
<b>Consequences</b>	<b>VAT</b>	<b>CIT</b>
Tax returns	<ul style="list-style-type: none"> <li>Quarterly Tax return</li> <li>Annual summary of VAT returns</li> <li>Other informative declarations</li> </ul>	<ul style="list-style-type: none"> <li>Annual Corporate Tax return</li> <li>Regular advance payments of the Corporate Tax return</li> <li>Other informative declarations</li> </ul>
Tax rates	19% General rate 5 % Reduced rate 0% some goods or services exempt from VAT	32 % General rate (2020)
Annual accounts and other commercial obligations	No (and neither of the parent-company)	No (and neither of the parent-company)

# Croatia

REQUIREMENTS	VAT	CIT
<b>Regulation</b>		
Definition according internal regulation	Any fixed place of business where companies and individuals carry out economic activities.	A person operates through permanent establishment in Croatian territory when he or she holds in any way installations or work premises of any kind, in which he or she carries out all or part of his or her activity, or acts in it through an agent authorised to hire, in the name and on account of the non-resident, using these powers regularly.
Legal stipulation	Vat Act	Corporate Income Tax Act
Main examples	<ol style="list-style-type: none"> <li>1. The place of management, branches, offices, factories, workshops, installations, shops and, in general, the agencies or representatives authorised to contract in the name and on behalf of the taxable person</li> <li>2. The mines, quarries or slag heaps, oil or gas wells or other places of extraction of natural products.</li> <li>3. construction, installation or assembly work lasting more than 12 months.</li> <li>4. agricultural, forestry or livestock operations</li> <li>5. Installations operated on a permanent basis by an entrepreneur or professional for the storage and subsequent delivery of their goods.</li> <li>6. Centres for the purchase of goods or services.</li> <li>7. Real estate operated under lease or under any other title.”</li> </ol>	In particular, management headquarters, branches, offices, factories, workshops, warehouses, shops or other establishments, mines, oil or gas wells, quarries, agricultural, forestry or livestock farms or any other site for the exploration or extraction of natural resources, and construction, installation or assembly work lasting more than six months shall be deemed to constitute a permanent establishment.
Formal requirements	Branch office or Subsidiary	Branch office or Subsidiary
Legal personality	No	No
Cost	Less costly than subsidiaries, as less formal requirements are needed	
<b>Main requirements</b>	<b>VAT</b>	<b>CIT</b>
Existence of place of business	Yes	Yes
Fixation of the place of business	Yes	Yes
Carrying of an economic activity	Yes	Yes

# Croatia

Further requirements per country	No	No
<b>Short analysis of the main examples</b>	<b>VAT</b>	<b>CIT</b>
Dependent agent	Agencies or representatives authorised to contract in the name and on behalf of the taxable person	Agents or representatives authorised to contract or negotiate in the name and on behalf of the taxable person
Real estate operated under lease or under any other title	The mere ownership of a property, constitutes a permanent establishment	The mere ownership of a property, constitutes a permanent establishment
Construction, installation or assembly works	6 months	6 months
Warehouse	The ownership or rental of a warehouse constitutes a permanent establishment (unless it is solely for storage purposes)	The ownership or rental of a warehouse does not constitute a permanent establishment (not logistic services)
<b>Consequences</b>	<b>VAT</b>	<b>CIT</b>
Tax returns	<ul style="list-style-type: none"> <li>• Monthly Tax return</li> <li>• Quarterly Tax return</li> <li>• Annual summary of VAT returns</li> <li>• Other informative declarations"</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Corporate Tax return</li> <li>• Regular advance payments of the Corporate Tax return</li> <li>• Other informative declarations"</li> </ul>
Tax rates	25% General rate 13% Reduced rate 5% Super reduced rate	12% for annual revenue up to HRK 7.000.000 18% for annual revenue above HRK 7.000.001
Tax issues	-	
Responsibility	No limit to the parent company's liabilities	No limit to the parent company's liabilities
Annual accounts and other commercial obligations	No (and neither of the parent-company)	No (and neither of the parent-company)

# Cyprus

REQUIREMENTS	VAT	CIT
<b>Regulation</b>		
<p>Definition according internal regulation</p>	<p>VAT registration for domestic businesses Registration for VAT purposes is obligatory in the following circumstances as regulated of the First Schedule of the VAT Law 95(I)/2000. Historic and future tests Cyprus applies a special scheme for small enterprises, with the exemption limit set at EUR 15.600. As such, a business, that is established in Cyprus, must register for VAT if the value of its taxable supplies (including zero rated) exceeds the registration threshold of EUR 15.600 when applying either the historic test or the future test. Registration using historic test The historic test states that registration is required when at the end of each month, the taxable supplies for the last 12 months exceed the registration threshold. In this case, the application for registration must be made within 30 days of the end of the month in which the threshold is exceeded and registration will be effective as of the next day following this 30 day period.</p>	<p>In accordance to the definition of OECD i.e. permanent establishment” means - a)A fixed place of business through which the business of an enterprise is wholly or partly carried on. b)The term “permanent establishment” includes especially: (i)a place of management; (ii)a branch; (iii)an office; (iv)a factory; (v)a workshop, (vi)A mine, an oil or gas well, a quarry or any other place of extraction of natural resources. c)A building site or construction or installation project or supervisory activities constitute a permanent establishment only if they last more than three months. d) Notwithstanding the provisions of paragraphs (a), (b) and (c) of this definition, the term “permanent establishment” shall be deemed not to include: (i)the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise; (ii)the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery; (iii)the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise; (iv) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise; (v)the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character; (vi)The maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs (i) to (v), provided that the overall activity of the fixed place of business resulting from this combination has a preparatory or auxiliary character. e)Notwithstanding the provisions of paragraphs (a) and (b), where a person-other than an agent of an independent status to whom paragraph (f) applies- is acting on behalf of an enterprise and has, and habitually exercises, in the Republic an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in the Republic in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph (d) which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.</p>

# Cyprus

		f)An enterprise shall not be deemed to have a permanent establishment in the Republic merely because it carries business in the Republic through a broker, general commission agent or any other agent of an independent status, provided that such persons are acting in the ordinary course of their business. g)The fact that a company which is a resident in the Republic controls or is controlled by a company which is not a resident in the Republic, or which carries on business outside the Republic (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other;
Legal stipulation		
Main examples	<ol style="list-style-type: none"> <li>1. The place of management, branches, offices, factories, workshops, installations, shops</li> <li>2. The mines, quarries or slag heaps, oil or gas wells or other places of extraction of natural products.</li> <li>3. construction,</li> <li>4. Centres for the purchase of goods or services.</li> <li>5. Real estate operated under lease or under any other title.</li> </ol>	i)a place of management; (ii)a branch; (iii)an office; (iv)a factory; (v)a workshop, (vi)A mine, an oil or gas well, a quarry or any other place of extraction of natural resources. c)A building site or construction or installation project or supervisory activities constitute a permanent establishment only if they last more than three months.
Formal requirements	VAT forms and VIES submission	Audited financial statements and tax return of the branch to be filed with income tax office and department of the registrar of companies and official receiver
Legal personality	No	No
Cost		
<b>Main requirements</b>	<b>VAT</b>	<b>CIT</b>
Existence of place of business	Yes	Yes
Fixation of the place of business	Yes	Yes
Carrying of an economic activity	Yes	Yes
Further requirements per country	No	No

# Cyprus

Short analysis of the main examples	VAT	CIT
Dependent agent	Agencies or representatives authorised to contract in the name and on behalf of the taxable person	Agents or representatives authorised to contract or negotiate in the name and on behalf of the taxable person
Real estate operated under lease or under any other title	The mere ownership of a property, constitutes a permanent establishment	The mere ownership of a property, does not constitute a permanent establishment
Construction, installation or assembly works	3 months	3 months
Warehouse	The ownership or rental of a warehouse constitutes a permanent establishment (not logistic services)	The ownership or rental of a warehouse does not constitute a permanent establishment (not logistic services)
Consequences	VAT	CIT
Tax returns	<ul style="list-style-type: none"> <li>Quarterly VAT return</li> <li>Annual summary of VAT returns</li> <li>Regular declarations regarding intra-Community operations</li> <li>Other informative declarations</li> </ul>	<ul style="list-style-type: none"> <li>Annual Corporate Tax return</li> <li>Regular advance payments of the Corporate Tax return</li> <li>Other informative declarations</li> </ul>
Tax rates	19% Standard rate 9 % Reduced rate 5% Reduced rate"	12,5% corporate tax rate
Tax issues	-	N/A
Responsibility		The branch of a non-resident company must appoint a resident individual or company to represent it in its dealings with the tax authorities. The representatives may be held jointly and severally liable for the tax debts of the Pes of non resident companies which they represent.
Annual accounts and other commercial obligations	Yes, audited financial statements	Yes, audited financial statements



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# Ecuador

REQUIREMENTS	VAT	CIT
<b>Regulation</b>		
Definition according internal regulation	Permanent establishment means any place or base located within the national territory, in which a foreign company carries out all or part of its activities.	Permanent establishment means any place or base located within the national territory, in which a foreign company carries out all or part of its activities.
Legal stipulation	Article 8 final paragraph of Internal Tax System Act and article 9 of Rules of Procedure of the Internal Tax System Act.	Article 8 final paragraph of Internal Tax System Act and article 9 of Rules of Procedure of the Internal Tax System Act.
Main examples	<ol style="list-style-type: none"> <li>1. Any activity management center;</li> <li>2. Any branch, agency or office acting in the name and on behalf of a foreign company;</li> <li>3. Factories, workshops, real estate or other similar facilities;</li> <li>4. Mines, mineral deposits, quarries, forests, factories and other centers of exploitation or extraction of natural resources;</li> <li>5. Any real estate, construction or assembly work; if its duration exceeds 6 months; Y</li> <li>6. Warehouses for merchandise deposits destined for internal trade and not specific to demonstration or exhibition.</li> <li>7. The practice of technical, financial or other consulting services to develop projects related to contracts or agreements made inside or outside the country; Y</li> <li>8. The provision of services that can be used by people who work in public shows, stories such as: theater, cinema, television and radio artists, bullfighters, musicians, athletes, air ticket salesmen and maritime navigation or transportation to be used in Ecuador or outside it.</li> </ol>	<ol style="list-style-type: none"> <li>1. Any activity management center;</li> <li>2. Any branch, agency or office acting in the name and on behalf of a foreign company;</li> <li>3. Factories, workshops, real estate or other similar facilities;</li> <li>4. Mines, mineral deposits, quarries, forests, factories and other centers of exploitation or extraction of natural resources;</li> <li>5. Any real estate, construction or assembly work; if its duration exceeds 6 months; Y</li> <li>6. Warehouses for merchandise deposits destined for internal trade and not specific to demonstration or exhibition.</li> <li>7. The practice of technical, financial or other consulting services to develop projects related to contracts or agreements made inside or outside the country; Y</li> <li>8. The provision of services that can be used by people who work in public shows, stories such as: theater, cinema, television and radio artists, bullfighters, musicians, athletes, air ticket salesmen and maritime navigation or transportation to be used in Ecuador or outside it."</li> </ol>
Formal requirements	<ul style="list-style-type: none"> <li>• Unique Register of Taxpayers (it calls RUC).</li> <li>• The foreign company must have a legal representative in Ecuador to operate."</li> </ul>	<ul style="list-style-type: none"> <li>• Unique Register of Taxpayers (it calls RUC).</li> <li>• The foreign company must have a legal representative in Ecuador to operate."</li> </ul>
Legal personality	No	No
Cost	Less costly than subsidiaries, as less formal requirements are needed	
<b>Main requirements</b>	<b>VAT</b>	<b>CIT</b>
Existence of place of business	Yes	Yes
Fixation of the place of business	Yes	Yes

