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2023 edition

Holding Regimes in a New Era

Comparison of Tax and Non-Tax Aspects of Selected Countries

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Introduction

We are pleased to present the 18th edition of our Holding Regimes in a New Era publication.

It goes without saying that international taxation is developing at an unprecedented pace. The OECD/G20 Base Erosion and Profit Shifting ('BEPS') project has led to various developments, including amendments to domestic tax law and the OECD Model Tax Convention, the introduction of Country-by-Country Reporting and Local File/Master File obligations for multinational enterprises and the implementation of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting ('MLI'). In 2021 members of the OECD/G20 officially agreed on certain key parameters to reallocate taxing rights to 'market' jurisdictions (Pillar One) and to introduce a global minimum effective taxation (Pillar Two).

Also at EU level, the developments followed each other at a rather rapid pace. The European Commission came out with several Directives to combat aggressive tax planning and enhance transparency such as the Anti-Tax Avoidance Directives 1 and 2 ('ATAD') and the Mandatory Disclosure Directive ('DAC6'). The European Commission recently also proposed a new Directive to prevent the misuse of entities with no or very limited presence and economic activities ('Unshell Directive').

This publication provides a practical tool to compare key features of the covered jurisdictions. Initially developed as an internal tool for our tax practitioners, the popularity of this tool led to the decision to share it on a wider basis with our friends and clients. The publication is intended for use as an initial comparison of the most relevant tax and non-tax aspects of the selected jurisdictions and should not be used as a substitute for obtaining local advice. The information contained in this publication reflects laws that are in effect as per January 1, 2023, unless otherwise indicated.

The publication includes – in addition to tax features – certain non-tax features of the covered jurisdictions. In the current international tax climate, (some of) the described tax benefits of the covered jurisdictions may not be available for holding companies without real economic functions, which should be kept in mind when reading this publication.

We hope that you will find this edition of the publication useful and that it will find a permanent place on your desktop.

Loyens & Loeff New York
Lisanne Bergwerff / Anastasia Daane, editors

Acknowledgement contributions

The jurisdictions included in this publication (in alphabetical order) are Belgium, Hong Kong, Ireland, Luxembourg, the Netherlands, Singapore, Spain, Switzerland and the United Kingdom. These jurisdictions have been selected based on certain predetermined factors. The inclusion (or non-inclusion) of a particular jurisdiction does not entail judgment by Loyens & Loeff on such jurisdiction.

With respect to the selected jurisdictions in which Loyens & Loeff has offices with a domestic tax practice (Belgium, Luxembourg, the Netherlands and Switzerland), such local Loyens & Loeff offices have provided the information contained herein. With respect to the other selected jurisdictions, we obtained the information from the firms listed below. We gratefully acknowledge the contributions of the below-listed firms. Additional information regarding the features of the selected jurisdictions may be obtained by contacting the relevant Loyens & Loeff offices at the addresses shown on page 146 or the below-mentioned contributing firms via their website shown below or the contact persons listed on page 147.

Hong Kong	Deacons	www.deacons.com
Ireland	Matheson	www.matheson.com
Spain	Cuatrecasas	www.cuatrecasas.com
Singapore	Rajah & Tann	www.rajahtannasia.com
United Kingdom	Skadden	www.skadden.com

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Part I
Belgium, Hong Kong and Ireland

Overview | < >

1. Business environment

1.1 Business climate – general

Belgium	Hong Kong	Ireland
Belgium is a relatively small country in the heart of Europe, with an open, international and competitive economy. According to the 2021 KOF Globalisation Index which measures the openness of a country by assessing the economic, political and social dimensions of globalisation, Belgium is the 3rd most globalised country in the world. The stable political and economic environment in Belgium creates a reliable place to do business. Many multinational enterprises base their operations in Belgium, for instance by means of a European or regional headquarter, a shared service centre, a customer care centre, a distribution and logistics centre or an R&D facility. Belgium also hosts the EU, NATO and other international organisations. This ensures a strong presence of lobby groups, diplomats and press.	Hong Kong is an autonomous region of the People's Republic of China. It has its own currency, political, and legal systems. This has allowed the city to continue to flourish as an international business city whilst enjoying the benefits of unrivalled access to opportunities in Mainland China. Hong Kong has been recognised as one of the world's most competitive economies.The International Institute for Management Development (IMD) World Competitive Yearbook 2022 ranked Hong Kong 5th out of 63 economies. The ranking reflects the consistent strides Hong Kong has made in building a favourable business environment. IMD assessed the economy across four competitiveness factors; economic performance, government efficiency, business efficiency and infrastructure. Among various sub-factors, Hong Kong is ranked top globally in 'Technological framework' and ranked 2nd globally in 'Training & education'. Hong Kong has been remarkably successful in managing the social and economic consequences of the Covid-19 pandemic by leveraging extensive government fiscal reserves, efficient bureaucracies, and a high degree of social cohesion and resilience.	Ireland has succeeded in attracting some of the world's largest companies to establish operations here. This includes some of the largest companies in the global technology, pharmaceutical, biosciences, manufacturing and financial services industries. They are in Ireland because Ireland delivers: • low corporate tax rate – corporation tax rate on trading profits is 12.5% and the regime does not breach EU or OECD harmful tax competition criteria; • regulatory, economic and period infrastructure of a highly developed OECD jurisdiction; • benefits of EU membership and of being the only English-speaking jurisdiction in the Eurozone; • common law jurisdiction, with a legal system that is broadly similar to the US and the UK systems; • refundable tax credit for research and development activity and other incentives; and • extensive and expanding double tax treaty network, with 74 countries, including the US, UK, China and Japan.

1.2 Location, logistics and infrastructure

Belgium	Hong Kong	Ireland
Belgium has a central location in Western Europe, one of the wealthiest and developed regions in the world. With its dense network of ports (including one of Europe's largest seaports in Antwerp), international airports, roads, rail and waterways, Belgium forms an excellent logistic gateway to Europe. The logistics system is supported by world-class telecommunication and internet infrastructures. Numerous distribution centers are established in Belgium, taking advantage of the low cost and short distance to Europe's major markets.	Hong Kong is strategically located at the heart of the Asian continent. A five-eight hour flight connects Hong Kong to most markets in the Asia-Pacific region. Hong Kong has taken significant measures continuously to upgrade its infrastructure in order to meet the growing demands of businesses. It is acknowledged to have one of the best airports and busiest cargo ports in the world. Transportation services are efficient and cheap connecting all major centres. Hong Kong's telecommunications infrastructure is one of the most technically advanced in the world. Broadband coverage is available to virtually all commercial and residential buildings. Hong Kong's free and open markets ensure there are several competitive mobile phone and Internet service providers.	Ireland is an island situated off the north-west of the European continent. Its capital, Dublin, is 1 hour by air from London and 90 minutes from Paris and Brussels. Ireland is recognized as one of the most attractive locations for international companies to access the EU internal market. Ireland has a very well developed and sophisticated banking and financial services infrastructure with established experience in handling the requirements of international companies. International and internal transport services are well developed.

1.3 Hiring employees

Belgium	Hong Kong	Ireland
The Belgian workforce is highly skilled and productive. Well-educated workers, who are among the most multilingual in the world, can operate successfully within a vast range of industries engaged in cross-border trade and services. A special expatriate tax status applies to foreign executives and researchers assigned to Belgium. This status entails benefits such as tax-free allowances to cover certain expenses. With effect from January 1, 2022, a new special tax regime for qualifying inbound taxpayers (employees and directors) and qualifying inbound researchers (employees) is applicable with a transitional period until December 31, 2023 for expatriates benefitting from the previous expatriate regime. The previous expatriate regime is no longer applicable for individuals who start working in Belgium as from January 1, 2022. Contrary to the previous expatriate regime (fiction of non-residence established by a tax letter), the new special tax regime applies (if all conditions are met) both to Belgian tax residents and non-residents (inbound taxpayers/inbound researchers who maintain their tax residence abroad). In the Human Development Index 2021 of the United Nations, which focuses on the richness of human lives, Belgium ranks 13th of 191 countries in total.	Hong Kong is home to a diverse talent pool, equipped with the skills and knowledge to drive business in Hong Kong and beyond. Hong Kong is home to 22 local degree-awarding post-secondary education institutions. Currently five Hong Kong universities are featured in the Quacquarelli Symonds World University Rankings top 100 list, demonstrating the high quality of the education system. Newcomers to Hong Kong will find that language is rarely an issue with most locals being either bilingual or trilingual. Most business professionals can speak English and Cantonese (Hong Kong's most widely spoken language), with Mandarin also being widely understood (Mainland China's official language).	Ireland has a highly-skilled, flexible, educated and international workforce. In relation to education in particular, the share of 25-34 year olds in Ireland with a third level qualification is 62%, compared to an EU average of 41%. Ireland has a 'Special Assignee Relief Programme' ('SARP') which can apply to employees coming to work in Ireland up to 2025. SARP operates by providing a tax-free deduction of 30 percent of the employee's salary in excess of €75,000 (or €100,000, in the case of an employee who arrives in the State in any of the tax years 2023 to 2025). Employees benefitting from SARP also may recover from their employer the cost of one return trip for their family to their home country and the payment by their employer of school fees not exceeding €5,000 per annum for each child without incurring a benefit-in-kind liability. Employees and prospective employees in Ireland are afforded the protection of the Employment Equality Acts 1998 to 2015 (EEAs). The EEAs prohibit an employer from discriminating against an employee or prospective employee in relation to access to employment, conditions of employment, training or experience for or in relation to employment, promotion or re-grading or classification of posts. Employers should ensure to operate fair recruitment procedures from the outset that are free from discrimination in order to be compliant with their obligations under the EEA.

1.4 Other aspects of business environment

Belgium	Hong Kong	Ireland
Belgium is home to numerous high-standard research institutes. University spin-offs and incubators are set up nationwide, boosted by the network of internationally renowned university research centers. As a center of excellence, Belgium delivers in domains such as life sciences, nanotechnology, biotechnology and renewable energy.	Hong Kong is one of the world's most dynamic economies driven by the principles of free enterprise, free trade and free markets. The robust economy over the past two decades has contributed to the GDP growth at an average annual rate of 5% in real terms. There are no restrictions on inward and outward investments, no foreign exchange controls and no foreign ownership restrictions. Factors such as a sound banking system, almost no public debt, a strong and independent legal system, sizable foreign exchange reserves and a strict anti-corruption regime serve to strengthen Hong Kong's position as a business-friendly region. Furthermore, businesses that are set up in Hong Kong (i.e. any Hong Kong company regardless of nationality) can now benefit by gaining preferential access to the Mainland China market from the Closer Economic Partnership Arrangement (CEPA) – a free trade agreement between the Central Peoples Government and the Government of the Hong Kong Special Administrative Region. All goods qualified as Hong Kong origin may be exported to the Mainland tariff free. Hong Kong has responded effectively to the Covid-19 public health crisis. Infection and mortality rates are among the lowest in the developed world.	The attraction of Ireland as an investment location can be attributed to the positive approach of successive Irish Governments to the promotion of inward investment, its membership of the EU, a very favorable corporate tax rate and a youthful, highly educated, flexible labor pool. It is the unique combination of these factors, and not one specific element, which attracts investment to Ireland. While other countries may be competitive in some of the areas highlighted above, Ireland's ability to create a compelling suite of both tangible factors (such as taxation and the regulatory framework) and more intangible elements (such as a 'can do' attitude to business) is generally cited as central to its ability to attract investment over other EU countries.

2. Tax on capital contributions

Belgium	Hong Kong	Ireland
There is a flat fee of EUR 50.	Hong Kong does not levy capital duty. A business registration fee is payable on an application for the incorporation of a company and the registration of a business. As of January 1, 2023, there are no business registration fees for a one-year certificate and the fee for a three-year certificate is HKD 3,200. In addition, companies are required to pay a levy for the Protection of Wages on Insolvency Fund on their business registration certificates. With effect from June 17, 2022, the amount of the levy was reduced to HKD 150 per annum (for a one-year certificate) and HKD 450 (for a three-year certificate). A sale and purchase of shares in a Hong Kong company or a company listed on the Hong Kong Stock Exchange is subject to ad valorem stamp duty at a fixed rate of HKD 5 plus 0.26% on the greater of the consideration and the market value. Stamp duty is technically levied on the buyer and the seller (each 0.13%).	There is no capital contribution tax in Ireland.

3. Corporate income tax

3.1 Corporate income tax ('CIT') rate

Belgium	Hong Kong	Ireland
The normal corporate income tax rate is 25%. Under certain conditions, SMEs can benefit from a reduced rate of 20% on the first tranche of EUR 100,000 taxable income. **Minimum taxable base** 30% of the taxable income exceeding a first tranche of EUR 1 million will qualify as a minimum effective taxable basis. The minimum taxable basis will be determined as follows: 1. The taxable basis is determined and the following tax deductions are made (in this order): exempt dividends, patent income deduction, innovation deduction, investment deduction and the group contribution deduction. 2. If after those deductions, the remaining taxable basis exceeds EUR 1 million, the following deductions can only be applied to 70% of the taxable basis exceeding EUR 1 million, in the following order: the current year notional interest deduction, the carry-forward dividends received deduction, the carry-forward innovation deduction, the carry-forward losses, and finally, the carry-forward notional interest deduction.	Hong Kong has a territorial tax system. A person is chargeable to profits tax if the following cumulative conditions are met: (i) the person carries on a trade, profession or business in Hong Kong; (ii) that trade, profession or business generates profits; and (iii) the profits arise in or are derived from Hong Kong. The profits tax rate for the first HKD 2 million of corporate profits is 8.25% for corporate entities and 7.5% for unincorporated businesses, subject to certain conditions, while the standard profits tax rate of 16.5% for corporate entities and 15% for unincorporated businesses applies to profits exceeding HKD 2 million. A 'person' for the purposes of the charge to profits tax is defined as a corporation, partnership, trustee and body of persons. Subject to the Foreign Source Income Exemption regime as set out below, generally speaking, offshore profits arising in or derived elsewhere and remitted to Hong Kong are not chargeable to Hong Kong profits tax.	The rate is 12.5% on trading income and 25% on passive income. However, certain trading dividends from foreign subsidiaries located in an EU member state or in a country with which Ireland has a double tax treaty or in a country which has ratified the Convention on Mutual Assistance in Tax Matters or whose principal class of shares (or the shares of a 75% parent company) is traded on a recognized stock exchange are taxed at 12.5%.

Belgium

The excess deductions are carried forward to the following years. An exception to the minimal taxable basis exists for carry-forward tax losses incurred by start-up companies during the first four taxable periods.

As of tax year 2024 (relating to a taxable period beginning at the earliest on January 1, 2023), this percentage has been decreased to 40%. This implies that 60% of the taxable base exceeding EUR 1 million will be taxable at a rate of 25% resulting in a minimum tax of 15% (60% x 25%). The percentage will be increased again to 70 percent as of tax year 2025 (relating to a taxable period beginning at the earliest on January 1, 2024), provided that the Law transposing the Council Directive (COM/2021/823) guaranteeing a global minimum level of taxation of multinational groups in the Union has entered into force.

Notional interest deduction

The notional interest deduction allows Belgian companies to deduct a notional amount from their taxable income. The notional amount is calculated on the incremental risk capital which equals 1/5 of the positive difference between the net equity at the beginning of the year concerned and the net equity at the beginning of the fifth preceding year. Specific conditions apply.

Hong Kong

Ascertaining the source of profits can be complicated and can involve uncertainty. The general rule is that one looks to what the taxpayer has done to earn its profits, and where it has earned its profits, discounting antecedent or incidental matters. If the location where the operations that in substance give rise to the profits took place was Hong Kong, the profits in question will be Hong Kong sourced. Otherwise, the profits will not be Hong Kong sourced.

Incentive regimes

Tax incentive regimes are available for, among others, insurance and insurance brokerage businesses, corporate treasury centres, aircraft and ship leasing operations, and Hong Kong based research and development.

Foreign Source Income Exemption ('FSIE') regime

Notwithstanding the territorial tax system, to avoid double non-taxation, with effect from January 1, 2023, four types of foreign-sourced passive income (namely, (a) interest, (b) dividends, (c) gains (including capital gains) arising from the disposal of shares or other equity interests, and (d) royalties) will be chargeable to profits tax in Hong Kong even if they are not sourced in Hong Kong when received, broadly speaking, by a Hong Kong component of a multinational group, or the Hong Kong permanent establishment of a multinational entity ('MNE Entity').

Ireland

Belgium	Hong Kong	Ireland
As from 2020, the notional interest deduction de facto only applies to so-called small companies as a result of the specific calculation method of the deduction rate. Please note that the notional interest deduction will be abolished for companies for accounting years closing as of December 31, 2023.	The FSIE regime will tax the above four types of foreign-sourced income received in Hong Kong by an MNE Entity unless one or more of the exemptions apply. If no exemption applies, to avoid double taxation, a tax credit is available for any tax paid overseas with respect to that income, or in the case of dividends, tax paid on the dividend (i.e., by withholding) as well as on the underlying profits out of which the dividend in question was paid, provided that the MNE Entity held at least 10% equity interests in the investee entity when the dividend was distributed. Income is considered as 'received in Hong Kong' if (i) it is remitted to, or is transmitted or brought into Hong Kong; (ii) it is used to satisfy any debt incurred in respect of a trade, profession or business carried on in Hong Kong; or (iii) it is used to buy movable property which is brought into Hong Kong. **The exemptions are:** (i) Economic substance requirement (applicable to interest, dividend and disposal gain): The income must be attributable to some ascertainable operations carried on in Hong Kong so as to identify the income as substantially generated in Hong Kong. Any entity other than a pure equity holding entity must show that it has resources and assets and has incurred expenditure in Hong Kong, which commensurate with the income accrued.	

Belgium	Hong Kong	Ireland
	The requirement may be satisfied by outsourcing certain functions provided that such activities are carried out by the outsourced entity in Hong Kong and are being sufficiently monitored by the MNE Entity. (ii) Participation requirement (applicable to dividend and disposal gain): Dividends and gains arising from shares in a company of which the MNE Entity continuously owned at least 5% of its aggregate equity interests for a period of at least 12 months immediately before the receipt of the dividend or gain (as the case may be) are exempt. However, a total exemption will only be available if the profits of the economic operations that funded the dividend or the disposal gain in question have been chargeable to tax in another jurisdiction at a rate of at least 15% (or part of such profits or gains have been subject to tax at that rate in progressive tax systems). (iii) Nexus requirement (applicable to royalties): Such exemption is only applicable to royalties paid with respect to qualifying intellectual properties (namely, patents, patent applications, and software copyrights).	

Belgium	Hong Kong	Ireland
	It exempts the portion of the royalty attributable to qualifying research and development expenditure incurred by the MNE Entity and, under certain circumstances, expenditure incurred in outsourcing research and development to third parties in the development of the qualifying intellectual properties. Apart from the exemptions specified above, for (a) interest, (b) dividends, and (c) gains arising from the disposal of shares or other equity interests, if they are derived from or incidental to the carrying out of specified activities of the taxpayers as required under the respective preferential tax regimes in Hong Kong, such income would fall outside the scope of the FSIE regime. Certain entities such as bona fide widely held collective investment schemes and certain other regulated taxpayers are in practice exempt from taxation under the FSIE regime.	

3.2 Dividend regime (participation exemption)

Belgium	Hong Kong	Ireland
Dividends received are fully exempt from CIT if the participation meets the following cumulative conditions: (i) minimum participation of at least 10% or with acquisition value of EUR 2.5 million; (ii) held (or commitment to hold) in full property for at least 12 months; (iii) subject-to-tax requirement: dividends will not be exempt if distributed by: (a) a company that is not subject to a (Belgian or similar foreign) CIT or that is established in a country the normal tax regime of which is substantially more advantageous than the normal Belgian tax regime or established in a jurisdiction that appears on the EU list of non-cooperative jurisdictions at the end of the taxable period; (b) a finance company, a treasury company or an investment company subject to a tax regime that deviates from the normal tax regime; (c) a regulated real estate company or a non-resident company (i) the main purpose of which is to acquire or construct real estate property and make it available on the market, or to hold participations in entities purpose, (ii) that is required to distribute part of its income to its shareholders, and (iii) that benefits from a regime which deviates from the normal tax regime in its country of residence;	Dividends are, with very few exceptions, generally not taxable in Hong Kong. However, certain foreign-sourced dividends received in Hong Kong will be chargeable to profits tax in Hong Kong under the FSIE regime. See under 3.1 above.	Ireland operates a ‘credit’ system as opposed to a participation exemption. The law provides for a system of onshore pooling of tax credits to deal with the situation where foreign tax on dividends exceeds the Irish tax payable (being either at the 12.5% or 25% rate). Foreign tax includes any withholding tax imposed by the source jurisdiction on the dividend itself as well as an amount of underlying foreign tax. The onshore pooling system enables companies to mix the credits for foreign tax on different dividend streams for the purpose of calculating the overall credit. Dividends that are taxed at 12.5% are pooled separately to dividends that are taxed at 25%. Thus, any excess ‘credit’ on one dividend may be credited against the tax payable on another dividend received in the accounting period within each pool. Foreign underlying tax includes corporation tax levied at state and municipal level and withholding tax. In this respect, it is possible to look through any number of tiers of subsidiaries.

Belgium	Hong Kong	Ireland
d) a company receiving foreign non-dividend income that is subject to a separate tax regime deviating from the normal tax regime in the company's country of residence; (e) a company realizing profits through one or more foreign branches subject in global to a tax assessment regime that is substantially more advantageous than the Belgian regime; (f) an intermediary company (re)distributing dividend income of which 10% or more is 'contaminated' pursuant to the above rules; (g) a company, to the extent it has deducted or can deduct such income from its profits; or (h) a company, that distributes income that is related to a legal act or a series of legal acts, of which the tax administration has demonstrated, taking into account all relevant facts and circumstances and except proof to the contrary, that the legal act or series of legal acts are not genuine (i.e. that are not put into place for valid commercial reasons which reflect economic reality) and have been put in place with the main goal or one of the main goals to obtain the deduction or one of the benefits of the Parent-Subsidiary Directive in another member state of the European Union.		An additional credit is available where the credit calculated under Ireland's existing rules is less than the amount of credit that would be computed by reference to the nominal rate of tax in the EEA country from which the dividend is paid. This additional national credit is capped at the lower of the nominal rate of foreign CIT or the Irish rate of corporate tax on the foreign dividend (i.e. 12.5% or 25%). Where the relevant rate of taxation on dividends received in Ireland is 12.5% or 25%, as the case may be, to the extent that credits received for foreign tax equal or exceed the applicable Irish rate of 12.5% or 25%, then there will be no tax payable in Ireland. Unused credits can be carried forward indefinitely and offset similarly in subsequent accounting periods. The credit system applies where the Irish company holds a 5% shareholding in the relevant subsidiary. These provisions apply to dividends received from all countries. Apart from the above-discussed credit system, dividends received by a portfolio investor which form part of such investor's trading income are exempt from Irish corporation tax. Portfolio investors are companies which hold not more than 5% of the share capital (either directly or together with a connected person) and not more than 5% of the voting rights of the dividend paying company.

Belgium	Hong Kong	Ireland
The Belgian tax authorities have published a list of countries of which the standard tax regime is deemed to be substantially more advantageous than the Belgian regime. Generally, this will be the case if the standard nominal tax rate or the effective tax rate is lower than 15%. However, the tax regimes of EU countries are deemed not to be more advantageous, irrespective of the applicable rates. Note that exceptions to one or some of the subject-to-tax requirements are available for e.g. EU-based finance companies and investment companies that redistribute at least 90% of their net income. Also, for certain intermediary companies, exceptions to the exclusion from the participation exemption may apply. The same is true for companies with low taxed foreign branches.		

3.3 Gains on shares (participation exemption)

Belgium	Hong Kong	Ireland
Gains realized by the company on the alienation of shares are fully exempt from CIT to the extent that potential income derived from those shares would be exempt under the dividend participation exemption (see 2.2 above) and provided that the shares have been held in full property for at least 12 months. Only the net gain realized will be exempt, i.e. after the deduction of the alienation costs (e.g. notary fees, bank fees, commissions, publicity costs, consultancy costs etc.). The minimum participation requirement does not apply to insurance and reinsurance companies that hold participations to hedge their liabilities. **Unrealized gains** Unrealized gains are exempt from CIT (i) to the extent that they are booked in an unavailable reserve account and (ii) to the extent that - should the gains not be booked - they do not correspond to previously deducted losses. If shares are later disposed of, the reserve account can be released without triggering any CIT, provided the gain relates to a participation that meets the participation exemption requirements described above.	Profits arising from the sale of capital assets are exempt from profits tax. That said, gains arising from the disposal of assets that are generally regarded as capital assets, such as securities and immovable property, are chargeable to profits tax if such assets are held by the disponor as trading stock. Certain foreign-sourced gains (including capital gains) arising from the disposal of shares or other equity interests received in Hong Kong will be chargeable to profits tax in Hong Kong under the FSIE regime. See under 3.1 above.	The disposal of shares in a subsidiary company (referred to in the law as the 'investee') by an Irish company (referred to in law as the 'investor') is exempt from Irish capital gains tax in certain circumstances. An equivalent exemption applies to the disposal of assets related to shares, which include options and securities convertible into shares. The exemption is subject to the following conditions: (i) the investor must directly or indirectly hold at least 5% of the investee's ordinary share capital, be beneficially entitled to not less than 5% of the profits available for distribution to equity holders of the investee company and be beneficially entitled to not less than 5% of the assets of the investee company available for distribution to equity holders. Shareholdings held by other companies which are in a 51% group with the investor company may be taken into account; (ii) the shareholding must be held for a continuous period of at least twelve months in the 2 years prior to the disposal;

Belgium	Hong Kong	Ireland
		(iii) the business of the investee must consist wholly or mainly of the carrying on of a trade or trades or alternatively, the test may be satisfied on a group basis where the business of the investor company, its 5% subsidiaries and the investee (i.e. the Irish company and its subsidiaries) when taken together consist wholly or mainly of the carrying on of a trade or trades; and (iv) the investee company must be a qualifying company. A qualifying company is one that: (a) does not derive the greater part of its value from Irish land/ buildings, minerals, mining and exploration rights; and (b) is resident in the EU (including Ireland) or in a double taxation treaty partner jurisdiction.

3.4 Losses on shares

Belgium	Hong Kong	Ireland
Losses incurred on a participation, both realized and unrealized, cannot be deducted, except for (realized) losses incurred upon liquidation of the subsidiary up to the amount of the paid-up share capital of that subsidiary.	Generally speaking, losses on shares will be capital expenditure and therefore generally not deductible.	Depreciation on the value of the underlying subsidiary shares is not tax-deductible. In certain circumstances where the value of the shares is completely dissipated, the taxpayer may make a claim to the Inspector of Taxes responsible for that taxpayer and when the Inspector is satisfied that the value of the asset has become negligible, the Inspector may allow a claim whereby the taxpayer is deemed to have sold and immediately reacquired the asset for consideration of an amount equal to the value of the shares thus crystallizing a capital loss. This capital loss is only deductible against capital gains. However, where the disposal would have qualified for relief from capital gains tax under the exemption referred to under 3.3 above a claim for loss of value cannot be made. Capital losses incurred on the transfer of shares are only deductible against capital gains.

3.5 Costs relating to the participation

Belgium	Hong Kong	Ireland
Costs relating to the acquisition and/or the management of the participation are deductible under the normal conditions. Such costs generally include interest expenses related to acquisition debt. However, in recent case law the tax deductibility of interest expenses in the context of a debt push down has been successfully challenged by the tax authorities. Moreover, the new interest deduction limitation rule (see under 5 below) and the debt-to-equity ratio of 5:1 should be observed. Certain exceptions exist.	The general rule is that in ascertaining a taxpayer's taxable profits, a deduction is allowed for all outgoings and expenses incurred by the taxpayer in the production of profits chargeable to profits tax. Costs, including interest expenses, incurred in connection with a participation are generally non-deductible as dividends and capital gains derived from a participation are in general exempt from profits tax. There are no thin capitalization rules. Other strict rules may restrict the deductibility of interest, in particular on borrowings from non-Hong Kong residents.	Certain expenses related to managing investment activities of 'investment companies' are allowed against the company's total profits. An investment company is defined as any company whose business consists wholly or mainly in the making of investments, and the principal part of whose income is derived from those investments. This can include holding companies whose investment in this case is the subsidiaries. Interest payments relating to the financing of the acquisition of the subsidiaries may be deductible. However, as an anti-abuse measure, interest relief is generally not available when the interest is paid on a loan obtained from a related party, where the loan is used to acquire ordinary share capital of a company that is related to the investing company, or to on-lend to another company which uses the funds directly or indirectly to acquire capital of a company that is related to the investing company. **Thin capitalization** If securities are issued by the Irish company to certain non-resident group companies, any 'interest' paid in relation to the securities can be re-classified as a distribution and therefore will not be deductible. The rules relating to dividend withholding tax will then apply.

Belgium	Hong Kong	Ireland
		This rule does not apply to interest paid to a company resident in an EU jurisdiction (other than Ireland) or a country with which Ireland has signed a double tax treaty if the treaty contains a non-discrimination provision. The taxpayer company may elect that this rule does not apply in a situation where interest is paid by that company in the ordinary course of a trade carried on by that company.

4. Withholding taxes

4.1 Withholding tax on dividends

Belgium	Hong Kong	Ireland
The domestic withholding tax rate on dividends and liquidation distributions is generally 30%, which may be reduced by virtue of tax treaties. **Exemptions** An exemption from withholding tax applies to (liquidation) dividend distributions made to a parent company that: (i) holds (or commits to hold) a participation of at least 10% of the share capital of the distributing company for a period of at least one year; (ii) is tax resident in an EU country or a tax treaty country under that country's domestic tax law and under the tax treaties concluded by that country with third countries (provided that the tax treaty (or another agreement) contains an exchange of information clause); (iii) is incorporated in a legal form listed in the annex to the EU Parent-Subsidiary Directive or a similar legal form (for a tax treaty country); and (iv) is, in its country of tax residence, subject to CIT or a similar tax without benefiting from a regime that deviates from the normal tax regime.	Hong Kong does not levy withholding tax on dividend distributions paid to either residents or non-residents.	25%, which may be reduced by virtue of tax treaties or under domestic law to 0% - 15%. **Exemptions** Pursuant to the implementation of the EU Parent-Subsidiary Directive, dividend withholding tax is not due on dividends paid by Irish resident companies to companies resident in other EU jurisdictions who hold at least 5% of the ordinary share capital, provided the anti-abuse provision mentioned under 5 below is met. In addition, domestic exemptions apply if: (i) the individual shareholder is resident in an EU Member State (other than Ireland) or a treaty partner jurisdiction; (ii) the parent company is resident in an EU Member State (other than Ireland) or a treaty partner jurisdiction and is not ultimately controlled by Irish residents; (iii) the parent company is not resident in Ireland and is ultimately controlled by residents of an EU Member State (other than Ireland) or a treaty partner jurisdiction; or (iv) a non-resident company can also qualify for the exemption if the principal class of shares in the company or its 75% parent are substantially and regularly traded on a recognized stock exchange in the EU (including Ireland) or in a treaty partner jurisdiction.