# Ecuador

Carrying of an economic activity	Yes	Yes
Further requirements per country	No	No
<b>Short analysis of the main examples</b>	<b>VAT</b>	<b>CIT</b>
Dependent agent	Any foreign company needs to have a legal representative who can hire in their name	Any foreign company needs to have a legal representative who can hire in their name
Real estate operated under lease or under any other title	The ownership of a property, constitutes a permanent establishment.	The ownership of a property, constitutes a permanent establishment.
Construction, installation or assembly works	6 months	6 months
Warehouse	The ownership or rental of a warehouse of goods for internal trade and not only for demonstration or exhibition constitutes a permanent establishment.	The ownership or rental of a warehouse of goods for internal trade and not only for demonstration or exhibition constitutes a permanent establishment.
<b>Consequences</b>	<b>VAT</b>	<b>CIT</b>
Tax returns	<ul style="list-style-type: none"> <li>Annual Tax return</li> <li>Monthly declaration</li> <li>Other informative declarations</li> </ul>	<ul style="list-style-type: none"> <li>Annual CIT declaration and return</li> <li>Advance payment of tax can be done voluntarily</li> <li>Other informative declarations</li> </ul>
Tax rates	12% General rate	25 % General rate (general rate) 28 % if the foreign company or the shareholders are from a tax haven.
Tax issues	-	-
Responsability	The foreign company is liable through its legal representative	The foreign company is liable through its legal representative
Annual accounts and other commercial obligations	There is an obligation for companies to keep accounts.	There is an obligation for companies to keep accounts.

# Germany

REQUIREMENTS	VAT	CIT
<b>Regulation</b>		
Definition according internal regulation	Any fixed place of business where companies and individuals carry out economic activities.	A permanent establishment within the meaning of the Tax Act is any fixed place of business or installation serving the activities of a company.
Legal stipulation	§ 3 a VAT-Act and Article 44 of COUNCIL DIRECTIVE 2006/112/EC on the common system of value added tax	Paragraph 2 CIT with paragraph 12 General tax code
Main examples	<ol style="list-style-type: none"> <li>1. The place of management, branches, offices, factories, workshops, installations, shops and, in general, the agencies or representatives authorised to contract in the name and on behalf of the taxable person</li> <li>2. The mines, quarries or slag heaps, oil or gas wells or other places of extraction of natural products.</li> <li>3. construction, installation or assembly work lasting more than 12 months.</li> <li>4. agricultural, forestry or livestock operations</li> <li>5. Installations operated on a permanent basis by an entrepreneur or professional for the storage and subsequent delivery of their goods.</li> <li>6. Centres for the purchase of goods or services.</li> <li>7. Real estate operated under lease or under any other title.</li> </ol>	The place of management, branch offices, manufacturing plants, etc., and construction or assembly work is considered as a permanent establishment if it lasts longer than 6 months.
Formal requirements	<ul style="list-style-type: none"> <li>• Tax registration, Tax Number</li> <li>• No need of a tax representative with residence in Germany</li> </ul>	<ul style="list-style-type: none"> <li>• Business registration at local community</li> <li>• Registration at commercial register (if branch establishment)</li> <li>• Tax registration</li> <li>• Obligation of a tax representative with residence in Germany</li> </ul>
Legal personality	No	No
Cost	Less costly than subsidiaries, as less formal requirements are needed	
<b>Main requirements</b>	<b>VAT</b>	<b>CIT</b>
Existence of place of business	Yes	Yes
Fixation of the place of business	Yes	Yes
Carrying of an economic activity	Yes	Yes

# Germany

Further requirements per country	No	No
<b>Short analysis of the main examples</b>	<b>VAT</b>	<b>CIT</b>
Dependent agent	Agencies or representatives authorised to contract in the name and on behalf of the taxable person can be seen as permanent establishment	Agents or representatives authorised to contract or negotiate in the name and on behalf of the taxable person
Real estate operated under lease or under any other title	Establishment does not depend on ownership or rental of real estate; the decisive point is the business activity carried out at that place.	The mere ownership of a property, does not constitute a permanent establishment
Construction, installation or assembly works	In general, VAT is to be paid at place of construction, installation or assembly.	6 months
Warehouse	The ownership or rental of a warehouse constitutes a permanent establishment (not logistic services)	The ownership or rental of a warehouse does not constitute a permanent establishment (not logistic services)
<b>Consequences</b>	<b>VAT</b>	<b>CIT</b>
Tax returns	<ul style="list-style-type: none"> <li>Quarterly Tax return</li> <li>Annual summary of VAT returns</li> <li>Regular declarations regarding intra-Community operations</li> <li>Other informative declarations</li> </ul>	<ul style="list-style-type: none"> <li>Annual Corporate Tax return</li> <li>Regular advance payments of the Corporate Tax return</li> <li>Other informative declarations"</li> </ul>
Tax rates	19% General rate 7 % Reduced rate	15 % CIT plus local trade tax (10 to 17 %, depending on local rules)
Tax issues	-	-
Responsibility	No limit to the parent company's liabilities	No limit to the parent company's liabilities
Annual accounts and other commercial obligations	No (and neither of the parent-company)	No

# Greece

REQUIREMENTS	VAT	CIT
<b>Regulation</b>		
Definition according internal regulation	Any fixed place of business where companies and individuals carry out economic activities.	A person operates through permanent establishment in Spanish territory when he or she holds in any way installations or work premises of any kind, in which he or she carries out all or part of his or her activity, or acts in it through an agent authorised to hire, in the name and on account of the non-resident, using these powers regularly.
Legal stipulation	ART 14 -Tax Low 2859/2000	Art 6 / Tax Law 4172// 2013
Main examples	<ol style="list-style-type: none"> <li>1. The place of management, branches, offices, factories, workshops, installations, shops and, in general, the agencies or representatives authorised to contract in the name and on behalf of the taxable person</li> <li>2. The mines, quarries or slag heaps, oil or gas wells or other places of extraction of natural products.</li> <li>3. construction, installation or assembly work lasting more than 12 months.</li> <li>4. agricultural, forestry or livestock operations</li> <li>5. Installations operated on a permanent basis by an entrepreneur or professional for the storage and subsequent delivery of their goods.</li> <li>6. Centres for the purchase of goods or services.</li> <li>7. Real estate operated under lease or under any other title.</li> </ol>	In particular, management headquarters, branches, offices, factories, workshops, warehouses, shops or other establishments, mines, oil or gas wells, quarries, agricultural, forestry or livestock farms or any other site for the exploration or extraction of natural resources, and construction, installation or assembly work lasting more than six months shall be deemed to constitute a permanent establishment.
Formal requirements	<ul style="list-style-type: none"> <li>• Identification Tax Number</li> <li>• No need of a tax representative with residence in Greece</li> </ul>	<ul style="list-style-type: none"> <li>• Identification Tax Number is te same as the VAT number</li> <li>No obligation of a tax representative with residence in Greece</li> </ul>
Legal personality	No	No
Cost	Same cost in any case	
<b>Main requirements</b>	<b>VAT</b>	<b>CIT</b>
Existence of place of business	Yes	Yes
Fixation of the place of business	Yes	Yes

# Greece

Carrying of an economic activity	Yes	Yes
Further requirements per country	No	No
<b>Short analysis of the main examples</b>	<b>VAT</b>	<b>CIT</b>
Dependent agent	Agencies or representatives authorised to contract in the name and on behalf of the taxable person	Agents or representatives authorised to contract or negotiate in the name and on behalf of the taxable person
Real estate operated under lease or under any other title	The possession of real estate in Greek territory solely does not constitutes permanent establishment .	The mere ownership of a property, does not constitute a permanent establishment
Construction, installation or assembly works	3 months	3 months
Warehouse	The ownership or rental of a warehouse constitutes a permanent establishment (not logistic services)	The ownership or rental of a warehouse does not constitute a permanent establishment (not logistic services)
<b>Consequences</b>	<b>VAT</b>	<b>CIT</b>
Tax returns	<ul style="list-style-type: none"> <li>Quarterly or monthly Tax returns according to the type of the company</li> <li>C22Regular declarations regarding intra-Community operations</li> <li>Other informative declarations</li> </ul>	<ul style="list-style-type: none"> <li>Annual Corporate Tax return</li> <li>Regular advance payments of the Corporate Tax return</li> <li>Other informative declarations</li> </ul>
Tax rates	24% General rate 13 % Reduced rate 6% Super reduced rate	24 % General rate
Tax issues	-	Non deduction for payment for royalties, interests or commissions
Responsability	No limit to the parent company's liabilities	No limit to the parent company's liabilities
Annual accounts and other commercial obligations	No (and neither of the parent-company)	No (and neither of the parent-company)