Belgium	Hong Kong	Ireland
Dividends will not be exempt from withholding tax if the dividends are related to a legal act or a series of legal acts, which are not genuine (i.e. that are not put into place for valid commercial reasons which reflect economic reality) and have been put in place with the main goal or one of the main goals to obtain the exemption or one of the benefits of the Parent-Subsidiary Directive in another member state of the European Union. A separate exemption from withholding tax applies to dividends distributed by a resident company to resident and non-resident companies located in the EEA or a tax treaty country providing for exchange of information that hold a participation in the distributing company's capital of less than 10% and with an acquisition value of at least EUR 2.5 million for an uninterrupted period of at least 12 months (or commitment to hold), to the extent that the receiving entity cannot credit Belgian withholding tax and that it meets subject-to-tax requirements. The receiving entity must certify the fulfilment of the conditions. **Small companies** Reduced withholding tax rates are available for distributions by so-called small companies according to Belgian corporate law.		**Remark** In relation to the domestic exemptions above, the Irish company may pay a dividend free from withholding taxes as long as the recipient company or individual makes a declaration in the specified form in relation to its entitlement to the domestic exemption. There is no minimum shareholding requirement. **Liquidation proceeds** Liquidation distributions are not subject to dividend withholding tax. See however, under 4 below regarding capital gains tax upon liquidation.

Belgium	Hong Kong	Ireland
Capital reduction The reimbursement of paid-up capital is in principle exempt from withholding tax. For dividend withholding tax purposes, paid-up capital reimbursements are deemed to derive proportionally from paid-up capital and from taxed reserves (incorporated and non-incorporated into capital) and exempt reserves incorporated into the capital. The reduction of capital is only allocated to paid-up capital in the proportion of the paid-up capital in the total capital increased by certain reserves. The portion allocated to the reserves is deemed to be a dividend and subject to withholding tax (unless an exemption applies).		

4.2 Withholding tax on interest

Belgium	Hong Kong	Ireland
The domestic interest withholding tax rate is generally 30%, which may be reduced to 0-10% by virtue of tax treaties and domestic exemptions (e.g. registered bonds, and interest payments to banks). 0% withholding tax on interest payments to a qualifying EU company ('Beneficiary'), provided that: (i) the Beneficiary holds or commits to hold directly or indirectly at least 25% of the share capital of the debtor (or vice versa) for a period of at least one year; or (ii) a third EU company holds or commits to hold directly or indirectly at least 25% of respectively the share capital of the Belgian debtor and that of the Beneficiary for a period of at least one year. Interest payments to a non-EU branch of an EU company do not qualify for the 0% rate.	Hong Kong does not levy withholding tax on interest payments to either residents or non-residents.	Withholding tax (20%, subject to reduction under tax treaties) is levied on 'yearly interest' paid by a company. It is not applicable to short-term interest (i.e. interest on a debt of less than a year). **Exemption** A number of exemptions apply, including: (i) Interest paid by a company or an investment undertaking (in the ordinary course of a trade or business carried on by that person) to a company resident for tax purposes in a member state of the EU (other than Ireland) or a treaty partner jurisdiction provided (i) that jurisdiction imposes a tax which generally applies to interest receivable from foreign territories or (ii) the double tax treaty provides for withholding tax on interest to be reduced to nil, except where such interest is paid to that company in connection with a trade or business which is carried on in Ireland by that company through a branch or agency; (ii) Pursuant to the implementation of the EU Interest and Royalty Directive into Irish law, no withholding tax is due on cross border interest and royalty payments between associated companies in the EU. Two companies are associated if one owns at least 25% of the other or at least 25% of each company is owned by a third company; (iii) Interest paid by a treasury company to other Irish resident companies where both companies are members of the same group (51% relationship required).

4.3 Withholding tax on royalties

Belgium	Hong Kong	Ireland
30% but often exempt by virtue of tax treaties. 0% withholding tax to qualifying EU companies under similar conditions as set forth under 4.2 above.	Hong Kong levies a withholding tax on royalties at rates from 16.5% to 2.475% of the gross payment if the recipient is a non-resident. If the non-resident recipient is an associated party, a 16.5% for corporate entities or 15% for unincorporated businesses withholding tax applies on the royalty payment, unless the Inland Revenue Department is satisfied that no person carrying on a trade, profession or business in Hong Kong has ever owned the intellectual property in respect of which the royalties are paid. The two-tiered profits tax rate may reduce those rates further, subject to applicable conditions. Most tax treaties concluded by Hong Kong reduce the applicable withholding tax rate. Royalty payments to Hong Kong residents are not subject to withholding tax.	Withholding tax is only applicable to patent royalties, at the rate of 20%. The rate may be reduced to between 0% and 15% by virtue of a tax treaty. **Exemptions** (i) Pursuant to the implementation of the EU Interest and Royalty Directive into Irish law, no withholding tax is due on cross border interest and royalty payments between associated companies in the EU; (ii) A domestic exemption applies to royalties paid by a company to a company resident for tax purposes in a member state of the EU (other than Ireland) or a treaty partner jurisdiction in certain circumstances; and (iii) A concessionary exemption from withholding tax applies on patent royalty payments made to a non-double taxation treaty resident company once certain conditions are fulfilled.

5. Non-resident capital gains taxation

Belgium	Hong Kong	Ireland
Gains realized by non- resident entities without a Belgian permanent establishment to which the shares are attributed, in respect of shares in a Belgian company are not taxable. Gains realized by non- resident individuals in respect of shares in a Belgian company are taxable under certain circumstances (if there is no adequate treaty protection).	There is no tax on capital gains derived by non-Hong Kong residents from shares in a Hong Kong company, provided that the shares in question are not held by the vendor as trading stock, and, if they are, that the sale and purchase was not effected in Hong Kong.	Gains realized by non- residents on the disposal of shares in an Irish company are not taxable, except when the shares in the Irish company derive their value or the greater part of their value directly or indirectly from land, minerals, mining or exploration rights in Ireland. However, if the shares in the Irish company are quoted on a stock exchange such capital gains tax does not apply. Liquidation proceeds are subject to capital gains tax in the hands of the shareholder of the liquidated company, in circumstances where the conditions for the capital gains tax exemption described in 3.3 above are not met at the moment of liquidation.

6. Tax rulings

Belgium	Hong Kong	Ireland
The application of the participation exemption regime does not require obtaining a ruling, although in principle this would be possible. Belgium automatically exchanges information on advance cross-border tax rulings and advance pricing agreements in conformity with EU law. The categories of tax rulings on which information has to be exchanged are identified in the OECD BEPS Action 5 Final Report.	Taxpayers may seek advance confirmation with respect to the application of a particular provision by means of concluding an advance tax ruling with the Inland Revenue Department. In general, advance tax rulings cover the source of profits as either onshore or offshore (i.e. taxable or not taxable), the qualification as a service company, stock borrowing and lending, royalty payments, collective investment schemes, the general anti-avoidance rules, the sale of loss companies and exemption of interest income.	The application of the Irish tax rules does not require a tax ruling. However, if there is doubt as to the application of the rules, for example, whether the group can be regarded as a trading group for the purpose of a capital gains tax relief, the opinion of the Revenue may be sought. This opinion is not binding and ultimately the status of the company will be decided by the individual Inspector of Taxes responsible for that company. However, where full facts are disclosed to the Revenue it would be unlikely that the individual Inspector would come to a different view. Ireland (and all other EU Member States) is required to automatically exchange certain information on cross-border tax rulings and advanced pricing agreements issued on or after January 1, 2017. In addition, certain tax rulings and advance pricing agreements issued, amended or renewed on or after January 1, 2012 that were still valid on or after January 1, 2014 are also subject to exchange. Ireland has also implemented the OECD framework regarding the compulsory exchange of information on tax rulings issued on or after April 1, 2016. Tax rulings issued on or after January 1, 2010 that were still valid on or after January 1, 2014 had to be exchanged before 2017. The categories of tax rulings on which information has to be exchanged are identified in the OECD BEPS Action 5 Final Report.

7. Anti-abuse provisions

7.1 CFC rules

Belgium	Hong Kong	Ireland
Belgium has introduced a CFC rule and it has chosen to apply 'Option B' as provided under ATAD 1. A foreign company qualifies as a CFC if: (i) the Belgian taxpayer owns directly or indirectly the majority of voting rights, or holds directly or indirectly at least 50% of the capital, or is entitled to receive at least 50% of the profits of the foreign company (control test); and (ii) the foreign company is in its country of residence either not subject to an income tax or is subject to an income tax that is less than half of the income tax if the company would be established in Belgium. The above conditions must be disregarded if the foreign company is established in a jurisdiction that was included in the EU list of non-cooperative jurisdictions at the end of the taxable period. In those cases, the foreign company automatically qualifies as a CFC.	There are no CFC rules in Hong Kong.	Ireland introduced CFC rules from January 1, 2019, that apply to companies that are not resident in Ireland and that are controlled (directly or indirectly) by a company or companies that are resident in Ireland. The rules have been amended with effect from January 1, 2021 to provide more stringent criteria in respect of subsidiary companies resident in jurisdictions included in the EU list of non-cooperative tax jurisdictions. The legislation also provides for defensive measures, including the disapplication of certain exemptions, against CFCs resident in such territories. A CFC charge will only arise to the extent that: (a) the CFC has undistributed income; and (b) the CFC generates income by reference to activities (significant people functions or key entrepreneurial risk-taking functions) carried on in Ireland.

Belgium	Hong Kong	Ireland
A Belgian parent company should include in its tax base non-distributed income of the CFC to the extent that it arises from non-genuine arrangements which have been put in place for the essential purpose of obtaining a tax advantage. An arrangement shall be regarded as non-genuine to the extent that the CFC would not own assets or would not have undertaken risks if it were not controlled by the Belgian taxpayer where the significant people functions relevant to those assets and risks, are carried out and are instrumental in generating the CFC's income.		There are a number of exemptions from the CFC charge. For example, no CFC charge will arise if: (a) the undistributed income is attributable to Irish activities that are either performed under arrangements entered into on arm's length terms or are subject to the Irish transfer pricing rules; (b) the essential purpose of the arrangements is not to secure a tax advantage; (c) the CFC satisfies a de minimis exemption based on either a 'low accounting profits' or a 'low-profit margin' test; or (d) the tax paid by the CFC in its country of residence (including tax on chargeable gains) is more than half of the tax that it would have been paid if the CFC was tax resident in Ireland. In cases where a CFC charge does arise, this charge is calculated in accordance with Irish transfer pricing principles. The amount upon which the charge is calculated is capped by reference to the undistributed income of the CFC attributable to Irish activities. The CFC charge is applied at the Irish corporation tax rates (12.5% to the extent the profits are generated from trading activities and 25% in all other cases).

7.2 Earnings stripping rules

Belgium	Hong Kong	Ireland
Belgium has introduced earnings stripping rules pursuant to ATAD 1. According to these earnings stripping rules the deduction of the exceeding borrowing costs in a taxable year is limited to the higher of: (i) 30% of the EBITDA for tax purposes; or (ii) EUR 3 million. 'Exceeding borrowing costs' are defined as the positive difference between (a) the amount of the deductible interest costs (and other costs that are economically equivalent) of a taxpayer that are not allocable to a permanent establishment if its profits are exempt in accordance with a double tax treaty and (b) taxable interest revenues (and other income that is economic equivalent to interest) that the taxpayer receives and that are not exempt pursuant to a double tax treaty. EBITDA is determined based on the tax adjusted accounting result including disallowed expenses to be: • increased with tax deductible depreciations and write-offs, the exceeding borrowing costs that are tax deductible and exceeding borrowing costs carried forward that have been deducted; and	Hong Kong does not have earnings stripping rules.	ATAD required EU Member States to implement an interest limitation rule ('**ILR**') by January 1, 2019. In general terms, under the ILR a company's ability to deduct its 'exceeding borrowing costs' is capped at 30% of its Earnings before interest, taxes, depreciation and amortization ('EBITDA'). However, Member States that have rules that are equally effective to the interest limitation rule included in ATAD can avail of a derogation and opt not to implement the rule until as late as 2024. At the time ATAD was adopted, the Irish Department of Finance issued a statement noting Ireland's intention of availing of the derogation until 2024. However, following subsequent discussions between Ireland and the European Commission in respect of the availability of the derogation, these rules have been transposed into Irish law and apply to Irish companies with respect to their accounting periods commencing on or after January 1, 2022. Importantly, an entity should only have exceeding borrowing costs to the extent that its deductible interest (or interest equivalent) expenses exceed its taxable interest (or interest equivalent) income.

Belgium

- decreased with certain tax exempt income (i.e. income that benefit from the participation exemption, the patent income deduction, the innovation income deduction and income that is exempt pursuant to a double tax treaty), with the amount of the group contribution and with profit realized through the execution of a long-term public infrastructure project if the operator, interest cost, assets and profits are located in the EU.

For taxpayers that are part of a group the exceeding borrowing costs and the threshold amount are to be considered on a consolidated basis over the Belgian group companies and Belgian permanent establishments of foreign group companies.

Interest that cannot be deducted pursuant to this new interest limitation rule can be carried forward indefinitely.

A grandfathering rule applies for interest payments made under loans concluded prior to June 17, 2016, if no material changes were made to the agreement. For these loans the thin capitalization rule (debt to equity ratio of 5:1) remains applicable.

Hong Kong

Ireland

There are a number of circumstances in which Irish taxpayers can deduct exceeding borrowing costs in excess of 30% of EBITDA. Broadly, these are as follows:

- *€3 million de minimis:* An entity will fall outside the scope of the ILR entirely if its exceeding borrowing costs are €3 million or less in each year. If this threshold is breached, the ILR applies to the entire amount of the exceeding borrowing costs (i.e. not just the amount in excess of €3 million).

- *Standalone entity:* Standalone entities (i.e. entities which do not financially consolidate, do not have any 25% plus shareholder connections and do not have a branch outside Ireland) are exempt from the ILR.

- *Equity ratio rule:* An entity can fully deduct its exceeding borrowing costs if its equity capitalization is equal to or higher than (or within 2% of) its accounting consolidated group's equity capitalization.

- *Group ratio rule:* An entity may deduct exceeding borrowing costs at a percentage of EBITDA which is greater than 30% where that is consistent with the ratio of the exceeding borrowing costs / EBITDA of its worldwide accounting consolidated group.

Belgium	Hong Kong	Ireland
		• *Single company worldwide group:* There are two versions of this exemption, one which applies the group ratio rule and the other which applies the equity ratio rule. If either of these apply to a company, it can effectively exempt the company from the ILR. This exemption can apply to companies which are not in any IFRS consolidated accounting group, not standalone entities and have not elected into an Irish interest group, provided they do not pay any tax deductible interest payments to related parties. • *Legacy debt:* Loans concluded before June 17, 2016 are not affected by the ILR.