# India

REQUIREMENTS	VAT/GST	CIT
<b>Regulation</b>		
Definition according internal regulation	"Fixed establishment means a place (other than a registered place of business) which is characterized by a sufficient degree of permanence and suitable structure in terms of human and technical resources to supply services or to receive and use services for its own needs".	Permanent Establishment includes a fixed place of business through which the business of the enterprise is wholly or partly carried on.
Legal stipulation	Section 2 (50) of the CGST Act, 2017	Section 92F(iia) read alongwith section 92F(iii) of the Income Tax Act, 1961
Main examples	-	Article 5 (2) of DTAA entered by India with various countries specifically includes certain establishments within the term 'Permanent Establishment'. Theses establishments are: <ul style="list-style-type: none"> <li>• A Place of management;</li> <li>• A Branch;</li> <li>• An Office;</li> <li>• A Factory;</li> <li>• A Workshop</li> <li>• A Mine, an oil or gas well, a quarry or any other place of extraction of natural resources.</li> <li>• A Premises used as a sales outlet;</li> <li>• Etc.</li> </ul>
Formal requirements	Need to obtain GST Number	<ul style="list-style-type: none"> <li>• Need to obtain Permanent Account Number (PAN).</li> <li>• Need to Comply with all the relevant provisions as applicable to domestic entity.</li> </ul>
Legal personality	Yes	Yes
Cost	-	
<b>Main requirements</b>	<b>VAT/GST</b>	<b>CIT</b>
Existence of place of business	Yes	Yes
Fixation of the place of business	Yes	Yes
Carrying of an economic activity	Yes	Yes

# India

Further requirements per country	-	-
<b>Short analysis of the main examples</b>	<b>VAT/GST</b>	<b>CIT</b>
Place of management	-	A Place where Key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance, made.
<b>Consequences</b>	<b>VAT/GST</b>	<b>CIT</b>
Tax returns	<ul style="list-style-type: none"> <li>• Quarterly GSTR if annual turnover is not exceeding 1.50 Crore</li> <li>• Monthly GSTR if annual turnover is exceeding 1.50 crore</li> <li>• Annual GSTR return</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Corporate Tax return</li> <li>• Quarterly TDS Returns</li> <li>• Regular advance payments of the Corporate Tax</li> <li>• Other informative declarations/returns"</li> </ul>
Tax rates	28%, 18%, 12%, 5%, 3% depending upon under which Chapter / Heading / Sub-heading good or services or both are covered.	40% General Income tax rate Plus Applicable Surcharge @ 2% or 5% of such tax as the case may be Plus Health & Education cess @4% of Such Income tax and surcharge.
Tax issues	-	-
Responsibility	-	-
Annual accounts and other commercial obligations	Need to keep proper books of accounts and to prepare annual accounts.	Need to keep proper books of accounts and to prepare annual accounts.



# Ireland

REQUIREMENTS	VAT	Corporation Tax
<b>Regulation</b>		
Definition according internal regulation	An accountable person refers to a taxable person that is registered, or obliged to be registered, for VAT in Ireland as a result of that person making certain supplies or acquisitions of goods and services which are not exempt.	The liability to corporation tax is primarily based on the concept of residence, which means that resident companies are taxable on their worldwide income. Non-resident companies may be liable to corporation tax if they have Irish source trading income. The general rule, as provided under section 23A(2) TCA 1997, is that all companies incorporated in Ireland are resident in Ireland.
Legal stipulation	Section 8 Value-Added Tax Act 1972	Tax Consolidation Act 1997
Main examples	<ul style="list-style-type: none"> <li>The place of management, branches, offices, factories, workshops, installations, shops and, in general, the agencies or representatives authorised to contract in the name and on behalf of the taxable person</li> <li>construction, installation or assembly work lasting more than 12 months.</li> <li>agricultural, forestry or livestock operations</li> <li>Installations operated on a permanent basis by an entrepreneur or professional for the storage and subsequent delivery of their goods.</li> <li>Centres for the purchase of goods or services.</li> <li>Real estate operated under lease or under any other title.</li> </ul>	In particular, companies that operate; management headquarters, branches, offices, factories, workshops, warehouses, shops or other establishments, mines, oil or gas wells, quarries, agricultural, forestry or livestock farms or any other site for the exploration or extraction of natural resources, and construction, installation or assembly work that are incorporated in Ireland, have a branch that makes profits in Ireland or has an agency making profits in Ireland.
Formal requirements	<ul style="list-style-type: none"> <li>Irish Tax Identification Number (IE)</li> <li>No need of a tax representative with residence in Ireland"</li> </ul>	<ul style="list-style-type: none"> <li>Irish Tax Identification Number (IE)</li> <li>Obligation of a tax representative with residence in Ireland</li> </ul>
Legal personality	No	No
Cost	Minimal, less costly than incorporation	Minimal
<b>Main requirements</b>	<b>VAT</b>	<b>Corporation Tax</b>
Existence of place of business	Yes	Yes
Fixation of the place of business	Yes	Yes
Carrying of an economic activity	Yes	Yes

# Ireland

Further requirements per country	No	No
<b>Short analysis of the main examples</b>	<b>VAT</b>	<b>Corporation Tax</b>
Dependent agent	Agencies or representatives authorised to contract in the name and on behalf of the taxable person	Agents or representatives authorised to contract or negotiate in the name and on behalf of the taxable person
Real estate operated under lease or under any other title	The mere ownership of a property, constitutes a permanent establishment	The mere ownership of a property, does not constitute a permanent establishment
<b>Consequences</b>	<b>VAT</b>	<b>Corporation Tax</b>
Tax returns	<ul style="list-style-type: none"> <li>• Monthly, Bi-monthly, depending on turnover</li> <li>• Annual summary of VAT returns</li> <li>• Regular declarations regarding intra-Community operations</li> <li>• Other informative declarations"</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Corporate Tax return</li> <li>• Regular advance payments of the Corporate Tax return</li> <li>• Other informative declarations</li> </ul>
Tax rates	23% Standard Rate 13.5% Reduced rate 9% Second reduced rate 0% Zero Rate"	12.5% General Rate, R&D Tax Credit relief of 25% of qualifying expenditure
Tax issues	-	Non deduction for payment for royalties, interests or commissions
Responsability	No limit to the parent company's liabilities	No limit to the parent company's liabilities
Annual accounts and other commercial obligations	No (and neither of the parent-company)	Yes, if threshold is met, iXBRL accounts must be uploaded to revenue.

# Israel

REQUIREMENTS	VAT - Value Added Tax	IT - Income Tax
<b>Regulation</b>		
Definition according to the internal regulation	Israel VAT law is essentially a local law applicable to business activity in Israel. The VAT authorities are usually based on the mentioned income tax laws and The local VAT law, according to the following definitions:	The definition of a Permanent Establishment in Israeli tax laws derives from the treaty for double taxation, according to the definitions and interpretation of the OECD and BEPS. Therefore, the term permanent establishment usually refers to foreign residents or foreign companies operating in Israel.  The Local Israeli Tax laws refer to a taxable person or a taxable entity, with several specific definitions.
Legal stipulation according to tax laws	Value Added Tax Act, Section 1, Definitions	INCOME TAX ORDINANCE, PART ONE – INTERPRETATION
Main instructions in accordance with the law	<p>“Taxable person” - a trader (a dealer), non-profit or financial institution;</p> <p>“Dealer” - a person who sells a property or provides services in the course of his business, provided that he is not a non-profit or financial institution, as well as a person who does a random transaction;</p> <p>“Transaction” - any of the following:</p> <ol style="list-style-type: none"> <li>1. sale of property or service by a dealer during the course of his business, including the sale of equipment;</li> <li>2. the sale of a property that is deducted from the input tax imposed on its sale to the seller or on his or her own arrival;</li> <li>3. a random transaction.</li> </ol>	<p>“Israel resident” or “resident” –</p> <p>(a) in respect individuals – a person, the center of whose life is in Israel, and the following provisions shall apply to this matter:</p> <p>(1) in order to determine the place that is the center of a person’s life, the totality of his family, economic and social ties shall be taken into account, including inter alia:</p> <ol style="list-style-type: none"> <li>(a) the place of his permanent home;</li> <li>(b) his and his family’s place of residence;</li> <li>(c) his regular or permanent place of business or the place of his permanent employment;</li> <li>(d) the place of his active and substantive economic interests;</li> <li>(e) the place of his activity in organizations, societies and various institutions;</li> </ol> <p>(2) it is assumed that the center of an individual’s life during a tax year is in Israel –</p> <ol style="list-style-type: none"> <li>(a) if during the tax year he spent 183 or more days in Israel;</li> <li>(b) if during the tax year he spent 30 or more days in Israel and the total period of his stay in Israel in the tax year and in the two years before it was 425 days or more;</li> </ol> <p>(b) in respect of a body of persons – a body of persons for which one of the following holds true:</p> <ol style="list-style-type: none"> <li>(1) it incorporated in Israel;</li> <li>(2) its business and management are activated from Israel, ...</li> </ol>

# Israel

Legal stipulation under the Corporate Law	According to Israeli corporate law, any foreign corporation operating in Israel regularly must be registered with the local corporate registrar. There are two options for registration: 1. Establishment of a subsidiary (with foreign shareholders) 2. Registration of branch activities (held by the parent company)	
Formal requirements, according to the tax laws	<ul style="list-style-type: none"> <li>Registration at the VAT offices and obtaining a local VAT number</li> <li>It is mandatory to register a local representative, who will personally take all the VAT liabilities in Israel"</li> </ul>	<ul style="list-style-type: none"> <li>Registration at the corporate income tax offices and obtaining a local income tax number</li> <li>It is mandatory to register a local representative for all the income tax liabilities in Israel</li> </ul>
Cost	In both cases the costs are almost the same	
<b>Main requirements</b>	<b>VAT</b>	<b>CIT</b>
Existence of place of business	Yes	Yes
Fixation of the place of business	Yes	Yes
Carrying of an economic activity	Yes	Yes
Bookkeeping	Yes	Yes
	Local monthly accounting records in Hebrew and NIS, including keeping source documents at the registered address in Israel. (You can also register in English and in additional currency simultaneously).	
Annual Reports	Yes	Yes
Audited reports	Yes (Only on demand)	Yes
Opening a bank account at a local bank	Yes	Yes
<b>Short analysis of the main examples</b>	<b>VAT</b>	<b>CIT</b>
Dependent agent	It is mandatory to register a local representative, who will take all the tax liabilities in Israel	
Real estate operated under lease or under any other title	There is a VAT obligation on commercial real estate and business activities in Israel.	The mere ownership of a property and specializing in commercial business activities in the field, does constitute a permanent establishment.