7.3 General anti-abuse rules

Belgium	Hong Kong	Ireland
Belgian tax law contains a general anti-abuse provision which is aimed at combating purely tax driven structures. Under this provision legal acts or a set of legal acts are not enforceable in the case of tax abuse. In order for tax abuse to occur, the taxpayer should perform an act in which he places himself in a situation contrary to the objective of a provision of the Belgian Income Tax Code 1992 or of the related implementing decrees. In addition, the tax authorities should provide proof that the legal act (or the whole series of legal acts) has been chosen with a view to obtaining a tax advantage. The taxpayer can always provide proof to the contrary. Belgian tax law is further also familiar with the sham doctrine.	Taxpayers are generally not prevented from enjoying the tax benefits that are available to them when they structure their affairs in a manner directly or indirectly authorized under the Inland Revenue Ordinance. Only deliberately contrived tax avoidance schemes are targeted by anti-avoidance rules. Sections 61 – 61B of the Inland Revenue Ordinance contain a comprehensive anti-avoidance code that enables certain transactions that are artificial, fictitious, or otherwise entered into with a dominant tax avoidance motive to be disregarded for tax purposes. These have to date been asserted sparingly by the Inland Revenue Department. See also under 3.1 above for the FSIE regime which prevents double non-taxation for certain foreign-sourced passive income received in Hong Kong.	General anti-avoidance legislation was first introduced in Ireland in 1989. Section 811 of the Taxes Consolidation Act 1997 ('TCA') (for transactions entered into on or before October 23, 2014) and Section 811C TCA (for transactions entered into after 23 October 2014) empower the Revenue to cancel any tax advantage obtained by a taxpayer as the result of a tax avoidance transaction. Both Section 811C TCA and Section 811 TCA and intended to defeat the effects of transactions which have little or no commercial reality but are intended primarily to avoid or reduce a tax charge or to artificially create a tax deduction or tax refund. The taxes covered by Section 811C include income tax, corporation tax, capital gains tax, value-added tax, capital acquisitions tax, stamp duty and the universal social charge. Section 811C TCA denies any person the benefit of a tax advantage created through the use of a tax avoidance transaction. If a person claims that benefit, contrary to the section, then a Revenue officer can withdraw or deny that tax advantage and that can be done through the making or amending of an assessment

Belgium	Hong Kong	Ireland
		Where the Revenue believes that a transaction is a 'tax avoidance transaction', it can assess the taxpayer on the amount of tax it believes has been avoided. The test under Section 811C TCA is that Revenue must be of the view that it is 'reasonable to consider' that the transaction (a) gives rise to a tax advantage, and (b) was not undertaken or arranged primarily for purposes other than to give rise to a tax advantage. Genuine business transactions, even if carried out in a manner intended to attract the minimum amount of tax, should not be regarded as tax avoidance transactions. Neither should the legitimate use of a tax relief be regarded as a tax avoidance transaction.

7.4 Exit taxation

Belgium	Hong Kong	Ireland
Belgian tax law provides for exit taxation: (a) on unrealized capital gains in the event of an outbound transfer of the tax residence, an outbound restructuring or an outbound transfer of assets/businesses; (b) on unrealized capital gains in the event that a Belgian company transfers assets to a foreign PE, provided the profits of that permanent establishment are treaty-exempt in Belgium. However, in case of a transfer of tax residence from Belgium to another EU Member State, no exit taxation applies: • in relation to assets and liabilities that are maintained within a Belgian establishment after the transfer and that continue to contribute to the taxable basis of such Belgian establishment; • to the extent tax-exempt reserves of the Belgian company at the time of transfer are retained within a Belgian establishment of this company.	Hong Kong does not levy an exit tax.	An exit tax was introduced in Ireland's 2019 budget and applies from October 10, 2018. It replaced Ireland's previous exit charge in full. An exit charge will now arise when: • a company migrates its place of residence from Ireland to any other jurisdiction; • assets of an Irish Primary Establishment ('PE') are allocated from the Irish PE to the company's head office or to a PE in another jurisdiction; or • the business of an Irish PE is allocated from the Irish PE to the company's head office or to a PE in another jurisdiction. The introduction of the exit tax regime is a requirement under the ATAD. The rules deem a disposal to have been made at market value and the gain arising is charged to exit tax at 12.5%. The exit charge does not apply to assets that remain within the Irish tax charge (for example, Irish real estate or assets that continue to be used in the business of an Irish branch).

Belgium	Hong Kong	Ireland
In the event of an inbound restructuring and an inbound (tax) migration, Belgium in principle accepts the market value as the tax base of the transferred assets ('step-up basis'). To the extent that these assets were subject to an exit tax in the country of emigration and Belgium has concluded a treaty with this country that provides for the possibility to exchange information, the value established by this foreign country is refutably presumed to correspond to the market value (unless it is a tax haven). If these conditions are not fulfilled, the market value is presumed to correspond to the book value according to Belgian rules, unless proof to the contrary is provided. A deferred payment regime of 5 years can be applied for companies subject to exit taxes on (EEA) outbound cross-border transfer of assets/business, tax residence and restructuring		The exit charge may be deferred and paid over five years in six instalments. If the exit charge is unpaid, Revenue may pursue any other Irish resident group company or an Irish resident director who has a controlling interest in the company that is subject to the charge. An anti-avoidance provision is included in the legislation to ensure that a rate of 33% rather than 12.5% applies if the exit forms part of a transaction to actually dispose of the asset and the purpose of the exit is to ensure that the gain is charged at the lower rate.

7.5 Hybrid mismatch rules

Belgium	Hong Kong	Ireland
Belgium has introduced hybrid mismatch rules on the basis of ATAD 2. The hybrid mismatches covered by the rules include (i) payments on hybrid financial instruments, (ii) payments to or by hybrid entities, (iii) payments to hybrid permanent establishments, (iv) deemed payments between the head office and its establishment, or between two or more establishments to the extent it gives rise to a deduction without inclusion outcome, (v) payments made to an entity with one or more locations giving rise to a deduction without inclusion due to differences in the allocation of the payment between the head office and its establishment or between two or more establishments of the same entity under the law of the jurisdictions where the entity carries out its activities, (vi) payments by dual resident entities and (vii) payments to the extent they finance expenses deductible in the hands of the foreign company if no equivalent adjustment is made by the other state involved ('imported mismatches'), which can lead to deduction of such payment without inclusion or double deduction of such payment. Exceptions may apply, dependent on the specific facts and circumstances.	Hong Kong does not have hybrid mismatch rules, though hybrid mismatch arrangements may in practice be caught by domestic anti-avoidance rules. Further, domestic courts have indicated that double taxation agreements to which Hong Kong is party will be construed according to prevailing principles of public international law, as opposed to domestic legislation. Consequently, it seems likely a Hong Kong court would construe a hybrid mismatch outcome as being inconsistent with the object of a double taxation agreement. See further under 9.1 below for the application of the MLI.	As of January 1, 2020, Ireland has introduced hybrid mismatch rules, on the basis of ATAD 2. The rules apply to all corporate taxpayers; there is no de minimis threshold below which the rules do not relate, and the rules apply to all payments made after January 1, 2020. The purpose of the hybrid mismatch rules is to neutralize the tax effects of hybrid mismatches by limiting the deduction of payments or by including the payments in the taxable income of the Irish corporate taxpayer. The hybrid mismatches covered by the rules include (i) payments on hybrid financial instruments, (ii) payments to or by hybrid entities, (iii) payments to or by hybrid permanent establishments, (iv) payments by dual resident entities and (v) payments made on a non-hybrid instrument that fund deductible payments if no equivalent adjustment is made by another state involved ('imported mismatches'), which can lead to deduction of such payment without inclusion or double deduction of such payment. Exceptions may apply, dependent on the specific facts and circumstances. Reverse hybrid mismatch rules have also been introduced in Ireland and apply to tax periods commencing on or after January 1, 2022.

Belgium	Hong Kong	Ireland
These hybrid mismatches are tackled by means of (i) the disallowance of deductions from the Belgian corporate income tax base of costs relating to payments made in the context of a hybrid mismatch or (ii) the inclusion in the Belgian corporate income tax base of certain income received in the context of a hybrid mismatch. In case of a hybrid transfer that leads to multiple tax credits in various jurisdictions for the same withholding at source, the foreign tax credit has to be limited.		Under these rules, an Irish entity will be considered a reverse hybrid entity where it is treated as transparent for Irish tax purposes but some or all of the profits of the entity are treated, for the purposes of tax in the jurisdiction in which its participators are established– being, broadly, a person or entity which controls or owns more than 50% of the hybrid entity – as arising or accruing to the hybrid entity on its own account. Where these rules apply, the income of the reverse hybrid entity may be subject to Irish corporation tax (i.e. the relevant entity may not be treated as transparent for Irish tax purposes but instead may be treated as a corporate taxpayer). However, the rules should not apply where the ‘relevant participators’ are: (a) exempt from tax under the laws of the territory in which they are established; (b) established in a territory that does not impose a foreign tax; or (c) established in a territory that does not impose a tax on profits or gains derived from payments receivable in that territory from sources outside that territory. An exemption from these rules also applies to ‘collective investment vehicles’ which satisfy certain conditions, including, broadly, that they are ‘widely-held’ and invest in a ‘diversified portfolio of assets’.

7.6 Other (domestic) anti-abuse provisions and doctrines

Belgium	Hong Kong	Ireland
The rule described under 3.2 and 4.1 above, which excludes certain distributions from the participation exemption and the exemption of dividend withholding tax, effectively constitutes a specific anti-abuse measure.	The Inland Revenue Ordinance includes OECD-based transfer pricing rules.	Ireland has implemented the anti-abuse rules included in the amended Parent-Subsidiary Directive. The domestic Irish exemptions from interest and dividend withholding tax do not include specific anti-abuse provisions.

8. Mandatory disclosure rules

Belgium	Hong Kong	Ireland
Belgium has introduced mandatory disclosure rules on the basis of DAC6. In general, the Belgian implementation follows the minimum standard of DAC6. A cross-border arrangement is reportable if it concerns at least one EU Member State and contains at least one of the hallmarks set out in DAC6. In pure domestic situations and situations having no link to any EU Member State, no reporting obligations exist in Belgium. Guidance was issued by the Belgian tax administration on the hallmarks and the obligations under the mandatory disclosure rules on June 25, 2020.	Hong Kong is not an EU Member State and therefore not subject to mandatory disclosure rules (i.e. DAC6). Hong Kong does not have DAC6 like disclosure requirements.	As of July 1, 2020, Ireland has introduced mandatory disclosure rules on the basis of DAC6. A cross-border arrangement is reportable if it 'concerns' at least one EU Member State and a third country (provided one of five conditions is met), and contains at least one of the hallmarks set out in DAC6. In pure domestic situations and situations having no link to any EU Member State, no reporting obligations exist in Ireland.

9. Income tax treaties / MLI

9.1 Signatory to the MLI / ratification

Belgium	Hong Kong	Ireland
Belgium signed the MLI on June 7, 2017. Belgium submitted a list of 99 of its tax treaties that it designated as Covered Tax Agreements. The tax treaties concluded with Germany, Japan, Norway, Taiwan and Switzerland were not notified. Belgium made a number of reservations to the provisions in the MLI. Belgium will not apply article 4 (dual resident entities), article 5 (application of methods for elimination of double taxation), article 9 (1) (a) (capital gains on shares in real estate companies), article 10 (anti-abuse rule for permanent establishments situated in third countries) and article 14 (splitting-up of contracts). Belgium has chosen for the principal purpose test without 'limitation on benefits' clause in relation to article 7 (prevention of treaty abuse) and option B in relation to article 13 (artificial avoidance of permanent establishment status – specific activity exemption).	Hong Kong signed the MLI on June 7, 2017. Hong Kong has made several reservations to the provisions in the MLI, inter alia to articles 3 (transparent entities), article 4 (dual resident entities), article 5 (application of methods for elimination of double taxation), article 8 (dividend transfer transactions), article 9 (capital gains from alienation of shares or interests of entities deriving their value principally from immovable property), article 10 (anti-abuse rule for permanent establishments situated in third jurisdictions), article 11 (savings clause), article 12 (artificial avoidance of permanent establishment status through commissionaire arrangements and similar strategies), article 13 (artificial avoidance of permanent establishment status through the specific activity exemptions), article 14 (splitting-up of contracts), article 15 (definition of a person closely related to an enterprise) and article 17 (corresponding adjustments), while Hong Kong chose not to apply part VI (Arbitration). With respect to article 7, only the principal purpose test is to be adopted. On May 25, 2022, China deposited its instrument of approval for the MLI, covering Hong Kong's bilateral tax treaties.	Ireland ratified the MLI on January 29, 2019. Ireland has 76 tax treaties, 74 of which are in effect, and has confirmed that it will treat 71 of those tax treaties as Covered Tax Agreements. The key changes to Ireland's tax treaties which will be made under the MLI are the adoption of a principal purpose test; a tie-breaker test based on mutual agreement to determine tax residence for dual resident entities; and a number of measures, including mandatory binding arbitration, to resolve tax treaty disputes more efficiently. Ireland has a number of reservations to the MLI. Ireland will not adopt the changes to the permanent establishment definition designed to treat commissionaires as permanent establishments due to the continuing significant uncertainty as to how the test would be applied in practice and will not adopt the narrower specific activity exemptions within the permanent establishment definition. Ireland will also not apply article 11 (savings clause). The MLI took effect in Ireland from January 1, 2020 to update Ireland's tax treaties for withholding tax provisions and for all other purposes for accounting periods beginning on or after November 1, 2019.

Belgium	Hong Kong	Ireland
The instrument of ratification of the MLI has been deposited by Belgium with the OECD on June 26, 2019 and thus the MLI entered into force for Belgium on October 1, 2019. The MLI took effect for Belgium's CTAs as from January 1, 2020 for withholding tax provisions and for all other purposes as from accounting periods beginning on or after April 1, 2020, when the treaty partner jurisdiction has also completed the ratification process.	On December 9, 2022, the Inland Revenue (Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting) Order, which is Hong Kong's domestic legislative instrument to enact the MLI, came into effect. According to the Inland Revenue Department, the operative provisions of the MLI will have effect in Hong Kong with respect to a covered tax treaty on April 1, 2023 (for taxes withheld at source), or on April 1, 2024 (for other taxes), at the earliest, with the exact dates subject to the completion of the legislative and other relevant procedures of the MLI by Hong Kong's tax treaty partners.	

9.2 Income tax treaties and effect of the MLI[1]

The below overview shows income tax treaties that are in force as of January 1, 2023.

Treaties in respect of which both countries have listed the treaty as a Covered Tax Agreement in relation to the MLI are shown in **bold**.

Treaties in respect of which the MLI has entered into force for both countries as of January 1, 2023 (i.e., both countries have deposited their instrument of ratification with the OECD no later than September 30, 2022) are shown in <u>**bold underlined**</u>.

As a general rule, the MLI will be effective for a specific treaty (a) for withholding taxes: as from the first day of the calendar year beginning after the date on which the MLI has entered into force for both countries; and (b) for all other taxes: for taxable periods beginning on or after expiration of a period of 6 calendar months after the date on which the MLI has entered into force for both countries. Exceptions may apply.

Belgium	Hong Kong	Ireland
As of January 1, 2023, Belgium has income tax treaties in force with the following countries:	As of January 1, 2023, Hong Kong has income tax treaties in force with the following countries:	As of January 1, 2023, Ireland has income tax treaties in force with the following countries:
1. <u>**Albania**</u>	1. <u>**Austria**</u>	1. <u>**Albania**</u>
2. Algeria	2. Belarus	2. **Armenia**
3. **Argentina**	3. <u>**Belgium**</u>	3. <u>**Australia**</u>
4. **Armenia**	4. Brunei	4. <u>**Austria**</u>
5. <u>**Australia**</u>	5. <u>**Canada**</u>	5. <u>**Bahrain**</u>
6. <u>**Austria**</u>	6. Cambodia	6. Belarus
7. Azerbaijan	7. China (People's Rep.)	7. <u>**Belgium**</u>
8. <u>**Bahrain**</u>	8. <u>**Czech Republic**</u>	8. <u>**Bosnia and Herzegovina**</u>
9. Bangladesh	9. Estonia	9. Botswana
10. Belarus	10. Finland	10. <u>**Bulgaria**</u>

[1] Only comprehensive income tax treaties are included.