# Israel

Construction, installation or assembly works	According to the tax avoidance tax treaty, it is usually 6 to 12 months. If there is no treaty then under local law.	
Warehouse	The ownership or rental of a warehouse does not constitute a permanent establishment (not logistic services), according to most tax avoidance treaties (the local law must be examined specifically in each case).	
<b>Consequences</b>	<b>VAT</b>	<b>CIT</b>
Tax returns	<ul style="list-style-type: none"> <li>Monthly VAT reporting (refunds will be received after 2 months)</li> <li>A VAT refund will only be made if there is a VAT payment in the transaction</li> <li>Other informative declarations.</li> </ul>	<ul style="list-style-type: none"> <li>Annual Corporate Tax payment in accordance with the Annual Report</li> <li>Regular advance monthly payments of the Corporate Tax</li> <li>Monthly Withholding deduction for suppliers and from customers</li> <li>Other informative declarations."</li> </ul>
Tax rates	17% General rate.	23 % General rate Investments, technologies, innovation and benefit areas can reach corporate taxes ranging from 6.5% to 16% (to be examined specifically in each case).
Tax issues	Whether the transaction was made in Israel, or in respect of property or service in Israel, and in the case of intellectual property or e-commerce, each case must be examined on the basis of the latest legal regulations and precedents.	In case there is an activity between the parent company and the subsidiary or in case there is an activity between the head office and the branch: International or related party activity requires transfer pricing research, and preparing transfer pricing study policy.



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# Italy

REQUIREMENTS	VAT	CIT
<b>Regulation</b>		
Definition according internal regulation	Any establishment of business characterised by a sufficient degree of permanence and a suitable structure in terms of human and technical resources to enable it to receive and use the services supplied to it for its own needs.	A fixed place of business where no-resident company carry out its activity wholly or partly on the Italian State territory.
Legal stipulation	Article 11 of the UE Regulation 282/2011	Article 162 of the Italian Income Tax Act (Presidential Decree n. 917/1986)
Main examples	<ol style="list-style-type: none"> <li>1. a place of management,</li> <li>2. a branch;c) an office;</li> <li>3. a factory;</li> <li>4. a workshop;</li> <li>5. a mine, an oil or gas well, a quarry or anu other place of extraction of natural;</li> <li>6. management of its own hub with employees in place</li> </ol>	<ol style="list-style-type: none"> <li>1. a place of management;</li> <li>2. a branch;</li> <li>3. an office;</li> <li>4. a factory;</li> <li>5. a workshop;</li> <li>6. a mine, an oil or gas well, a quarry or any other place of extraction of natural resources;</li> <li>7. a significant and continuous economic presence in the territory of the State built in such a way as not to reveal its physical consistency in the territory</li> </ol>
Formal requirements	<ul style="list-style-type: none"> <li>• Identification Tax Number</li> <li>• No need of a tax representative with residence in Italy"</li> </ul>	<ul style="list-style-type: none"> <li>• Identification Tax Number</li> <li>• No need of a tax representative with residence in Italy</li> </ul>
Legal personality	No	No
Cost	Less costly than subsidiaries, as less formal requirements are needed	
<b>Main requirements</b>	<b>VAT</b>	<b>CIT</b>
Existence of place of business	Yes	Yes
Fixation of the place of business	Yes	Yes
Carrying of an economic activity	Yes	Yes
Further requirements per country	The presence of human and technical resources in the establishment to classify permanent establishment.	No
<b>Short analysis of the main examples</b>	<b>VAT</b>	<b>CIT</b>
Dependent agent	if a person acts in the territory of the state on behalf of a non-resident enterprise and habitually concludes contracts or promotes the conclusion of contracts without substantial changes by the non-resident enterprise and said contracts are in the name of the non-resident enterprise	if a person acts in the territory of the state on behalf of a non-resident enterprise and habitually concludes contracts or promotes the conclusion of contracts without substantial changes by the non-resident enterprise and said contracts are in the name of the non-resident enterprise

# Italy

Real estate operated under lease or under any other title	The mere ownership of a property does not constitute a permanent establishment	The mere ownership of a property, does not constitute a permanent establishment
Construction, installation or assembly works	More than 3 months	More than 3 months
Warehouse	The ownership of a warehouse constitutes a permanent establishment when in particular if it is only used for the purpose of storing, displaying and delivering goods belonging to the company.	The ownership or rental of a warehouse does not constitute a permanent establishment if it is only used for logistic services
<b>Consequences</b>	<b>VAT</b>	<b>CIT</b>
Tax returns	<ul style="list-style-type: none"> <li>• Quarterly VAT communication</li> <li>• Annual VAT return</li> <li>• Quarterly cross board operation report</li> <li>• Intrastat report (information on trade among EU member)</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Corporate Tax return (filling "quadro RF")</li> <li>• Regular advance payments of the Corporate Tax return</li> <li>• Determination of taxable income with separate economic and patrimonial statement - Annual withholding tax return</li> <li>• Possibility to prepare a TP document describing the TP policy of the Group to obtain a penalty protection in case of assessment</li> </ul>
Tax rates	22% General rate 10 % Reduced rate 4% Super reduced rate"	24,00% General rate and 3,90% Italian regional tax on productive activity
Tax issues	Attribution of the VAT transaction to the home country of the parent company (only if the permanent establishment participate in the operation)	Transfer price and principle of attraction on income produced in Italy
Responsability	No limit to the parent company's liabilities	No limit to the parent company's liabilities
Annual accounts and other commercial obligations	Italian VAT ledgers	<ul style="list-style-type: none"> <li>• General ledger</li> <li>• Profit and loss for tax purposes (no separate official Statutory Financial Statement of the branch)</li> <li>• Deposit of the official accounts of the mother company to the Italian company register"</li> </ul>

# Japan

REQUIREMENTS	JCT Japanese Consumption Tax)	CIT (Corporate Income Tax)
<b>Regulation</b>		
Definition according internal regulation	Please see note below	Following three types are defined as PE:1) Non resident or foreign corporation carrying on business in Japan through a branch, office, factory or other fixed place of business situated in Japan 2) Carrying on business through building construction, assembly or similar activities continuing for a period longer than one year or 3) Certain kind of agent
Legal stipulation	Please see note below	Article 2 of Individual Income Tax Law and Article 2 of Corporate income Tax Law. Article 2 is for definition of words used in the law.
Main examples	Please see note below	Branches or factory. However activities are auxiliary nature it is not regarded as PE. In such case it is usually treated as representative office.
Formal requirements	Please see note below	PE holder needs to file income tax returns with national tax office and local tax office where PE is located.
Legal personality	Not understand meaning of this query	Sorry for not understand meaning of this query
Cost	Not understand meaning of this query	
<b>Main requirements</b>	<b>JCT</b>	<b>CIT</b>
Existence of place of business	Please see note below	Yes
Fixation of the place of business	Please see note below	Yes
Carrying of an economic activity	Please see note below	Yes
Further requirements per country	Please see note below	No
<b>Short analysis of the main examples</b>	<b>JCT</b>	<b>CIT</b>
Dependent agent	Please see note below	Agents or representatives authorized to contract or negotiate in the name and on behalf of the taxable person

# Japan

Real estate operated under lease or under any other title	Please see note below	It is not under discussion of PE but it is Japanese source income by tax law as the premises are located in Japan
Construction, installation or assembly works	Please see note below	One year
Warehouse	Please see note below	Income from rental of a warehouse is subject to Japanese income tax as it is Japanese source income. Use of warehouse by rental for keeping goods may not be regarded as PE as long as activities meet some condition.
<b>Consequences</b>	<b>JCT</b>	<b>CIT</b>
Tax returns	<ul style="list-style-type: none"> <li>Semi-annual return. Frequency of filing depends on amount of JCT payable in its previous year. Interim tax payable is advance JCT payment in nature.</li> <li>Annual summary of JCT returns</li> </ul>	<ul style="list-style-type: none"> <li>Annual Corporate Tax return</li> <li>Regular advance payments of the Corporate Tax return</li> <li>Other informative declarations in the same manner as domestic corporations"</li> </ul>
Tax rates	10% General rate 8 % Reduced rate applied on foods	29.74% aggregate of effective income tax rate
Tax issues	-	Transfer pricing on transaction between Japanese branch and overseas head office. There are some other complicated issues on income tax application on foreign corporation.
Responsibility	Please see note below	No limit to the parent company's liabilities
Annual accounts and other commercial obligations	Please see note below	Disclosure of balance sheet of the whole company is required by Company Law. However in case of failure no penalty has been levied as far as we are aware of. Some of our clients make disclosure in gazette.

## Note:

No definition of PE in VAT Law (It is called Japanese Consumption Tax (JCT) and nature of JCT is similar to VAT) in Japan. In case corporation or individual had transaction subject to JCT for business more than JPY10m in total in a base period the company or he/she needs to file JCT return and pay JCT. Base period is year before previous year. Corporation includes foreign corporation and individual includes non-resident of Japan. There is basically no difference between domestic corporation and foreign corporation and between resident of Japan and non-resident of Japan in tax return form and due date of filing.



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# Lebanon

REQUIREMENTS	VAT	CIT
<b>Regulation</b>		
Definition according internal regulation	VAT is levied on all commercial transactions undertaken by business entities. Export of goods and services and export-related services, international transport, and some of the intermediate operations are zero-rated. Banking, financial services, and insurance operations are exempt from VAT.	Not all businesses are taxed in the same manner. Depending on the relative size and structure of a business, the tax method applied is assessed depending on real (or actual) profits or deemed profits.
Basis	<p>In Lebanon there is no clear definition of residency however an individual, establishment or company is considered resident for tax purposes, even if not physically resident in Lebanon, when any of the following two conditions are satisfied:</p> <ul style="list-style-type: none"> <li>• Having an office or a fixed place of business in their name in Lebanon, even when they are not undertaking their business in a normal and repetitive manner.</li> <li>• Practising a profession or business activity in a normal or repetitive manner in Lebanon, even if they do not have a known registered place of business in Lebanon.</li> </ul> <p>VAT applies to most transactions involving goods and services.</p>	There are no clear provisions in the Lebanese income tax law to define PE. Lebanon operates a territorial tax system under which all income sourced in Lebanon is subject to tax in the country. Income derived from foreign sources is not subject to tax in Lebanon.
Formal requirements	Registration request to the relevant tax authorities within 2 months after reaching the total required turnover covering four successive quarters	Registration request to the relevant tax authorities within 2 months of registration at the commercial register
<b>Main requirements</b>	<b>VAT</b>	<b>CIT</b>
Taxable Entities	A taxable person is every natural or juridical person who, in the course of an independent economic activity, performs taxable supplies of goods and services or exempted supplies with the right of deduction (zero-rated) in accordance with the provisions of this law, providing that he achieves the required turnover covering four successive quarters. The supply of goods shall be deemed to take place in Lebanon if the good is located on the Lebanese territory at the date of supply.	<p>Not all businesses are taxed in the same manner. Depending on the relative size and structure of a business, the tax method applied is assessed depending on real (or actual) profits or deemed profits.</p> <p>1- Real profit method Tax is computed based on the real profit method on the taxpayer's net profits. The tax rate is fixed at 17% of the taxable result.</p> <p>2- Deemed profit method A deemed profit method is imposed on insurance and savings institutions, taxable transport companies, oil refineries, and public work contractors. For insurance companies.</p>