Belgium	Hong Kong	Ireland
11. **Bosnia and Herzegovina**	11. **France**	11. **Canada**
12. Brazil	12. Georgia	12. **Chile**
13. **Bulgaria**	13. **Guernsey**	13. **China (People's Rep.)**
14. **Canada**	14. **Hungary**	14. **Croatia**
15. **Chile**	15. **India**	15. **Cyprus**
16. **China (People's Rep.)**	16. **Indonesia**	16. **Czech Republic**
17. Congo (Dem. Republic)	17. **Ireland**	17. **Denmark**
18. **Croatia**	18. **Italy**	18. **Egypt**
19. **Cyprus**	19. **Japan**	19. **Estonia**
20. **Czech Republic**	20. **Jersey**	20. Ethiopia
21. **Denmark**	21. **Korea (Rep.)**	21. **Finland**
22. Ecuador	22. **Kuwait**	22. **France**
23. **Egypt**	23. **Latvia**	23. **Georgia**
24. **Estonia**	24. **Liechtenstein**	24. Germany
25. **Finland**	25. **Luxembourg**	25. **Greece**
26. **France**	26. Macao	26. **Hong Kong**
27. **Gabon**	27. **Malaysia**	27. **Hungary**
28. **Georgia**	28. **Malta**	28. **Iceland**
29. Germany	29. **Mexico**	29. **India**
30. Ghana	30. **Netherlands**	30. **Israel**
31. **Greece**	31. **New Zealand**	31. **Italy**
32. **Hong Kong**	32. **Pakistan**	32. **Japan**
33. **Hungary**	33. **Portugal**	33. **Kazakhstan**
34. **Iceland**	34. **Qatar**	34. **Korea (Rep.)**
35. **India**	35. **Romania**	35. **Kosovo**
36. **Indonesia**	36. **Russia**	36. **Kuwait**
37. **Ireland**	37. **Saudi Arabia**	37. **Latvia**

Belgium	Hong Kong	Ireland
38. **Israel**	38. Serbia	38. **Lithuania**
39. **Italy**	39. **South Africa**	39. **Luxembourg**
40. **Ivory Coast**	40. **Spain**	40. Macedonia
41. Japan	41. **Switzerland**	41. **Malaysia**
42. **Kazakhstan**	42. **Thailand**	42. **Malta**
43. Kosovo	43. **United Arab Emirates**	43. **Mexico**
44. **Korea (Rep.)**	44. **United Kingdom**	44. Moldova
45. **Kuwait**	45. **Vietnam**	45. Montenegro
46. Kyrgyzstan		46. **Morocco**
47. **Latvia**		47. Netherlands
48. **Lithuania**		48. **New Zealand**
49. **Luxembourg**		49. **Norway**
50. **Macedonia**		50. **Pakistan**
51. **Malaysia**		51. **Panama**
52. **Malta**		52. **Poland**
53. **Mauritius**		53. **Portugal**
54. **Mexico**		54. **Qatar**
55. Moldova		55. **Romania**
56. **Mongolia**		56. **Russia**
57. Montenegro		57. **Saudi Arabia**
58. **Morocco**		58. **Serbia**
59. **Netherlands**		59. **Singapore**
60. **New Zealand**		60. **Slovak Republic**
61. **Nigeria**		61. **Slovenia**
62. Norway		62. **South Africa**
63. **Pakistan**		63. **Spain**
64. Philippines		64. **Sweden**

Belgium	Hong Kong	Ireland
65. **Poland**		65. Switzerland
66. **Portugal**		66. **Thailand**
67. **Romania**		67. **Turkey**
68. **Russia**		68. **Ukraine**
69. Rwanda		69. **United Arab Emirates**
70. **San Marino**		70. **United Kingdom**
71. **Senegal**		71. United States
72. **Serbia**		72. Uzbekistan
73. **Seychelles**		73. Vietnam
74. **Singapore**		74. Zambia
75. **Slovak Republic**		
76. **Slovenia**		
77. **South Africa**		
78. **Spain**		
79. Sri Lanka		
80. **Sweden**		
81. Switzerland		
82. Taiwan		
83. Tajikistan		
84. **Thailand**		
85. **Tunisia**		
86. **Turkey**		
87. Turkmenistan		
88. **Ukraine**		
89. **United Arab Emirates**		
90. **United Kingdom**		
91. United States		

Belgium	Hong Kong	Ireland
92. **Uruguay** 93. Uzbekistan 94. Venezuela 95. **Vietnam**		

Part II
Luxembourg, the Netherlands and Singapore

1. Business environment

1.1 Business climate – general

Luxembourg	the Netherlands	Singapore
Luxembourg is globally renowned for its successful long-term economic performance and its GDP per capita which consistently ranks among the highest in the world. Due to its sound macroeconomic fundamentals, Luxembourg is AAA-rated by all credit rating agencies. With one of the world's safest business environments, notably as a result of its stable financial, political and social environment and innovative approach towards the financial sector, Luxembourg has built its position as a popular European financial center. The pro-business environment and supporting policies implemented by the Luxembourg government have contributed to the international popularity of Luxembourg as an investment location. Luxembourg is the largest investment fund center in Europe and the second largest in the world in terms of assets under management.	The stable political, regulatory and economic environment in the Netherlands creates a reliable place to do business. As a result of its internationally oriented economy and long-standing tradition of cross-border trade and services, the Netherlands has an attractive and competitive investment and business climate. The Netherlands has a leading position for the establishment of European or regional headquarters. According to the World Economic Forum's Global Competitiveness Report, the Netherlands is the most (ranked 1st) competitive economy in Europe and the 4th most competitive economy in the world. The Netherlands ranks 2nd on the 2022 Globalisation Index, which measures the economic, social and political dimensions of the globalization of nation states.	Singapore has consistently been acknowledged as a global business hub with a stable political, regulatory and economic environment. This combined with a robust judicial system has led to its a unique position as a business center in the heart of Asia. As a result of this, Singapore is home to many regional headquarters of foreign multinational companies-varying from networking and social media firms to pharmaceutical giants. Beyond the obvious effects of allowing businesses to serve the growing Asian market more efficiently through proximity, also advantages of centralization, costs reduction through economy of scales play a role. Singapore ranks 1st on the 2022 Globalisation Index which measures the economic, social and political dimensions of the globalisation of nation states.

1.2 Location, logistics and infrastructure

Luxembourg	the Netherlands	Singapore
Luxembourg is strategically located in the heart of Europe. Luxembourg is connected to the whole European continent by offering direct flights to all capitals and it shares direct borders with Germany, France and Belgium. Luxembourg is further supported by an efficient road network. Luxembourg offers high-quality service providers with expertise in key sectors (e.g. pharma and healthcare, high valuables, high-tech and electronics, finance). Luxembourg ranks 8th of 27 EU Member States in the 2022 edition of the Digital Economy and Society Index.	The Netherlands has a geographic location at the heart of the wealthiest and most densely populated area of Europe, sharing borders or closely connected with large economies like Germany, France, Italy and the United Kingdom. It serves as a logistic gateway to Europe, supported by its infrastructure, including Europe's largest seaport (Rotterdam), a well-connected international airport (Schiphol) and renowned roads, rail networks and waterways. The Netherlands is among the most 'wired' countries, in terms of high-speed internet, advanced ICT systems, data centers and computer and cell-phone technology and coverage. It ranks 3rd in the 2022 Digital Economy and Society Index.	Singapore is one of the world's most connected countries, strategically located along the world's major trade, shipping and aviation routes. Singapore's strategic location – with nearly every South East Asian country within a 6-hour radius – means that it affords easy access to the region and its growing consumer market.

1.3 Hiring employees

Luxembourg	the Netherlands	Singapore
Luxembourg has a highly qualified, international and multilingual workforce which can answer to the needs of EU and non-EU investors. Luxembourg has introduced a favorable expatriate tax regime dedicated to expatriates who have tax residence in Luxembourg. Under such regime, certain employee moving costs and other recurring employee costs that are borne by the employer do not have to be reported as benefits in kind by the employee. Luxembourg has the highest labor productivity in the world (The Conference Board Productivity Brief, 2021).	The Netherlands has a highly skilled, productive and international workforce. The Dutch knowledge for English as a second language is recognized as the best in the world in the 2022 EF English Proficiency Index. A favorable expatriate tax regime inter alia allows employers to pay 30% of the gross remuneration as a tax free allowance and allows employees to opt to be treated as a non-resident for personal income tax purposes, limiting taxation on net wealth and substantial shareholdings. The 2022 Global Talent Competitiveness Index ranks the Netherlands 6th in the world. In the Human Development Index 2021 of the United Nations, which focuses on the richness of human lives, the Netherlands ranks 10th of 191 countries in total.	Singapore's workforce is highly educated and skilled and Singapore is the highest-ranked Asian country in the IMD World Talent Ranking for most competitive places for talent. Singapore has a bilingual education policy, which means that people are proficient in English and at least one other language (Mandarin, Bahasa Melayu or Tamil). Furthermore, Singapore is a cosmopolitan city, home to people from different countries and backgrounds. Talent is therefore considered to be diverse and multi-faceted. Given that Singapore is a regional hub for businesses across industries, typically there is a deep understanding of the various Asian market. Singapore's employment laws for employees in executive and supervisory functions are flexible. Personal income tax rates in Singapore are one of the lowest in the world. Starting at 0% and ending at 22% for income above SGD 320k for residents. From Year of Assessment 2024 onwards, the maximum personal income tax rate for residents will be increased to 24%. Non-resident individuals are taxed at a rate that varies between 15 and 22%.

Luxembourg	the Netherlands	Singapore
		From Year of Assessment 2024 onwards, the maximum rate will also be raised to 24%. With a few exceptions, individuals are only taxed on the income earned in Singapore. There is no taxation on capital gains, dividend or inheritance. In the Human Development Index of 2021-2022 of the United Nations, which focuses on the richness of human lives, Singapore ranks 12th of the 191 countries in total.

1.4 Other aspects of business environment

Luxembourg	the Netherlands	Singapore
Apart from its sophisticated and strong financial sector, Luxembourg supports and promotes innovative start-ups. Companies carrying out R&D projects benefit from generous public grants, proximity to and simplicity of communications with local administrations and government, organizations and decision-makers.	The Netherlands is a hub for R&D and innovation and is home to world-class research institutes (including twelve tech universities) and numerous strategic public-private partnerships in various sectors (including agriculture/food, IT, chemicals, high tech systems, life sciences & health and media). In the EU Innovation Scoreboard 2022, the Netherlands is ranked as the 4th best jurisdiction for innovators. To stimulate innovation and sustainable investments, the Netherlands offers innovative companies (inter alia) a tax compensation for part of the research and development (R&D) expenses incurred and offers tax allowances for energy-saving equipment and environmentally friendly investments.	Singapore has emerged 6th in Savills World Research global ranking of Tech Cities, making it the highest-ranked Asian City. Savills Tech Cities are important in centers of tech and major recipients of VC investments. Singapore has one of the most fastest growing start-up communities in the world. The number of Singapore-based start-ups stood at 40,000 as of end-2022, including 22 start-ups with unicorn status. Singapore is a trusted partner for companies to boost their innovation capabilities in the region. Singapore government is fully supportive including the adoption of a sandbox approach to allow innovators, universities and companies to work together and trial new products for the region and beyond. Singapore has established itself as one of the leading private banking and wealth management centers globally and in Asia. With the launch of the Variable Capital Company (VCC) in 2020, Singapore is aiming to become Asia's fund hub for fund domiciliation.

2. Tax on capital contributions

Luxembourg	the Netherlands	Singapore
There is no tax on capital contributions in Luxembourg.	There is in principle no tax on capital contributions in the Netherlands. However, CIT can potentially be due if an asset (or liability) is transferred by virtue of a capital contribution in kind and a different value compared to the fair market value is taken into account in the transferor's tax base (or in case the jurisdiction of the transferor levies no profit tax or applies a tax system with non-realization / non-recognition).	There is no tax on capital contributions in Singapore. Since the concept of share premium is not recognized in Singapore, any contribution that is intended to be share premium will be treated as share capital contribution from a Singapore legal and tax perspective.

3. Corporate income tax

3.1 Corporate income tax ('CIT') rate

Luxembourg	the Netherlands	Singapore
The effective combined maximum CIT rate is 24.94%. Such combined rate consists of (i) national CIT (17%), increased by a solidarity surtax (7%) that is imposed on the CIT amount, which results in an aggregate CIT rate of 18.19%, and (ii) municipal business tax (6.75% for Luxembourg City). A reduced national CIT rate that ranges between 15% and 17% applies if the taxable income does not exceed EUR 200,000. **Net wealth tax** Annual net wealth tax is levied on the net assets of a company as per January 1 of each year. The first EUR 500 million of taxable net wealth is taxed at a rate of 0.5% and a reduced rate of 0.05% applies to any excess. Participations that qualify for the participation exemption on dividends are exempt from net wealth tax. See 3.2 below for the applicable conditions, except for the 12-month holding period requirement which is not applicable for the exemption from net wealth tax.	25.8% Reduced rate of 19% for the first EUR 200,000 of taxable profits.	CIT rate is 17% (unless a concessionary rate applies). There is a partial tax exemption scheme for companies in Singapore and a tax exemption for new start-up companies. The partial tax exemption applies as follows: • 75% exemption on the first SGD 10,000 of taxable income; and • 50% exemption on the next SGD 190,000 of taxable income. • This partial exemption is not applicable to companies enjoying a concessionary income tax rate. • The tax exemption scheme for new start-up companies applies as follows: • 75% exemption on the first SGD 100,000 of taxable income; and • 50% exemption on the next SGD 100,000 of taxable income. Singapore applies a semi-territorial tax system. Onshore sourced income is taxable and offshore sourced income is not taxable until it is remitted or deemed remitted to Singapore, unless it is tax exempt under any of the specific income tax exemption provisions in the law (e.g. foreign exempt dividends). In principle, only income which accrues in or is derived from Singapore is taxable.

Luxembourg	the Netherlands	Singapore
Minimum net wealth tax If (i) the company’s assets at the end of the preceding fiscal year consist for more than 90% of financial fixed assets, transferable securities and cash items, and (ii) such company’s balance sheet total at the end of the preceding fiscal year exceeds EUR 350,000, an annual minimum net wealth tax of EUR 4,815 applies. In case the two abovementioned thresholds are not met, the amount of minimum net wealth tax due depends on the balance sheet total of the company at the end of the preceding fiscal year, with a minimum of EUR 535 and a maximum of EUR 32,100. **20% flat tax on income derived from real estate assets situated in Luxembourg** Specialized investment funds (SIFs), ’Part II’ undertakings for collective investment (UCIs) and reserved alternative investment funds (RAIFs) organized in a corporate form (i.e., SA, SCA or S.à r.l.) are subject to an annual 20% real estate levy on income derived from real estate assets situated in Luxembourg, whether they are held directly or through a tax transparent entity or a *Fonds Commun de Placement* (FCP).		**Incentive regimes** Singapore offers groups that set up a real economic presence in Singapore a wide range of economic and tax incentives, provided they satisfy the relevant conditions for the incentive. Such incentives can include tax base exclusions of certain items of income or a reduced headline tax rate (i.e. concessionary rate). The areas in which tax incentives may be obtained range from R&D activities, financial sector activities, fund management, regional or global headquarters, trading and distribution, logistics and transportation, shipping and manufacturing or services relating to high tech or innovative products. Each incentive comes with a set of conditions and substance tests which must be met, and is awarded for a number of years (generally 5-10 years), subject to renewal, provided incremental substance conditions are satisfied.