# Lebanon

Short analysis	VAT	CIT
Permanent Exemptions	<p>Tax shall not be charged in respect of the transactions carried out within the Lebanese territory and related to any of the following activities:</p> <ol style="list-style-type: none"> <li>1. Services offered by medical doctors or persons performing a medical activity, and hospital fees;</li> <li>2. Education;</li> <li>3. Insurance and reinsurance, and medical coverage provided by mutual assistance fund and employers and related services;</li> <li>4. Banking and financial services;</li> <li>5. Non-profit organizations regarding the activities performed for non-profit purposes, except when exempting such repeated activities is likely to create distortion of competition with taxable businesses;</li> <li>6. Collective transport of persons, including transport by taxicabs;</li> <li>7. Supply of gold to the Central Bank;</li> <li>8. Betting, lotteries and other forms of gambling;</li> <li>9. Sale of built properties;</li> <li>10. Residential letting of built properties;</li> <li>11. Farmer's activities concerning the supply of their agricultural production.</li> </ol>	<p>For income derived from personal business, tax is levied on deemed profits at progressive rates for sole proprietorships and partnerships.</p> <p>Companies and organisations that are granted an indefinite exemption from CIT include the following:</p> <ul style="list-style-type: none"> <li>• Educational institutions.</li> <li>• Hospitals, orphanages, asylums, and other shelters that admit patients free of charge.</li> <li>• Shipping, sea, and air transport associations (subject to certain restrictions).</li> <li>• Farmers, provided they do not display farm produce and cattle outlets or sell products and meat after conversion tax.</li> <li>• Syndicates and other types of professional associations.</li> <li>• Miscellaneous non-profit organisations and co-operatives.</li> <li>• Holding companies and offshore companies.</li> <li>• Public sector bodies that do not compete with private institutions.</li> </ul>

# Lebanon

Consequences	VAT	CIT
Tax returns	Periodical tax return: within 20 days from the end of the tax period as determined in article 26 of this law including, if necessary, the amount of the deductible tax.	<p>Taxes on business income in any given year are based on the profits of the previous financial year.</p> <p>Tax returns by artificial persons (entities) must be filed by 31 March of the year following the year of income. Tax returns by capital companies must be filed by 31 May of the year following the year of income. Submission deadlines of annual declarations for institutions that are exempt from income tax (other than companies) are as follows:</p> <p>Before 1 February for institutions adopting the cash basis of accounting.</p> <p>Before 1 April for institutions adopting the accrual basis of accounting and for representative offices that represent non-corporate entities.</p> <p>Before 1 June for representative offices that represent corporations.</p>
Tax rates	11% standard rate if not exempt	17% General rate and 20% for oil and gas companies



# Luxembourg

REQUIREMENTS	VAT	CIT
<b>Regulation</b>		
Definition according internal regulation	A PE is defined as any establishment, other than the main place of establishment of a business, characterised by a sufficient degree of permanence and a suitable structure in terms of human and technical resources to enable it to receive and use the services supplied to it for its own needs.	A PE is defined as a local place or establishment which is used to carry on a permanent commercial activity. Where a double tax treaty with Luxembourg contains a definition of a PE, the relevant definition of this double tax treaty prevails and the internal definition is disregarded.
Legal stipulation	Circular VAT Administration 753/2 May 17th 2019 Article 11 Regulation EU 282/2011	Article 16 of the Tax Adaptation Law (§ 16 - SteuerAnpassungGesetz - StAnpG)
Main examples	Not provided in the Circular or the EU Regulation	In particular, management headquarters, branches, offices, factories, workshops, warehouses, shops or other commercial establishments used by an entrepreneur or his representative (for instance, an authorised signatory) to conduct the commercial activities or a construction site used for more than 12 months.
Formal requirements	Registration with the Luxembourg VAT authorities for VAT number attribution	<ul style="list-style-type: none"> <li>Registration with the Luxembourg trade register</li> <li>Automatic attribution of a tax identification number by the Luxembourg direct tax authorities</li> </ul>
Legal personality	No	No
Cost	None	54,78€ for the Luxembourg Business Register's registration for permanent establishments of a commercial company
<b>Main requirements</b>	<b>VAT</b>	<b>CIT</b>
Existence of place of business	Yes	Yes
Fixation of the place of business	Yes	Yes
Carrying of an economic activity	Yes	Yes
Further requirements per country	No	No
<b>Short analysis of the main examples</b>	<b>VAT</b>	<b>CIT</b>
Dependent agent	Not provided in the Circular or the EU Regulation	Agents or representatives authorised to contract or negotiate in the name and on behalf of the taxable person
Real estate operated under lease or under any other title	Not provided in the Circular or the EU Regulation	The mere ownership of a property, does not constitute a permanent establishment

# Luxembourg

Construction, installation or assembly works	Not provided in the Circular or the EU Regulation	duration of minimum 12 months
Warehouse	Not provided in the Circular or the EU Regulation	The ownership or rental of a warehouse constitute a permanent establishment (not logistic services) unless excluded pursuant to the relevant double tax treaty
<b>Consequences</b>	<b>VAT</b>	<b>CIT</b>
Tax returns	<ul style="list-style-type: none"> <li>• Monthly, Quarterly or Annual Tax return depending on turnover</li> <li>• Annual summary of VAT returns</li> <li>• Regular declarations regarding intra-Community operations</li> <li>• Other informative declarations"</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Corporate Tax return</li> <li>• Periodic advance payments</li> <li>• Withholding tax returns (dividend payments, directors fees,...)"</li> </ul>
Tax rates	3% super-reduced rate 8% reduced rate 17% intermediary rate 14% parking rate	Between 15% and 17% for CIT (plus a surcharge of 7% payable for the unemployment fund). The Municipal Business Tax ("MBT") is also due on profits derived from business activities carried out by Luxembourg PE. The basic rate of 3% is multiplied by a factor that varies between 225% and 400% depending upon the municipality. In Luxembourg city, this leads to an effective MBT rate of 6,75% (i.e. 225% * 3%) for 20. MBT is determined on a basis essentially equal to the basis applied for CIT purposes.
Tax issues	No	There is a risk of double taxation of the profit derived by the Luxembourg PE. Taxation in Luxembourg and in the country of the tax residence of the head office. Some transfer pricing issues could arise between the country of residence of the PE's head office and the country where the PE is situated.
Responsability	The head office's is jointly and indefinitely liable for permanent establishment's debts	The head office's is jointly and indefinitely liable for permanent establishment's debts
Annual accounts and other commercial obligations	Obtention of business license, PE employees registration with social security administration,...	



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# Malta

REQUIREMENTS	VAT	CIT
<b>Regulation</b>		
Definition according internal regulation	Any fixed place of business where companies and individuals carry out economic activities.	Any fixed place of business where companies and individuals carry out economic activities.
	(a) taxable person is established in a country if he has established his economic activity or has a fixed place of establishment from which he carries on that economic activity in that country or, being a physical person who has not fixed his economic activity or who does not have a fixed place of establishment in any country, has a permanent address or usually resides in that country; (b) a non-taxable legal person is established in a country if it is constituted under the law of that country or if it has a fixed place in that country from which it carries on its activities; (c) a non-taxable physical person is established in the country where he has a permanent address or usually resides.(3) Where, in terms of subarticle (2), a taxable person falls to be treated as established in Malta and in another country with respect to the same transaction, and where it is necessary for the proper application of any provision of this Act that he should be treated as established only in one of those two countries, he shall, to the extent that it is so necessary, be treated as established only in the country with which that transaction is more closely connected.	
Legal stipulation	Although Maltese tax legislation contains a number of references to the term 'permanent establishment', the term is not defined by Maltese legislation. Indeed, in terms of Maltese domestic tax law, a non-resident is, in principle, subject to Maltese tax on income arising in Malta, irrespective of the existence or otherwise of a PE in Malta (subject to any double tax treaty [DTT] provisions that would apply if in conflict with Maltese tax law). In the event that the Maltese Inland Revenue is required to interpret such a term, reference would typically be made to the definition contained in the OECD Model Convention.	
Main examples	In particular, management headquarters, branches, offices, factories, workshops, warehouses, shops or other establishments, mines, oil or gas wells, quarries, agricultural, forestry or livestock farms or any other site for the exploration or extraction of natural resources, and construction, installation or assembly work lasting more than six months shall be deemed to constitute a permanent establishment.	
Formal requirements	<ul style="list-style-type: none"> <li>• Identification VAT Number (begins with an "MT")</li> <li>• No need of a tax representative with residence in Malta</li> </ul>	<ul style="list-style-type: none"> <li>• Identification Tax Number (begins with an "99")</li> <li>• Obligation of a tax representative who is registered in Malta</li> </ul>
Legal personality	Yes	Yes
Cost	Less costly than normal companies established in Malta, as less formal requirements are needed	

# Malta

Main requirements	VAT	CIT
Existence of place of business	Yes	Yes
Fixation of the place of business	Yes	Yes
Carrying of an economic activity	Yes	Yes
Further requirements per country	No	No
Short analysis of the main examples	VAT	CIT
Dependent agent	Agencies or representatives authorised to contract in the name and on behalf of the taxable person	Agents or representatives authorised to contract or negotiate in the name and on behalf of the taxable person
Real estate operated under lease or under any other title	The mere ownership of a property, constitutes a permanent establishment	The mere ownership of a property, does not constitute a permanent establishment
Construction, installation or assembly works	6 months	6 months
Warehouse	The ownership or rental of a warehouse constitutes a permanent establishment (not logistic services)	The ownership or rental of a warehouse does not constitute a permanent establishment (not logistic services)
Consequences	VAT	CIT
Tax returns	<ul style="list-style-type: none"> <li>Quarterly Tax return</li> <li>Annual summary of VAT returns</li> <li>Regular declarations regarding intra-Community operations</li> <li>Other informative declarations"</li> </ul>	"- Annual Corporate Tax return "
Tax rates	18% General rate 5 % Reduced rate 0% Exempt	35 % General rate
Tax issues	-	-
Responsibility	No limit to the parent company's liabilities	No limit to the parent company's liabilities
Annual accounts and other commercial obligations	No	No but requires of the parent-company

# Nigeria

REQUIREMENTS	VAT	CIT
<b>Regulation</b>		
Definition according to internal regulation	Relationship between Non-resident companies and resident companies with any fixed place of business in Nigeria, provided such companies and/or individuals wholly or partly carry out economic activities.	
Legal stipulation	Section 10(2) of Finance Act 2019	Section 13( e) of Finance Act 2019
Main examples	<ol style="list-style-type: none"> <li>1. Dependent agency arrangement</li> <li>2. Execution of a turnkey project</li> <li>3. Artificial arrangement between related parties or digital company that have a significant economic presence (to be determined by the Minister of Finance)</li> <li>4. Technical, management, consultancy or professional services</li> </ol>	<ol style="list-style-type: none"> <li>1. Dependent agency arrangement</li> <li>2. Execution of a turnkey project</li> <li>3. Artificial arrangement between related parties or digital company that have a significant economic presence (to be determined by the Minister of Finance)</li> <li>4. Technical, management, consultancy or professional services</li> </ol>
Formal requirements	Tax Identification Number Need of a tax representative with residence in Nigeria (Taxaide)	Tax Identification Number Need of a tax representative with residence in Nigeria (Taxaide)
Legal personality	Yes	Yes
Cost	Less costly than subsidiaries, as less formal requirements are needed	
<b>Main requirements</b>	<b>VAT</b>	<b>CIT</b>
Existence of place of business	Yes	Yes
Fixation of the place of business	Yes	Yes
Carrying of an economic activity	Yes	Yes
Further requirements per country	No	No
<b>Short analysis of the main examples</b>	<b>VAT</b>	<b>CIT</b>
Dependent agency arrangement	Agencies or representatives authorised to contract in the name and on behalf of the taxable person	
Execution of a turnkey project	Sales of imported products not based on consumer's specification constitute permanent establishment	

# Nigeria

Artificial arrangement	Monthly review of income derived by non-resident companies	Computation and filing of returns by non-resident companies
Technical, management, consultancy or professional	Professional service of any form rendered by a non-resident company constitute permanent establishment	Professional service of any form rendered by a non-resident company constitute permanent establishment
Warehouse	The ownership or rental of a warehouse constitutes a permanent establishment (not logistic services)	The ownership or rental of a warehouse does not constitute a permanent establishment (not logistic services)
<b>Consequences</b>	<b>VAT</b>	<b>CIT</b>
Tax returns	<ul style="list-style-type: none"> <li>• Monthly Tax return</li> <li>• Annual summary of VAT returns</li> <li>• Regular declarations regarding intra-Community operations</li> <li>• Other informative declarations"</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Corporate Tax return</li> <li>• Regular advance payments of the Corporate Tax return</li> <li>• Generation of withholding notes</li> <li>• Other informative declarations</li> </ul>
Tax rates	7.5% General rate	<ul style="list-style-type: none"> <li>• 30 % for large companies with revenue above N100m</li> <li>• 20 % Special rate for companies with turnover &lt; N100m but &gt;N25m</li> <li>• 0 % for companies with turnover &lt; N25m"</li> </ul>
Tax issues	-	-
Responsibility	Include 7.5% of contract fee on the invoice as VAT	Beneficiary to withhold and remit on behalf of the non-resident company
Annual accounts and other commercial obligations	No	Yes



# Paraguay

REQUIREMENTS	
<b>Regulation</b>	
Definition according to internal regulations	Entities resident in the country are considered to be those that have their effective management headquarters there or, in the absence thereof, their main activity.
Legal stipulation"	Law 125/1991, Articles 151, 153, 154 and 155
Main examples	<ol style="list-style-type: none"> <li>1. The branches or agencies.</li> <li>2. An industrial or assembly plant or workshop or agricultural establishment.</li> <li>3. The mines, quarries or any other place of extraction of natural resources.</li> <li>4. Construction or assembly works lasting more than twelve months.</li> </ol>
Formal requirements	Registration in the RUC (Registro Único de Comercio). Registration in the Public Registry of Commerce. Inscription in the Treasury's Law Office.
Legal personality	The taxpayers and those responsible are obliged to constitute a tax domicile in the country. A person acting in the country on behalf of a foreign company is deemed to constitute a permanent establishment in the country if he has and habitually exercises in the country powers to conclude contracts on behalf of the company, unless his activities are limited to the purchase of goods or merchandise for the company.
<b>Main requirements</b>	
Existence of place of business.	Yes
Fixing the place of business.	Yes
Carrying out an economic activity.	Yes

Additional requirements per country.	Not
<b>Consequences</b>	
Tax returns	Monthly VAT Annual rent Tax deductions
Tax rates	VAT 5% and 10% RENT 10% IDU (Profit Withdrawal) 8% national and 15% foreign
Tax issues	If it does not fall within the main examples it will be taxed INR (Non-Resident Tax, rate 15%)



# Portugal

REQUIREMENTS	VAT	CIT
<b>Regulation</b>		
Definition according internal regulation	There is no definition of the concept of permanent establishment for VAT purposes. However, whenever there are transactions that are considered subject to VAT in Portugal, the taxable person has to register only for VAT purposes	It is considered that there is a permanent establishment in Portugal as long as it operates through a fixed installation in which a commercial, industrial or agricultural activity is carried out. There is also a permanent establishment if there is a construction, installation and assembly site, platforms or drilling boats used for prospecting or exploiting natural resources, or when an independent agent acts in Portugal on behalf of a company and has powers of intermediation and conclusion of contracts related to the activity of that company.
Legal stipulation	No	Article 5 of the Corporate Tax Code
Main examples	Some sales and services rendered in Portugal against payment to a VAT taxable person in Portugal when it is not possible to apply the reverse charge Sales to final consumers in Portugal	In particular, management headquarters, branches, offices, factories, workshops, warehouses, shops or other establishments, mines, oil or gas wells, quarries, agricultural, forestry or livestock farms or any other site for the exploration or extraction of natural resources, and construction, installation or assembly work lasting more than six months shall be deemed to constitute a permanent establishment.
Formal requirements	<ul style="list-style-type: none"> <li>• Identification Tax Number (begins with 980...)</li> <li>• No need of a tax representative with residence in Portugal</li> </ul>	<ul style="list-style-type: none"> <li>• Identification Tax Number (begins with 980...)</li> <li>• Obligation of a tax representative with residence in Portugal"</li> </ul>
Legal personality	No	No
Cost		
<b>Main requirements</b>	<b>VAT</b>	<b>CIT</b>
Existence of place of business	Yes	Yes
Fixation of the place of business	No	Yes
Carrying of an economic activity	No	Yes
Further requirements per country	No	No

# Portugal

Short analysis of the main examples	VAT	CIT
Dependent agent	-	Agents or representatives authorised to contract or negotiate in the name and on behalf of the company
Real estate operated under lease or under any other title	The existence of property in Portugal always involves the payment of VAT in Portugal	The mere ownership of a property, does not constitute a permanent establishment
Construction, installation or assembly works	-	6 months
Warehouse	-	The ownership or rental of a warehouse does not constitute a permanent establishment if it is used only for preparatory or auxiliary activities
Consequences	VAT	CIT
Tax returns	<ul style="list-style-type: none"> <li>• Monthly/Quarterly VAT return</li> <li>• Annual summary of VAT returns</li> <li>• Regular declarations regarding intra-Community operations</li> <li>• Other informative declarations</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Corporate Tax return</li> <li>• Regular advance payments of the Corporate Tax return</li> <li>• Other informative declarations</li> </ul>
Tax rates	23% General rate 13 % intermediate rate 6% reduced rate	21 % General rate
Tax issues	-	-
Responsibility	No limit to the parent company's liabilities	No limit to the parent company's liabilities
Annual accounts and other commercial obligations	No (and neither of the parent-company)	Delivery of financial information annually through IES

# Russia

REQUIREMENTS	VAT	CIT
<b>Regulation</b>		
Definition according internal regulation	<ul style="list-style-type: none"> <li>organizations*;</li> <li>private entrepreneurs;</li> <li>persons who are deemed to be taxpayers of VAT in connection with the conveyance of goods across the customs border of the Customs Union. *The term 'organizations' means Russian legal entities and branches and representations of foreign entities which have been established in the territory of Russia."</li> </ul>	<ul style="list-style-type: none"> <li>Russian organizations;</li> <li>foreign organizations which carry out their activities in Russia through permanent establishments and (or) receive income from sources in Russia."</li> </ul>
Legal stipulation	Article 143 of the Tax Code	Article 236 of the Tax Code
Main examples	Regular entrepreneurial activities connected with: <ul style="list-style-type: none"> <li>the use of subsurface resources and (or) the use of other natural resources;</li> <li>the performance of work envisaged by contracts involving construction, installation, erection, assembly, adjustment, servicing and operation of equipment, including gaming machines;</li> <li>the sale of goods from warehouses located in Russia which are owned or rented by that organization;</li> <li>the performance of other work, the rendering of services and the carrying-out of activities except preliminary or auxiliary activity; PLUS if foreign company provides electronic services and rental of a warehouse to Russian customers</li> </ul>	Regular entrepreneurial activities connected with: <ul style="list-style-type: none"> <li>the use of subsurface resources and (or) the use of other natural resources;</li> <li>the performance of work envisaged by contracts involving construction, installation, erection, assembly, adjustment, servicing and operation of equipment, including gaming machines;</li> <li>the sale of goods from warehouses located in Russia which are owned or rented by that organization;</li> <li>the performance of other work, the rendering of services and the carrying-out of activities except preliminary or auxiliary activity."</li> </ul>
Formal requirements	<ul style="list-style-type: none"> <li>Identification Tax Number</li> <li>Obligation of a tax representative with residence in Russia"</li> </ul>	<ul style="list-style-type: none"> <li>Identification Tax Number</li> <li>Obligation of a tax representative with residence in Russia"</li> </ul>
Legal personality	No	No
Cost		
<b>Main requirements</b>	<b>VAT</b>	<b>CIT</b>
Existence of place of business	Yes	Yes
Fixation of the place of business	Yes	Yes
Carrying of an economic activity	Yes	Yes