Luxembourg	the Netherlands	Singapore
All the aforementioned investment vehicles must annually comply (by May 31st) with two declaration obligations: (i) a declaration of qualifying real estate income and (ii) a declaration of whether they ultimately derive income from real estate situated in Luxembourg or not. The annual declaration obligation applies to all the aforementioned investment vehicles irrespective of whether they owned a Luxembourg real estate asset (directly or through a tax transparent entity or an FCP) during the relevant period. Failure to comply may lead to a lump sum penalty of EUR 10,000.		

3.2 Dividend regime (participation exemption)

Luxembourg	the Netherlands	Singapore
Dividends (including liquidation distributions) derived from a participation are fully exempt from CIT if the following cumulative conditions are met: (i) a minimum participation of at least 10% or with an acquisition price of at least EUR 1.2 million is held; (ii) the participation is held in (i) a capital company that is fully subject to Luxembourg CIT or a comparable foreign tax (i.e. a tax rate of at least 8.5% and a comparable tax base; a 'Comparable Tax') or (ii) an EU entity that qualifies for the benefits of the EU Parent-Subsidiary Directive; and (iii) on the distribution date, the company has held a qualifying participation continuously for at least 12 months (or commits itself to hold such participation continuously for at least 12 months). See, however, under 7.3 below regarding the potential application of the general anti-abuse rule and under 7.6 below regarding the potential application of the anti-abuse rule and the anti-hybrid rule to income derived from EU entities that fall within the scope of the EU Parent-Subsidiary Directive. Certain tax treaties concluded by Luxembourg grant a participation exemption for dividends under conditions different than those listed above.	Dividends are fully exempt from CIT under the participation exemption if the following three requirements are met: i. the company itself or a related party holds a participation of at least 5% of, as a general rule, the nominal paid-up share capital of a company with a capital divided into shares (the 'Minimum Threshold Test'); ii. one of the following three tests is met: a) the company's objective with respect to its participation is to obtain a return that is higher than a return that may be expected from portfolio investment management (the 'Motive Test'); b) the direct and indirect assets of the subsidiary generally consist for less than 50% of 'low-taxed free passive assets' (the 'Asset Test'); or c) the subsidiary is subject to an adequate levy according to Dutch tax standards (the 'Subject-To-Tax Test'); and iii. the payment received from the subsidiary is not deductible for CIT purposes in the country of the subsidiary. **Ad i.** If a qualifying participation drops below the threshold of 5%, this requirement will be considered to be met for a subsequent period of three years, provided that the participation qualified for the participation exemption for an uninterrupted period of at least one year prior thereto.	All dividends paid by resident companies are exempt in the hands of shareholders in Singapore. Foreign dividends are foreign sourced and therefore not subject to income tax until they are remitted or deemed remitted to Singapore. Once (deemed) remitted to Singapore, the foreign dividends are in principle taxed at a rate of 17% unless the foreign dividend is tax exempt under the foreign exempt dividend provisions of the income tax legislation. Generally, a dividend qualifies as a foreign exempt dividend if the following two cumulative conditions are met: i) the headline income tax rate in the foreign jurisdiction must be at least 15%; and ii) the income earned in that foreign jurisdiction must have been effectively subject to tax in that jurisdiction (rate can be lower than ordinary rate). There is no minimum shareholding requirement. If the aforementioned conditions cannot be met, a concessionary income tax ruling may - in specified scenarios - be applied for, in which the Singapore tax authorities may, at their discretion, decide that foreign dividends received by the Singapore company will nonetheless be exempt.

Luxembourg	the Netherlands	Singapore
Once the minimum threshold and holding period are met, newly acquired shares of a qualifying participation qualify immediately for the participation exemption. Dividends (excluding liquidation distributions) derived from a participation which meets the Comparable Tax test, but not (all of) the remaining conditions, are exempt for 50%. Such partial exemption only applies if the participation is held in a company that is resident in a treaty country or is a qualifying entity under the EU Parent-Subsidiary Directive.	Based on case law, the participation exemption also generally applies to option rights and warrants if, upon exercise, the holder would acquire a qualifying participation. **Ad ii.a)** The Motive Test is an all facts- and-circumstances test that is met when the company aims to obtain a return on its subsidiary that exceeds a portfolio investment return. This is considered to be the case, for instance, if the company is involved in the strategic management of the subsidiary or if the company (or its parent company) fulfills an essential function for the benefit of the business enterprise of the group. If more than 50% of the consolidated assets of the subsidiary consist of shareholdings of less than 5%, or if the subsidiary (together with its subsidiaries) predominantly functions as a group financing, leasing or licensing company, the Motive Test is deemed to be failed. **Ad ii.b)** An asset is a ‘low-taxed free passive asset’ if (i) it is a passive asset that is not reasonably required in the enterprise carried out by its owner and (ii) the income from such asset is effectively taxed at a rate of less than 10% (see ad ii.c below).	Tax exemptions are also available for qualifying funds established in Singapore and managed by an approved fund management company in Singapore. In the event a foreign dividend does not satisfy (i) the foreign exempt dividend conditions mentioned above, (ii) the Singapore recipient is not a qualifying fund, or (iii) a concessionary tax ruling is not obtained, the foreign dividend will be taxable when remitted (or deemed remitted) to Singapore. In the event that the dividend is taxable, the Singapore company will be allowed to claim a tax credit for any foreign withholding tax incurred on the dividend. In addition, it will also be entitled to claim a tax credit for any foreign income tax incurred by the dividend paying company, provided that the Singapore company holds an interest of at least 25% in the dividend- paying company (if a tax treaty applies, this threshold can be reduced to 10%).

Luxembourg	the Netherlands	Singapore
	Real estate is deemed to be a good asset for purposes of the Asset Test by operation of law (regardless of its function within the owner's enterprise and regardless of the tax position of the owner). For purposes of the 50% threshold of the Asset Test, the fair market value of the assets is decisive. The Asset Test is a continuous test and should be met throughout (almost) the entire tax year. Assets that are used for group financing, leasing or licensing activities are as a general rule deemed to be passive, unless they form part of an active financing or leasing enterprise as described in Dutch law, or are for 90% or more financed with loans from third parties. **Ad ii.c)** As a general rule, a participation is considered to be subject to an adequate levy if it is subject to a tax on profits levied at a rate of at least 10%. However, certain tax base differences, such as the absence of any limitations on interest deduction, a too broad participation exemption, deferral of taxation until distribution of profits, or deductible dividends, may cause a profit tax to disqualify as an adequate levy, unless the effective tax rate according to Dutch tax standards is at least 10%.	

Luxembourg	the Netherlands	Singapore
	If the Minimum Threshold Test, as referred to in 3.2 (i) hereof, is met but the remaining conditions of the participation exemption are not, a credit will be granted for the underlying tax paid by the participation at a maximum rate of 5% (except for qualifying EU participations, for which the actual tax can be credited). **Ad iii.** The participation exemption does not apply to payments received from a subsidiary to the extent that such payments are, directly or indirectly, deductible for CIT purposes in the country of the subsidiary (irrespective of whether the deduction is actually claimed).	

3.3 Gains on shares (participation exemption)

Luxembourg	the Netherlands	Singapore
Gains (including currency exchange gains) realized on the alienation of a participation are exempt from CIT under the following conditions: (i) a minimum participation of 10% or with an acquisition price of at least EUR 6 million is held; (ii) the participation is held in (i) a capital company that is fully subject to Luxembourg CIT or a comparable foreign tax (i.e. a tax rate of at least 8.5% and a comparable tax base) or (ii) an EU entity qualifying under the EU Parent- Subsidiary Directive; and (iii) on the date on which the capital gain is realized, the company has held a qualifying participation continuously for at least 12 months (or must commit itself to hold such participation continuously for at least 12 months). Once the minimum threshold and holding period are met, newly acquired shares of a qualifying participation qualify immediately for the participation exemption.	Gains realized on the alienation of a participation (including foreign exchange results) are fully exempt from CIT under the same conditions as described under 3.2 above for dividends. Gains realized on option rights and warrants are generally exempt by virtue of the participation exemption if, upon exercise, the holder would acquire a qualifying participation.	Capital gains realized on the sale of shares are not subject to income tax. However, if the gain can be characterized as a revenue gain (as opposed to being a capital gain), the gain will be taxable at the ordinary income tax rate. There is rich case law on this matter and authority is derived from decisions of not only the Singapore courts, but also from case law in Hong Kong, Australia, New Zealand and the UK. Whether a gain is capital or revenue in nature, will largely depend on the intention of the taxpayer when it acquired the shares. If the main intention was to make a future gain on a sale of the shares, the future gain may be considered to be revenue in nature and taxable. The intention is not always obvious and is often inferred from the facts of the case, such as how the shares are financed, how long the shares were held by the taxpayer, whether the taxpayer is in the business of buying and selling securities, whether the taxpayer earned income from the shares prior to the sale, etc.

Luxembourg	the Netherlands	Singapore
The capital gains exemption described in this paragraph does not apply to the extent of previously deducted expenses, write-offs and capital losses relating to the respective participation (recapture). Such taxable (portion of the) capital gain can in principle be offset against tax loss carryforwards that may be available as a result of previously deducted expenses, write-offs and/or capital losses. Tax losses can be carried forward for 17 years, except for losses incurred during the years 1991 – 2016 which can be carried forward indefinitely. The anti-hybrid rule and the anti-abuse rule discussed under 7.6 below do not apply to the capital gains exemption described in this paragraph.		With effect from June 1, 2012, a safe harbor rule exists in the income tax law. Gains derived by a company from the disposal of ordinary shares that take place between 1 June 2012 and 31 December 2027 will not be taxed if: (i) The divesting company holds a minimum shareholding of 20% in the company whose shares are being disposed of; and (ii) The divesting company has held these shares for a minimum period of 24 months immediately prior to the disposal. The above safe harbor rule does not apply to gains derived by an insurance company or disposal of shares in certain companies that trade or hold immovable properties. From 1 June 2022, this exclusion will be extended to unlisted shares in companies that are in the business of trading, holding, or developing immovable properties in Singapore or abroad. For gains or losses arising from share disposals in other scenarios, the tax treatment should continue to be determined based on a consideration of the facts and circumstances of the case.

Luxembourg	the Netherlands	Singapore
		Stamp duty Stamp duty is due on the transfer of shares of a Singapore-incorporated company (i.e. share issuance is free of stamp duty). The rate of 0.2% is applied on the value of or consideration paid for the shares, whichever is the higher. Relief is available for: (i) qualifying reorganizations or amalgamations; or (ii) a qualifying transfer of assets between associated companies

3.4 Losses on shares

Luxembourg	the Netherlands	Singapore
Write-offs and capital losses on a participation (including currency exchange losses) are deductible, except if it concerns a write-off in relation to a pre-acquisition dividend. The deducted write-offs and capital losses may be recaptured in a future year if a capital gain is realized on the alienation of the respective participation (see under 3.3 above).	Losses on shares qualifying for the participation exemption are not deductible, except in the event of a liquidation of the participation (subject to stringent conditions). Losses incurred on option rights and warrants are not deductible if the participation exemption applies in respect of such option rights and warrants. See under 3.2. and 3.3 above.	Capital losses on shares are not deductible. Revenue losses incurred on the sale of shares are tax deductible unless the sale is offshore sourced.

3.5 Costs relating to the participation

Luxembourg	the Netherlands	Singapore
Costs relating to a qualifying participation are generally deductible, provided they are at arm's length and subject to the following restrictions: (i) costs relating to a qualifying participation that are incurred during a given year are deductible only if and to the extent they exceed the exempt dividend income derived from the respective participation in that year; (ii) the interest deduction limitation rules implemented on the basis of ATAD 1 (see under 7.2 below) may apply; (iii) the hybrid mismatch rules implemented on the basis of ATAD 1 and ATAD 2 (see 7.5 below) may apply; (iv) the deduction limitation rules with respect to interest and royalties due to related party recipients established in non-cooperative jurisdictions (see 7.6 below) may apply; and (v) costs relating to qualifying participations that are deductible pursuant to the aforementioned rules are subject to the so-called 'recapture rule' (which is discussed hereafter).	Costs relating to the acquisition or alienation of a participation are not deductible. Other costs relating to the participation, such as interest expenses on acquisition debt, are in principle tax deductible. However, the deduction of expenses on acquisition debt may inter alia be restricted pursuant to one of the following rules: (i) the earnings stripping rule implemented on the basis of ATAD 1 (see 7.2); (ii) the-hybrid mismatch rules implemented on the basis of ATAD 2 (see 7.5); (iii) the anti-base erosion rules which restrict, under certain circumstances, the deduction of expenses on related-party debt incurred in connection with certain tainted transactions, including the distribution of a dividend to a related party, or the acquisition of shares in a company which is a related party following the acquisition; (iv) the hybrid debt classification rules and the non-businesslike loan rules, as developed under case law.	Costs are deductible only if they are shown to be revenue expenditures which are wholly and exclusively incurred in the production of income that is taxable in Singapore. Capital expenditures and expenses relating to foreign sourced income or exempt income are thus not deductible.

Luxembourg	the Netherlands	Singapore
The 'recapture rule' (discussed under 3.3 above) applies to the cumulative amount of costs that relate to a qualifying participation and that have been deducted (recapture expenses). If a capital gain is realized in respect of the respective participation, such capital gain will be taxable up to the amount of the recapture expenses that relate to such participation. However, such taxable gain can be offset against any available tax loss carried forwards (see under 3.3 above). Currency exchange gains and losses incurred on loans to finance the acquisition of the participation are taxable/deductible.	As a general rule, currency exchange gains with respect to borrowings to finance a participation are taxable and currency losses incurred on such borrowings are deductible. Subject to advance confirmation from the Dutch tax authorities, the participation exemption will apply to gains and losses on financial instruments entered into by the Dutch company to hedge its currency risk with respect to exempt participations.	

4. Withholding taxes

4.1 Withholding tax on dividends

Luxembourg	the Netherlands	Singapore
The domestic dividend withholding tax rate is generally 15% (17.75% if a gross-up applies), which may be reduced by virtue of tax treaties to, generally, 5%. **Exemptions** A domestic exemption applies if: (i) the dividend distribution is made to (i) a fully taxable Luxembourg resident company, (ii) an EU entity qualifying under the EU Parent- Subsidiary Directive, (iii) a Luxembourg or EU branch of such EU entity or a Luxembourg branch of a company that is resident in a treaty country, (iv) a Swiss resident company subject to Swiss CIT without being exempt, or (v) a company which is resident in an EEA country or a country with which Luxembourg has concluded a tax treaty and which is subject to a tax comparable to the Luxembourg corporate tax (i.e. a tax rate of 9% and a comparable tax base); and (ii) the recipient of the dividend has held or commits itself to continue to hold a direct participation in the Luxembourg company of at least 10% or with an acquisition price of at least EUR 1.2 million for an uninterrupted period of at least 12 months.	The domestic dividend withholding tax rate is 15%, which may be reduced by virtue of tax treaties. **Distributions by Dutch cooperatives** Profit distributions by a Dutch cooperative are not subject to Dutch dividend withholding tax, unless it concerns profit distributions by a so-called 'holding cooperative'. A cooperative qualifies as a holding cooperative if its actual activities usually consist for 70% or more of holding participations or of group financing activities. This is determined based on balance sheet totals, along with types of assets and liabilities, turnover, profit-generating activities and time spent by employees. No Dutch dividend withholding tax is due on distributions to members of the cooperative that have an entitlement to less than 5% of the annual profits or the liquidation proceeds of the cooperative, alone or together with related persons or as a member of a collaborating group.	Singapore does not levy any withholding tax on dividends.