# Russia

Further requirements per country	No	No
<b>Short analysis of the main examples</b>	<b>VAT</b>	<b>CIT</b>
Dependent agent	No	Agents or representatives authorised to contract or negotiate in the name and on behalf of the taxable person
Real estate operated under lease or under any other title	The mere ownership of a property constitutes a permanent establishment	The mere ownership of a property, does not constitute a permanent establishment
Construction, installation or assembly works	No exceptions	A period of exemptions is 12-18 months (based on Double Tax Treaty)
Warehouse	The rental of a warehouse constitutes a permanent establishment	The ownership or rental of a warehouse does not constitute a permanent establishment
Electronic services	Foreign organizations providing specific services in electronic format to customers based in Russia have to register for VAT purposes and settle VAT liabilities independently	No
<b>Consequences</b>	<b>VAT</b>	<b>CIT</b>
Tax returns	<ul style="list-style-type: none"> <li>Quarterly Tax return</li> <li>Quarterly Tax payments</li> </ul>	<ul style="list-style-type: none"> <li>Annual Corporate Tax return</li> <li>Regular advance payments of the Corporate Tax return</li> </ul>
Tax rates	20% General rate 10% Reduced rate 0% Export rate	20% General rate
Tax issues	No deduction of 'input' VAT for foreign providers of electronic services	Non deduction for payment for royalties, interests or commissions
Responsibility	No limit to the parent company's liabilities	No limit to the parent company's liabilities
Annual accounts and other commercial obligations	Tax accounting is required	Tax accounting is required



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# Serbia

REQUIREMENTS	VAT	CIT
<b>Regulation</b>		
Definition according internal regulation	A taxpayer for VAT purposes is a person who independently, and in the course of its business activities, undertakes the supply of goods and services or import of goods. Business activity is defined as the permanent activity of a manufacturer, salesperson, or service provider for the purpose of gaining income. The threshold for obligatory registration in VAT system is total sales of 8.000.000 RSD (approximately 60.000 EUR) in previous 12 months.	A permanent establishment is any permanent place of business in Serbia through which a non-resident conducts its business
Legal stipulation	Article 10. of VAT Law	Article 4 of the Law on corporate income tax
Main examples	The list of most common cases: <ol style="list-style-type: none"> <li>1. The place of management, branches, offices, factories, workshops, installations, shops and, in general, the agencies or representatives authorised to contract in the name and on behalf of the taxable person</li> <li>2. The mines, quarries or slag heaps, oil or gas wells or other places of extraction of natural products.</li> <li>3. construction, installation or assembly work lasting more than 12 months.</li> <li>4. agricultural, forestry or livestock operations</li> <li>5. Installations operated on a permanent basis by an entrepreneur or professional for the storage and subsequent delivery of their goods.</li> <li>6. Centres for the purchase of goods or services.</li> <li>7. Real estate operated under lease or under any other title.</li> </ol>	In particular: branch; representative office; place of production, factory or workshop; a mine, quarry or other place of exploitation of natural resources. A permanent establishment is also a permanent or mobile construction site, construction or assembly works, if they last more than six months, as follows: a) one of several parallel construction or assembly works, or b) several construction or assembly works carried out without interruption one after the other. If a person, representing a non-resident taxpayer, has and exercises the power to conclude contracts on behalf of that taxpayer, the non-resident taxpayer shall be deemed to have a permanent establishment in respect of the activities performed by the representative on behalf of the payer.
Formal requirements	<ul style="list-style-type: none"> <li>• Tax Identification Number (TIN)</li> <li>• No need of a tax representative with residence in Serbia</li> </ul>	<ul style="list-style-type: none"> <li>• Tax Identification Number (TIN)</li> <li>• Obligation of a tax representative with residence in Serbia"</li> </ul>
Legal personality	No, but in some specific cases tax representative is required	No
Cost	Less costly than subsidiaries, as less formal requirements are needed	
<b>Main requirements</b>	<b>VAT</b>	<b>CIT</b>
Existence of place of business	Yes	Yes

# Serbia

Fixation of the place of business	Yes	Yes
Carrying of an economic activity	Yes	Yes
Further requirements per country	No	No
<b>Short analysis of the main examples</b>	<b>VAT</b>	<b>CIT</b>
Dependent agent	Agencies or representatives authorised to contract in the name and on behalf of the taxable person	Agents or representatives authorised to contract or negotiate in the name and on behalf of the taxable person
Real estate operated under lease or under any other title	The mere ownership of a property, constitutes a permanent establishment	The mere ownership of a property, does not constitute a permanent establishment
Construction, installation or assembly works	12 months	6 months
Warehouse	The ownership or rental of a warehouse constitutes a permanent establishment (not logistic services)	The ownership or rental of a warehouse does not constitute a permanent establishment (not logistic services)
<b>Consequences</b>	<b>VAT</b>	<b>CIT</b>
Tax returns	Monthly Tax return	<ul style="list-style-type: none"> <li>Annual Corporate Tax return</li> <li>Regular advance payments of the Corporate Tax return</li> </ul>
Tax rates	"20% General rate 10 % Reduced rate"	15 % General rate
Tax issues	-	Non deduction for payment for royalties, interests or commissions
Responsability	No limit to the parent company's liabilities	No limit to the parent company's liabilities
Annual accounts and other commercial obligations	No (and neither of the parent-company)	No (and neither of the parent-company)

# Singapore

REQUIREMENTS	VAT /GST	CIT
<b>Regulation</b>		
Definition according internal regulation	Services are considered to be supplied in Singapore if the supplier of service belongs in Singapore.	a permanent establishment is defined in the Income Tax Act as "a fixed place where a business is wholly or partly carried on including: (a)a place of management; (b)a branch; (c)an office; (d)a factory; (e) a warehouse; (f)a workshop; (g)a farm or plantation; (h)a mine, oil well, quarry or other place of extraction of natural resources; (i) a building or work site or a construction, installation or assembly project, and without prejudice to the generality of the foregoing, a person shall be deemed to have a permanent establishment in Singapore if that person (I)carries on supervisory activities in connection with a building or work site or a construction, installation or assembly project; or  (II)has another person acting on that person's behalf in Singapore who  (A)has and habitually exercises an authority to conclude contracts;  (B)maintains a stock of goods or merchandise for the purpose of delivery on behalf of that person; or  (C)habitually secures orders wholly or almost wholly for that person or for such other enterprises as are controlled by that person
Legal stipulation	Section 15 of GST Act	Section 2 of the Income Tax Act
Main examples	The supplier belongs in Singapore if any of the following apply: a) He has a business or fixed establishment in Singapore and has no such establishment elsewhere b) He has a business or fixed establishment in Singapore and elsewhere and the establishment which is most directly concerned with the supply of services is in Singapore c) His usual place of residence is in Singapore (supplier is individual) A supplier is regarded as having a business establishment in Singapore if: 1)His main seat of economic activity is in Singapore 2)He carries on business through a branch in Singapore 3)He carries on business through an agency in Singapore A supplier is regarded as having a fixed establishment in Singapore if he has permanent presence of human and technical resources in Singapore for more than 183 days in any 12 month period or on a recurring basis.	1) a fixed place of business in Singapore (Physical PE)- a) a place of management, b)a branch, c)an office, d)a factory, e)a warehouse, f)a workshop, g)building site or a construction, assembly of installation project (for NR of tax treaty country if undertaken for not more than specified period (usually 6 months or 183 days to 12 months) that project will not be considered a PE in that country- PE Article in the DTA)  2) supervision activities carried on in Singapore(Service PE)- carried out in Singapore in connection with a building or work site of a construction, installation or assembly project (for NR of tax treaty country if undertaken for not more than specified period (usually 6 months or 183 days to 12 months) that project will not be considered a PE in that country-PE Article in the DTA)  3) representation through a dependent agent in Singapore(Agency PE)- eg: foreign Company station employee in Singapore to negotiate and conclude contracts on behalf of foreign Company

# Singapore

	Human resources refer to presence of staff to provide services. Technical resources refers to physical goods (e.g. equipment, office premise etc) necessary to support the provision of services.	
Formal requirements	NA	Identification Tax Number
Legal personality	NA	No
Cost	NA	Less costly than subsidiaries, as less formal requirements are needed
<b>Main requirements</b>	<b>GST</b>	<b>CIT</b>
Existence of place of business	Yes	Yes
Fixation of the place of business	Yes	Yes
Carrying of an economic activity	Yes	Yes
Further requirements per country	No	No
<b>Short analysis of the main examples</b>	<b>GST</b>	<b>CIT</b>
Dependent agent	NA	Agents or representatives authorised to contract or negotiate in the name and on behalf of the taxable person
Real estate operated under lease or under any other title	NA	NA
Construction, installation or assembly works	NA	6 to 12 months if foreign company is resident of Treaty country
Warehouse	NA	Stocks of goods warehoused in Singapore for delivery but no trading activities are carried on in Singapore
<b>Consequences</b>	<b>GST</b>	<b>CIT</b>
Tax returns	Quarterly Tax return	Annual Corporate Tax return
Tax rates	7% General rate	17 % General rate / 15% & 10% Reduced rate
Tax issues	-	-
Responsability	No limit to the parent company's liabilities	No limit to the parent company's liabilities
Annual accounts and other commercial obligations	No (and neither of the parent-company)	No (and neither of the parent-company)

# Spain

REQUIREMENTS	VAT	CIT
<b>Regulation</b>		
Definition according internal regulation	Any fixed place of business where companies and individuals carry out economic activities.	A person operates through permanent establishment in Spanish territory when he or she holds in any way installations or work premises of any kind, in which he or she carries out all or part of his or her activity, or acts in it through an agent authorised to hire, in the name and on account of the non-resident, using these powers regularly.
Legal stipulation	Article 69.Three of the VAT Act	Article 13 of the Non-Resident Income Tax Act
Main examples	<ol style="list-style-type: none"> <li>1. The place of management, branches, offices, factories, workshops, installations, shops and, in general, the agencies or representatives authorised to contract in the name and on behalf of the taxable person</li> <li>2. The mines, quarries or slag heaps, oil or gas wells or other places of extraction of natural products.</li> <li>3. construction, installation or assembly work lasting more than 12 months.</li> <li>4. agricultural, forestry or livestock operations</li> <li>5. Installations operated on a permanent basis by an entrepreneur or professional for the storage and subsequent delivery of their goods.</li> <li>6. Centres for the purchase of goods or services.</li> <li>7. Real estate operated under lease or under any other title."</li> </ol>	In particular, management headquarters, branches, offices, factories, workshops, warehouses, shops or other establishments, mines, oil or gas wells, quarries, agricultural, forestry or livestock farms or any other site for the exploration or extraction of natural resources, and construction, installation or assembly work lasting more than six months shall be deemed to constitute a permanent establishment.
Formal requirements	<ul style="list-style-type: none"> <li>• Identification Tax Number (begins with an ""N"")</li> <li>• No need of a tax representative with residence in Spain</li> </ul>	<ul style="list-style-type: none"> <li>• Identification Tax Number (begins with an ""W"")</li> <li>• Obligation of a tax representative with residence in Spain</li> </ul>
Legal personality	No	No
Cost	Less costly than subsidiaries, as less formal requirements are needed	
<b>Main requirements</b>	<b>VAT</b>	<b>CIT</b>
Existence of place of business	Yes	Yes
Fixation of the place of business	Yes	Yes
Carrying of an economic activity	Yes	Yes

# Spain

Further requirements per country	No	No
<b>Short analysis of the main examples</b>	<b>VAT</b>	<b>CIT</b>
Dependent agent	Agencies or representatives authorised to contract in the name and on behalf of the taxable person	Agents or representatives authorised to contract or negotiate in the name and on behalf of the taxable person
Real estate operated under lease or under any other title	The mere ownership of a property, constitutes a permanent establishment	The mere ownership of a property, does not constitute a permanent establishment
Construction, installation or assembly works	12 months	6 months
Warehouse	The ownership or rental of a warehouse constitutes a permanent establishment (not logistic services)	The ownership or rental of a warehouse does not constitute a permanent establishment (not logistic services)
<b>Consequences</b>	<b>VAT</b>	<b>CIT</b>
Tax returns	<ul style="list-style-type: none"> <li>• Quarterly Tax return</li> <li>• Annual summary of VAT returns</li> <li>• Regular declarations regarding intra-Community operations</li> <li>• Other informative declarations"</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Corporate Tax return</li> <li>• Regular advance payments of the Corporate Tax return</li> <li>• Other informative declarations"</li> </ul>
Tax rates	21% General rate 10 % Reduced rate 4% Super reduced rate	25 % General rate
Tax issues	-	Non deduction for payment for royalties, interests or commissions
Responsability	No limit to the parent company's liabilities	No limit to the parent company's liabilities
Annual accounts and other commercial obligations	No (and neither of the parent-company)	No (and neither of the parent-company)

# Switzerland

REQUIREMENTS	VAT	CIT
<b>Regulation</b>		
Definition according internal regulation	A permanent establishment is a fixed place of business through which the activity of the business is wholly or partly carried on.	A natural person or legal entity operates through permanent establishment on Swiss territory when he/it holds in any way fixed work premises of any kind, in which all or part of the activity are carried out or acts through a permanent agent authorised to act on behalf and uses this authority.
Legal stipulation	Article 5 of the VAT Ordinance	Article 4 paragraph 2 of the Direct Federal Tax Act
Main examples	In particular the following qualify as permanent establishments: a.branches;b.factories;c.workshops;d.points of purchase or sale;e. permanentrepresentations;f.minesandothersitesfortheextractionofnatural resources;g.construction and assembly sites lasting for at least twelve months;h.property used for agricultural, grazing and forestry purposes. In particular the following are not permanent establishments: a.pure distribution warehouses;b.means of transport that are employed for their original purpose;c.information, representation and advertising offices of businesses that are authorised only to perform corresponding support activities.	In particular, management headquarters, branches, offices, factories, workshops, warehouses, mines, quarries, agricultural, forestry or livestock farms or any other site for the exploration or extraction of natural resources, and construction, installation or assembly work lasting more than twelve months shall be deemed to constitute a permanent establishment.
Formal requirements	<ul style="list-style-type: none"> <li>• Application to tax authority in order to get Identification Tax Number</li> <li>• Need of a tax representative with residence in Switzerland”</li> </ul>	Application to tax authority in order to get Identification Tax Number
Legal personality	No	Not mandatory
Cost	depending on amount of receipts	
<b>Main requirements</b>	<b>VAT</b>	<b>CIT</b>
Existence of place of business	Yes	Yes
Fixation of the place of business	Yes	Yes
Carrying of an economic activity	Yes	Yes
Further requirements per country	No	No

# Switzerland

Short analysis of the main examples	VAT	CIT
Dependent agent	Agencies or representatives authorised to contract in the name and on behalf of the taxable person	Agents or representatives authorised to contract or negotiate in the name and on behalf of the taxable person
Real estate operated under lease or under any other title	No (with restrictions and exceptions as mentioned above)	The mere ownership of a property, does not constitute a permanent establishment
Construction, installation or assembly works	12 months	12 months
Warehouse	Pure distribution warehouses no (as mentioned above)	The ownership or rental of a warehouse alone does not constitute a permanent establishment (not logistic services)
Consequences	VAT	CIT
Tax returns	<ul style="list-style-type: none"> <li>Quarterly Tax return</li> <li>Annual summary of VAT returns</li> <li>Other informative declarations"</li> </ul>	<ul style="list-style-type: none"> <li>Annual Corporate Tax return</li> <li>Regular advance payments of the Corporate Tax return</li> <li>Other informative declarations"</li> </ul>
Tax rates	7.7% General rate 2.5 % Reduced rate 3.7 % Special rate for accomnodation services	Federal flat tax 8.5%, cantonal and community tax vary very much on location
Tax issues	-	-
Responsability	No limit	No limit
Annual accounts and other commercial obligations	Not for VAT purposes (for CIT see right side)	Yes, if no cost plus procedure has been ruled than their should be made a separat annual statement and profit & loss statement for the permanent establishment.

# United Kingdom

REQUIREMENTS	VAT	CIT
<b>Regulation</b>		
Definition according internal regulation	Although there is no proper definition of the concept of permanent establishment, section 9 of Value Added Tax Act 1994 clarifies that this concept should be read in accordance with Article 11 on Implementing Regulation (EU) No 282/2011. According to this article, a 'fixed establishment' shall be any establishment, other than the place of establishment of a business referred to in Article 10 of this Regulation, characterised by a sufficient degree of permanence and a suitable structure in terms of human and technical resources to enable it to receive and use the services supplied to it for its own needs.	For the purposes of the Corporation Tax Acts a company has a permanent establishment in a territory if (and only if) (a) it has a fixed place of business there through which the business of the company is wholly or partly carried on, or (b) an agent acting on behalf of the company has and habitually exercises there authority to do business on behalf of the company.
Legal stipulation	Section 9 of Value Added Tax Act 1994	Section 1141. Corporation Tax Act 2010.
Main examples	<p>(a) an overseas business that sets up a branch comprising staff and offices in the UK to provide services - the UK branch is a fixed establishment.</p> <p>(b) a company with a business establishment overseas that owns a property in the UK which it leases to tenants - the property does not in itself create a fixed establishment, but, if the company has UK offices and staff or appoints a UK agent or representative to carry on its business, this creates a fixed establishment in the UK.</p> <p>(c) an overseas business has contracts with UK customers to provide services; it has no human or technical resources in the UK and therefore sets up a UK subsidiary to act in its name to provide those services - the overseas business has a fixed establishment in the UK created by the agency of the subsidiary</p> <p>(d) a UK company that acts as the operating member of a consortium for offshore exploitation of oil or gas using a fixed production platform - the rig is a fixed establishment of the operating member.</p>	For this purpose a "fixed place of business" includes — (a) a place of management, (b) a branch, (c) an office, (d) a factory, (e) a workshop, (f) an installation or structure for the exploration of natural resources, (g) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources, and (h) a building site or construction or installation project.
Formal requirements	<ul style="list-style-type: none"> <li>VAT registration certificate</li> <li>No need of a tax representative with residence in UK</li> </ul>	<ul style="list-style-type: none"> <li>HMRC record for the company</li> <li>Corporation Tax UTR</li> <li>Obligation of a tax representative with residence in Spain"</li> </ul>

# United Kingdom

Legal personality	No	No
Cost	Less costly than subsidiaries, as less formal requirements are needed	
<b>Main requirements</b>	<b>VAT</b>	<b>CIT</b>
Existence of place of business	Yes	Yes (or agent who exercises there authority to do business)
Fixation of the place of business	Yes	Yes
Carrying of an economic activity	Yes	Yes
Further requirements per country	No	No
<b>Short analysis of the main examples</b>	<b>VAT</b>	<b>CIT</b>
Dependent agent	Agent, other than an agent of independent status, acting on behalf of the enterprise has, and habitually exercises, in a contracting state an authority to conclude contracts in the name of the enterprise	Agents who have and habitually exercise an authority to do business on behalf of the company.
Real estate operated under lease or under any other title	Real estate does not in itself create a fixed establishment, but, if the company has UK offices and staff or appoints a UK agent or representative (such as a subsidiary company acting on their instructions) to carry on its business, this creates a fixed establishment in the UK	The property does not in itself create a PE establishment, but, if the company has UK offices and staff or appoints a UK agent or representative (such as a subsidiary company acting on their instructions) to carry on its business, this creates a PE in the UK
Construction, installation or assembly works	No minimum time established by law, but generally 6 months	No minimum time established by law, but generally 6 months
Warehouse	If goods are physically stored in a relevant structure then the structure is being used for the storage of goods and therefore taxable.	There is no permanent establishment in the UK if the activities here, whether through a fixed place of business or an agent, in relation to the business as a whole, are preparatory or auxiliary in character, such as the use of facilities for the purpose of storage, display or delivery of goods or merchandise belonging to the company.

# United Kingdom

Consequences	VAT	CIT
Tax returns	You should file a VAT form at the end of each accounting period, which is every 3 months. As such, you will file four VAT returns each year. You need to include the relevant start and end dates on each VAT return.	The accounting period can not be longer than 12 months and is normally the same as the financial year covered by your company or association's annual accounts. When you file your tax return, you work out your Profit or loss for Corporation Tax (this is different from the profit or loss shown in your annual accounts), the Corporation Tax bill and other informative declarations.
Tax rates	20% Standard rate 5 % Reduced rate 0% zero rate"	19% General rate
Tax issues	You must register for VAT if: (a) you expect your VAT taxable turnover to be more than £85,000 in the next 30-day period after being incorporated (b) your business had a VAT taxable turnover of more than £85,000 over the last 12 months You might also need to register in some other cases, depending on the kind of goods or services you sell and where you sell them. There is no threshold if neither you nor your business is based in the UK. You must register as soon as you supply any goods and services to the UK (or if you expect to do so within the next 30 days).	The deadline for your payment will depend on your taxable profits. (a) Taxable profits of up to £1.5 million. You must pay your Corporation Tax 9 months and 1 day after the end of your accounting period. Your accounting period is usually your financial year, but you may have 2 accounting periods in the year you set up your company. (b) Taxable profits of more than £1.5 million. You must pay your Corporation Tax in instalments
Responsibility	No limit to the parent company's liabilities	No limit to the parent company's liabilities
Annual accounts and other commercial obligations	File accounts, but the extent of those accounts depends on the company's obligation under its domestic legislation.	File accounts, but the extent of those accounts depends on the company's obligation under its domestic legislation.

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