Luxembourg	the Netherlands	Singapore
Distributions of advance liquidation proceeds by a Luxembourg company are not subject to dividend withholding tax. Under circumstances, (i) the redemption of shares and (ii) the redemption and cancellation of shares that constitutes a 'partial liquidation' are not subject to withholding tax. In relation to the withholding tax matters discussed in this paragraph 4.1, the potential application of the general anti-abuse rule discussed under 7.3 below and, in case of EU situations, the anti-abuse rule of the EU Parent-Subsidiary Directive should be considered. The liquidation of a Luxembourg company or a repurchase of shares may trigger non-resident capital gains tax (see under 5 below).	**Exemption for substantial NL, EU/EEA or treaty shareholder** Under domestic rules, an exemption applies if a distribution is made by a Dutch company or cooperative to a substantial shareholder established in: (i) t he Netherlands, provided the shareholder can apply the participation exemption with regard to the dividend distribution or is included in a CIT consolidation with the distributing company; (ii) either the EU/EEA or a country with which the Netherlands has concluded a tax treaty that includes a dividend article, provided the shareholder could have applied the participation exemption had it been a tax resident of the Netherlands. However, the exemption under (ii) does not apply if (i) the interest in the Dutch entity is held with the main purpose or one of the main purposes to avoid Dutch dividend withholding tax and (ii) there is an artificial arrangement in place. An arrangement is considered artificial if it has not been put in place for valid business reasons that reflect economic reality. Additional conditions apply, dependent on the specific facts and circumstances.	

Luxembourg	the Netherlands	Singapore
	Liquidation / share redemption Liquidation distributions and payments upon repurchase of shares are treated as ordinary dividends to the extent they exceed the average fiscally recognized capital contributed to the shares of the Dutch company. An exemption may apply for the repurchase of listed shares. Under Dutch tax treaties liquidation distributions and payments upon a repurchase of shares are in certain circumstances classified as a capital gain and not as a dividend. As a result, if such treaty classification is applicable, the Netherlands may not be allowed to levy any tax on the proceeds upon liquidation or repurchase of shares. **Additional withholding tax on dividend payments as of 2024** As of 1 January 2024, the Netherlands will introduce an additional withholding tax in the case of intra-group profit distributions to shareholders located in certain 'low tax jurisdictions', in line with the conditional withholding tax on intra-group interest and royalty payments referred to in 4.2 and 4.3.	

4.2 Withholding tax on interest

Luxembourg	the Netherlands	Singapore
No withholding tax is levied on arm's length interest payments made to non-residents, except for profit-sharing interest which, under certain circumstances, is subject to 15% withholding tax (subject to reduction under tax treaties). Interest payments made to Luxembourg resident individuals by a Luxembourg paying agent are subject to 20% Luxembourg withholding tax. The 20% withholding tax operates as a full discharge of income tax for Luxembourg resident individuals acting in the context of the management of their private wealth.	Interest paid on a debt instrument that is treated as capital for Dutch tax purposes is subject to dividend withholding tax at a rate of 15%, which may be reduced under tax treaties. In addition, an exemption is available under the same conditions as mentioned under 4.1 above for regular dividend distributions. Under certain circumstances, a non-resident recipient of Dutch source interest income may be subject to non-resident income tax in the Netherlands; see under 5 below. **Conditional withholding tax on interest** The Netherlands levies a conditional withholding tax on interest payments. The withholding tax is levied at a rate equal to the main CIT rate (25.8% in 2023) and only applies to interest payments made to group entities in certain situations, whereby control (in short, >50% voting rights) is the relevant criterion to assess whether an entity is a group entity. The withholding tax is applicable in four specific situations: (i) interest payments made by a Dutch company to group entities established or incorporated in a blacklisted jurisdiction; (ii) interest payments made by a Dutch company to a permanent establishment of a group entity, which permanent establishment is located in a blacklisted jurisdiction;	Interest, commissions, fees or other payments in connection with any loan or indebtedness are subject to a final withholding tax of 15% on the gross amount, unless reduced under a tax treaty.

Luxembourg	the Netherlands	Singapore
	(iii) interest payments made by a Dutch company to group entities that are not established or incorporated in a blacklisted jurisdiction, but where an 'abusive situation' exists; (iv) interest payments made by a Dutch company to certain hybrid entities. An abusive situation under (iii) exists if (a) the relevant group entity receives the interest payment with the main purpose or one of the main purposes to avoid tax and (b) there is an artificial arrangement in place. An arrangement is considered artificial if it has not been put in place for valid business reasons that reflect economic reality. Additional conditions apply, dependent on the specific facts and circumstances.	

4.3 Withholding tax on royalties

Luxembourg	the Netherlands	Singapore
None. Income paid to a non-resident that is derived from an independent artistic or literary activity that is or has been conducted or put to use in Luxembourg is subject to 10% withholding tax.	The Netherlands levies a conditional withholding tax on royalty payments. The withholding tax is levied at a rate equal to the main CIT rate (25.8% in 2023) and only applies to royalty payments made to group entities in certain situations, whereby control (in short, >50% voting rights) is the relevant criterion to assess whether an entity is a group entity. The withholding tax is applicable in four specific situations: (i) royalty payments made by a Dutch company to group entities established or incorporated in a blacklisted jurisdiction; (ii) royalty payments made by a Dutch company to a permanent establishment of a group entity, which permanent establishment is located in a blacklisted jurisdiction; (iii) royalty payments made by a Dutch company to group entities that are not established or incorporated in a blacklisted jurisdiction, but where an 'abusive situation' exists; (iv) royalty payments made by a Dutch company to certain hybrid entities.	Royalties paid to non- residents are generally subject to a final withholding tax of 10% on the gross amount of the royalty, unless reduced under a tax treaty. The 10% withholding tax is a final tax and applies to royalties (i) derived by a non-resident from a business carried on outside Singapore or (ii) not effectively connected to a permanent establishment in Singapore. Any other royalties paid to non-resident companies that do not qualify for the final rate are taxed at the prevailing corporate tax rate (17%). Payments to non-resident individuals are subject to withholding of the lower of 22% on net income or 10% on the gross royalties. Payments to non-residents (other than individuals) for technical services rendered in Singapore are subject to 17% withholding tax, unless the rate is reduced under a tax treaty. This includes fees for the rendering of assistance or services in connection with the application or use of scientific, technical, industrial or commercial knowledge or information; or for management or assistance in the management of a trade, business or profession unless the services are rendered entirely outside of Singapore and not performed through a business carried on in Singapore or a permanent establishment in Singapore.

Luxembourg	the Netherlands	Singapore
	An abusive situation under (iii) exists if (a) the relevant group entity receives the royalty payment with the main purpose or one of the main purposes to avoid tax and (b) there is an artificial arrangement in place. An arrangement is considered artificial if it has not been put in place for valid business reasons that reflect economic reality. Additional conditions apply, dependent on the specific facts and circumstances.	

5. Non-resident capital gains taxation

Luxembourg	the Netherlands	Singapore
Gains realized by non-residents on the alienation of a substantial interest in a Luxembourg company (more than 10%) are taxable if the gain is realized within a period of 6 months following the acquisition of the shares. The foregoing may equally apply to distributions received upon liquidation and proceeds from a redemption of shares. Other rules apply in case the non-resident transferor was resident in Luxembourg for at least 15 years in the past.	Capital gains realized by non-resident entities (without a permanent establishment in the Netherlands) on the alienation of shares in a Dutch company are subject to Dutch taxation if all of the following conditions are met: (i) the non-resident entity holds at the time of the alienation directly or indirectly an equity interest of 5% or more in the Dutch company (a 'substantial interest'); (ii) the substantial interest is held with one of the main purposes to avoid Dutch personal income tax; and (iii) there is an artificial arrangement in place. An arrangement is considered as artificial if it has not been put in place for valid business reasons that reflect economic reality. The income is calculated on a net basis. If the above-mentioned conditions are met, the non-resident taxation also applies to distributions made by the Dutch company, as well as income derived from loans granted by the non-resident to the Dutch company.	Capital gains derived from the sale of shares in a Singapore company by a non-resident shareholder are not subject to taxation in Singapore.

Luxembourg	the Netherlands	Singapore
	Capital gains realized by non-resident individuals on the alienation of shares in a Dutch company are subject to 26.9% Dutch personal income taxation if that individual – together with his or her partner or any of his or her relatives by blood or by marriage in the direct line (including foster-children) or of those of his or her partner – directly or indirectly holds an equity interest in the Dutch company of 5% or more, or an interest in a class of shares of the Dutch company of 5% or more, unless that equity interest is attributable to a business enterprise of the individual.	

6. Tax rulings

Luxembourg	the Netherlands	Singapore
Luxembourg law provides for the possibility to request confirmation from the tax authorities in relation to the application of Luxembourg tax law to an anticipated transaction. Such request may relate to, among others, the application of the participation exemption (e.g. the comparable tax test), confirmation whether a permanent establishment is present in Luxembourg (e.g. in relation to investment funds organized in the form of a Luxembourg limited partnership), the debt qualification of certain instruments, transfer pricing matters and any other tax matters that may be relevant for Luxembourg companies (e.g. financing activities). A request for confirmation is subject to payment of a fee to the authorities ranging from EUR 3,000 to EUR 10,000 (depending on the complexity of the matter). Any confirmation obtained is binding on the tax authorities and is valid for a period of maximum 5 fiscal years (subject to accuracy of the facts presented, subsequent changes to the facts and changes in national, EU or international law). In respect of debt-funded intragroup finance activities, certain conditions must be met in to obtain advance confirmation.	The application of the participation exemption regime or the domestic exemption of dividend withholding tax (see 4.1 above) does not require obtaining an advance tax ruling ('ATR'), although this is possible. ATRs are regularly granted in relation to the participation exemption, non-resident taxation and the dividend withholding taxation rules (see under 4.1 and 5 above). In order to be eligible for an ATR, the Dutch taxpayer requesting the ATR should have sufficient economic nexus with the Netherlands. This is the case if (i) the Dutch taxpayer that requests the ATR is part of an internationally operating group engaged in an operating business in the Netherlands, and (ii) an operating business activity is carried out by, or for the risk and account of, that taxpayer through a sufficient number of relevant employees in the Netherlands. If such an ATR is issued, an anonymized summary of the ATR will be published. It is not possible to conclude an ATR if the main motive of the Dutch taxpayer is to save Dutch or foreign taxes, or if an ATR is sought on the tax consequences of transactions with certain blacklisted jurisdictions.	Singapore offers taxpayers the possibility to obtain an advance tax ruling provided it concerns an interpretation of the law. There is no requirement under the law to obtain an advance ruling for foreign dividends or gains, but doing so may be helpful if there is doubt about the interaction of the foreign tax position of an asset with the Singapore tax system. Taxpayers can apply for an advance ruling from the Singapore tax authority, the Inland Revenue Authority of Singapore ('IRAS'). Broadly, an advance ruling is a written interpretation of how a provision of the Income Tax Act applies to a specific taxpayer and a proposed arrangement. A non-refundable fee applies upon application for the ruling and a further hourly fee applies to the next 4 hours spent on the ruling. The ruling process should take approximately 8 weeks (expedited handling is possible). Rulings are final, binding and confidential.

Luxembourg	the Netherlands	Singapore
Luxembourg (and all other EU Member States) is required to automatically exchange certain information on cross-border tax rulings and advanced pricing agreements that are issued by the Luxembourg tax authorities. In addition, Luxembourg has committed itself to the OECD framework regarding the compulsory exchange of information on tax rulings issued on or after April 1, 2016. The categories of tax rulings on which information must be exchanged are identified in the OECD BEPS Action 5 Final Report.	**Exchange of information on rulings** The Netherlands is (and all other EU Member States are) required to automatically exchange certain information on cross-border tax rulings and advanced pricing agreements within the EU. In addition, the Netherlands has committed itself to the OECD framework regarding the compulsory exchange of information on tax rulings. The categories of tax rulings on which information has to be exchanged are identified in the OECD BEPS Action 5 Final Report.	In June 2016, Singapore became part of the BEPS inclusive Framework and, accordingly, committed itself to the OECD framework regarding the compulsory exchange information on tax rulings. Singapore automatically exchanges certain tax rulings issued on or after April 1, 2017. Tax rulings issued on or after January 1, 2012 that were still valid on or after January 1, 2015 and tax rulings issued on or after January 1, 2015 but before April 1, 2017 were exchanged before yearend 2017. The categories of tax rulings on which information has to be exchanged are identified on the Singapore tax authorities' website.

7. Anti-abuse provisions

7.1 CFC rules

Luxembourg	the Netherlands	Singapore
Luxembourg applies CFC rules based on so-called 'Model B' provided for by ATAD 1. A CFC is an entity or a permanent establishment of an entity that meets the following conditions: (i) a Luxembourg taxpayer holds (alone or together with one or more associated enterprises) a direct or indirect participation of more than 50% of the voting rights, the capital or the entitlement to profits of such entity; and (ii) the entity or permanent establishment is subject to an effective tax which is lower than 50% of the Luxembourg national CIT (i.e. for 2023, an effective rate that is lower than 8.5%) that would be due by the entity or permanent establishment if it were established in Luxembourg. Luxembourg corporate taxpayers are taxed on the undistributed net income of a CFC, pro rata to their ownership or control of the (directly and/or indirectly held) entity, to the extent such income is related to significant functions carried out by the Luxembourg corporate taxpayer but only if the relevant CFC has been put in place essentially for the purpose of obtaining a tax advantage. Such CFC income is only subject to Luxembourg national CIT increased by the solidarity surtax (resulting in an aggregate CIT rate of 18.19%), but not to municipal business tax.	The Netherlands operates CFC rules on the basis of ATAD 1. Under the CFC rules, certain undistributed items of passive income of a direct or indirect subsidiary or a permanent establishment are included in the tax base of the Dutch taxpayer if the subsidiary or permanent establishment is established in a jurisdiction that is included on (i) the Dutch blacklist or (ii) the European list of non-cooperative jurisdictions. The CFC rules only apply to direct or indirect subsidiaries if the Dutch shareholder, alone or together with an associated enterprise or person, holds an equity interest of more than 50% in the subsidiary. Certain exceptions apply, including if the subsidiary or permanent establishment has 'real economic activities'.	Singapore does not have controlled foreign corporation provisions, although the general anti-avoidance rules may apply to such transactions (see under 7.3 below).

Luxembourg	the Netherlands	Singapore
Certain exceptions apply, notably if the CFC's accounting profits are lower than EUR 750,000 or are less than 10% of its operating costs for a given year.		

7.2 Earnings stripping rules

Luxembourg	the Netherlands	Singapore
Luxembourg applies earnings stripping rules in accordance with ATAD 1. Subject to certain exclusions that are discussed below, the earnings stripping rules limit the deduction of the net amount of interest expenses and economically equivalent expenses (i.e. the excess, if any, of such expenses over interest and economically equivalent income) in a taxable year to the higher of: • 30% of EBITDA for tax purposes; and • EUR 3 million. The earnings stripping rules do not distinguish between third party and related party interest. However, the rules contain a grandfathering rule pursuant to which interest and economically equivalent expenses incurred in respect of loans that were concluded prior to June 17, 2016 and were not modified after such date are out of scope of the earning stripping rules. Furthermore, taxpayers that qualify as 'financial undertakings' or 'standalone entities' within the meaning of the earning stripping rules are excluded from their scope. Moreover, in case the ratio of equity to assets of a taxpayer is equal to or higher than such ratio for the consolidated group to which it belongs, such taxpayer is excluded from the scope of the rules.	The Netherlands operates earnings stripping rules on the basis of ATAD 1 with adjustments. The earnings stripping rules limit the deduction of the net amount of interest expenses in a taxable year to the higher of: (i) 20% of EBITDA for tax purposes; or (ii) EUR 1 million. The earnings stripping rules do not distinguish between third party and related party interest and do not provide grandfathering rules for existing loans. The EBITDA is calculated in accordance with Dutch tax standards, which means that for instance dividends that qualify for the participation exemption (see 3.2 above) are not included in the EBITDA. Any non-deductible interest on the basis of the earnings stripping rules can be carried forward indefinitely, unless, in certain circumstances, in the case of a change of control of the taxpayer concerned.	Singapore does not have earnings stripping provisions, although the general anti-avoidance rules may apply to such transactions (see under 7.3 below).

Luxembourg	the Netherlands	Singapore
The EBITDA is calculated on a Luxembourg tax basis, which means for instance that dividends that qualify for the participation exemption (see 3.2 above) are not included in the EBITDA. Any interest that is not deductible pursuant to the earnings stripping rules can be carried forward indefinitely. In addition, any unused deduction capacity can be carried forward for 5 years. Luxembourg taxpayers that have opted to be treated as a single taxpayer for Luxembourg tax purposes (fiscal unity regime) can decide whether the earning stripping rules apply at the level of each Luxembourg taxpayer on a stand-alone basis or at fiscal unity level.		

7.3 General anti-abuse rules

Luxembourg	the Netherlands	Singapore
Luxembourg tax law contains a general anti-abuse provision which was amended as per January 1, 2019 in order to bring it in line with the wording of the general anti-abuse rule contained in ATAD 1. It therefore includes the concept of a 'non-genuine arrangement'. The following criteria must be met cumulatively for abuse of law to be present: (i) the use of one or more legal form(s) or institution(s) of law; (ii) the main purpose, or one of the main purposes, of such use of legal form(s) or institution(s) of law is to avoid or reduce a tax liability in a manner that goes against the object or purpose of the tax law; and (iii) such use of legal form(s) or institution(s) of law is non-genuine. If a transaction is successfully challenged based on the general anti-abuse rule, the tax authorities may disregard or requalify the elements of the transaction that are not genuine and may levy the tax that would be due if the legal route used had been genuine.	A general extra-statutory concept of abuse of law (fraus legis) applies, based on case law. This concept is deemed to be in line with the general anti-abuse rule that is required to be implemented on the basis of ATAD 1. Based on the concept of fraus legis, the actual 'facts' of the transactions are adjusted or substituted to reflect their true substance, or the transactions are disregarded for tax purposes. Fraus legis can be applied by a court if (i) tax avoidance is the decisive reason for entering into transaction(s) concerned and (ii) the outcome is in conflict with the purpose and intent of a specific provision of Dutch tax law or Dutch tax law in general.	A general anti-avoidance rule exists in the Singapore tax legislation to disregard the tax effect of schemes entered into with a primary or dominant purpose of obtaining a tax benefit.

7.4 Exit taxation

Luxembourg	the Netherlands	Singapore
Exit taxation rules apply to corporate entities and permanent establishments (and transfer by individuals of goods forming part of their enterprise). Exit taxation applies on the difference between the fair market value and the tax book value of transferred assets in any of the following circumstances: (a) transfer of tax residence intra-EU or to a third country, except insofar as a permanent establishment remains; (b) transfer of assets from the head office to a permanent establishment in the EU or a third country; (c) transfer of assets from a permanent establishment in the EU to its head office or to a permanent establishment in another EU Member State or in a third country; and (d) transfer of a permanent establishment out of an EU Member State. In case of transfer of the seat, permanent establishment or goods forming part of an enterprise to an EU or EEA jurisdiction with which Luxembourg or the EU has concluded an agreement on the mutual assistance for tax recovery, payment of the exit taxation can be deferred upon request in instalments over a period of 5 years.		

Luxembourg	the Netherlands	Singapore
However, the payment deferral is discontinued and the tax becomes due immediately in the following cases: • the transferred assets or the business carried on by the permanent establishment are sold or disposed of; • the transferred assets, the tax residence or the business carried on by the permanent establishment are transferred to jurisdiction other than an EU or EEA jurisdiction with which Luxembourg or the EU has concluded an agreement on the mutual assistance for tax recovery; • the company goes bankrupt or is liquidated; or • the taxpayer does not respect its obligations regarding the instalments and does not correct such default within a reasonable period of time which cannot exceed 12 months or does not duly document annually the continued ownership of the assets.	Exit taxation rules apply to Dutch taxpayers and permanent establishments in the Netherlands. Exit taxation is due on the difference between the fair market value and the tax book value of assets and liabilities transferred out of the Netherlands, in any of the following circumstances: (a) transfer of tax residence intra-EU or to a third country, except insofar a permanent establishment remains in the Netherlands; (b) transfer of assets and/or liabilities of a permanent establishment out of the Netherlands; (c) transfer of the business carried on by a permanent establishment out of the Netherlands. Payment of exit taxation can be deferred, in certain circumstances.	Singapore does not have exit taxation rules.

7.5 Hybrid mismatch rules

Luxembourg	the Netherlands	Singapore
Luxembourg applies hybrid mismatch rules on the basis of ATAD 2. The purpose of the hybrid mismatch rules is to neutralize the tax effects of hybrid mismatches by limiting the deduction of payments or by including the payments in the taxable income of a Luxembourg corporate taxpayer. The rules target double deduction (DD) and deduction-non-inclusion (D/NI) outcomes. The hybrid mismatches covered by the rules include (i) payments on hybrid financial instruments, (ii) payments to or by hybrid entities, (iii) payments to or by hybrid permanent establishments, (iv) payments by dual resident entities and (v) payments made on a non-hybrid instrument that directly or indirectly finance a payment that leads to a hybrid mismatch (‘imported mismatches’). Exceptions may apply, depending on the specific facts and circumstances. As from fiscal year 2022, if certain conditions regarding hybrid mismatches are met, Luxembourg transparent vehicles (e.g. limited partnerships) may constitute so-called ‘reverse hybrid entities’ and become (fully or partially) subject to Luxembourg CIT.	The Netherlands operates hybrid mismatch rules, on the basis of ATAD 2. The purpose of the hybrid mismatch rules is to neutralize the tax effects of hybrid mismatches by limiting the deduction of payments or by including the payments in the taxable income of a Dutch corporate taxpayer. The hybrid mismatch situations covered by the rules include (i) payments on hybrid financial instruments, (ii) payments to or by hybrid entities, (iii) payments to or by hybrid permanent establishments, (iv) payments by dual resident entities and (v) payments made on a non-hybrid instrument that fund deductible payments if no equivalent adjustment is made by another state involved (‘imported mismatches’), which can lead to deduction of such payment without inclusion or double deduction of such payment. Exceptions may apply, depending on the specific facts and circumstances. In addition, as of January 1, 2022, reverse hybrid entities are in certain situations subject to Dutch CIT if incorporated, established or registered in the Netherlands. Corporate taxpayers should include in their administration information that is relevant for determining if and to what extent a payment is affected by the hybrid mismatch rules.	In 2014, Singapore issued guidelines on the income tax treatment of hybrid instruments, specifying factors generally considered in determining whether an instrument is debt or equity for Singapore income tax purposes. The factors that IRAS rely on when determining the characterization of a hybrid instrument include but are not limited to the following: (a) nature of interest acquired; (b) right to participate in issuer’s business; (c) voting rights conferred by the instrument; (d) obligation to repay the principal amount; (e) whether the payout is cumulative and is at the discretion of the issuer; (f) investor’s right to enforce payment; (g) classification by other regulatory authority; (h) ranking for repayment in the event of liquidation or dissolution.

7.6 Other (domestic) anti-abuse provisions and doctrines

Luxembourg	the Netherlands	Singapore
The anti-hybrid rule and the anti-abuse rule contained in the EU Parent-Subsidiary Directive were implemented into Luxembourg tax law. Pursuant to such rules, the participation exemption for dividends and the dividend withholding tax exemption do not apply in respect of dividends received from/paid to an EU entity that falls within the scope of the EU Parent-Subsidiary Directive and is not subject to a Comparable Tax (see under 3.2 above) to the extent (a) that the profits received from the EU entity were deductible in the jurisdiction of the payor, or (b) in case (one of) the main purpose(s) of an arrangement is to obtain a tax advantage that would defeat the object or purpose of the EU Parent-Subsidiary Directive and such arrangement lacks economic reality, i.e. is not genuine. Pursuant to Luxembourg transfer pricing rules, a transaction (or the relevant part thereof) is ignored for purposes of determining the at arm's length pricing of such transaction (or the relevant part thereof) if it contains one or several elements that are not motivated by valid business reasons and that have a meaningful impact on the determination of the at arm's length price.	An annual mark-to-market revaluation applies to a substantial (25% or more) shareholding in a low-taxed subsidiary of which the assets consist, directly or indirectly, for 90% or more of 'low-taxed free passive investments'. Anti-abuse rules apply with respect to the participation exemption in relation to hybrid instruments (see under 3.2 iii above). An exemption or reduction of Dutch dividend withholding tax may be denied based on the so called 'anti-dividend-stripping' rules. The rules described under 4.1 above, which excludes certain distributions from the exemption of dividend withholding tax, effectively constitute an anti-abuse measure. The same applies to the withholding tax rules on intragroup interest and royalties described under 4.2 and 4.3 above, and the non-resident capital gains taxation rules for non-resident entities described under 5 above.	A no-substantial-change-in-shareholder test applies to carry forward and carry back losses and capital allowances, unless a waiver is obtained from the Singapore tax authority for the losses and capital allowances to be preserved. The income tax law contains transfer pricing rules. Where conditions are made or imposed between two related parties in their commercial or financial relations that are not on arm's length terms, the IRAS may make adjustments to the profits for income tax purposes. Specific guidance through tax circulars has been given for related party loans and related party services. Singapore does not have economic substance requirements but IRAS will consider certain factors before granting a residency certificate.

Luxembourg	the Netherlands	Singapore
Interest and royalties due by a Luxembourg taxpayer to related entities established in a jurisdiction appearing on the EU list of non-cooperative jurisdictions (EU Blacklist) are not deductible. For purposes of this rule, two entities are considered related if (i) one directly or indirectly participates in the management, control or capital of the other or (ii) the same persons directly or indirectly participate in the direction, control or capital of both entities. If the legal recipient of the interest or royalties is a transparent entity from a Luxembourg tax perspective, the legal recipient is looked through up to the first direct or indirect entity in the holding chain that is treated as a corporate entity from a Luxembourg tax perspective. Furthermore, for purposes of this rule, the recipient must be the beneficial owner of the income. If the legal recipient is not the beneficial owner, the application of this rule is assessed at the level of the beneficial owner. The denial of the deduction does not apply when the taxpayer demonstrates that valid business reasons exist for the underlying transaction that are genuine in view of the overall facts and circumstances. The Luxembourg taxpayer has the burden of proof regarding the existence of valid business reasons.	As of January 1, 2022, the Netherlands applies rules to counter double-non taxation through transfer pricing mismatches. The rules provide that an adjustment on the basis of the arm's length principle will not be applied if this leads to a reduction of the Dutch taxable profit, a step-up in basis of assets or a reduction in basis of liabilities for Dutch CIT purposes, to the extent that the related party to the transaction does not make a corresponding adjustment for tax purposes.	

Luxembourg	the Netherlands	Singapore
The rule applies to countries and jurisdictions appearing on the most recent version of the EU Blacklist published by the EU Council as of January 1st of the relevant year. As per January 1, 2023, the blacklist for the purposes of this Luxembourg rule includes the following jurisdictions: American Samoa, Anguilla, Bahamas, Fiji, Guam, Palau, Panama, Samoa, Trinidad and Tobago, Turks and Caicos Islands, the US Virgin Islands and Vanuatu. If a country is removed from the EU Blacklist during a year, the deduction denial rule will cease to apply immediately as from the date on which the removal was published by the EU Council. If a country is added to the EU Blacklist during a year, the rule will only apply as from the following year if such country remains on the most recent version of the EU Blacklist published by the EU Council as of January 1st of that following year.		

8. Mandatory disclosure rules

Luxembourg	the Netherlands	Singapore
Luxembourg applies mandatory disclosure rules on the basis of DAC6. In general, the Luxembourg implementation of DAC6 follows the minimum standard. A cross-border arrangement is reportable if it concerns at least one EU Member State and contains at least one of the hallmarks set out in DAC6. In pure domestic situations and situations without any link to an EU Member State, no reporting obligations exist in Luxembourg. Under Luxembourg law, failure to comply with an obligation under DAC6 can result in a penalty of up to EUR 250,000. Administrative guidance was issued by the Luxembourg tax authorities on certain definitions and concepts and the obligations under the mandatory disclosure rules.	The Netherlands applies mandatory disclosure rules on the basis of DAC6. In general, the Dutch implementation follows the minimum standard of DAC6. A cross-border arrangement is reportable if it concerns at least one EU Member State and contains at least one of the hallmarks set out in DAC6. In pure domestic situations and situations without a link to any EU Member State, no reporting obligations exist in the Netherlands. Administrative guidance was issued in the Netherlands on the hallmarks and the obligations under the mandatory disclosure rules.	Singapore head quartered multinational companies meeting certain conditions are required to prepare and submit country-by-country reports to IRAS. Singapore does not have DAC6 like disclosure requirements.

9. Income tax treaties / MLI

9.1 Signatory to the MLI / ratification

Luxembourg	the Netherlands	Singapore
Luxembourg signed the MLI on June 7, 2017. With the exception of the Luxembourg-Cyprus tax treaty, the Luxembourg-Kosovo tax treaty and the Luxembourg-Botswana tax treaty, Luxembourg has not excluded any of its income tax treaties from the scope of the MLI. Luxembourg has chosen option A in relation to article 5 (Application of Methods for the Elimination of Double Taxation) and the 'principal purpose test' without 'limitation on benefits' clause in relation to article 7 (Prevention of Treaty Abuse). Luxembourg does not apply article 4 (Dual Resident Entities), article 8 (Dividend Transfer Transactions), article 9 ('Real Estate Rich' Company Clause), article 10 (Anti-Abuse Rule for Permanent Establishments situated in Third Jurisdictions), article 11 (Savings Clause), article 12 (Artificial Avoidance of Permanent Establishment Status through Commissionaire Arrangements), article 14 (Splitting Up of Contracts), and article 15 (Definition of a Closely Related Persons).	The Netherlands signed the MLI on June 7, 2017. The Netherlands has largely accepted all provisions in the MLI, with limited reservations. The Netherlands has chosen for option A in relation to article 5 (Application of Methods for Elimination of Double Taxation), the 'principal purpose test' without 'limitation on benefits' clause in relation to article 7 (Prevention of Treaty Abuse) and option A in relation to article 13 (Artificial Avoidance of Permanent Establishment Status – Specific Activity Exemption). The Netherlands will not apply article 11 (Savings Clause) and (temporarily) article 12 (Artificial Avoidance of Permanent Establishment Status -Commissionaire Arrangements). The Netherlands ratified the MLI on March 5, 2019 and deposited the ratification bill with the OECD on March 29, 2019. The MLI entered into force for the Netherlands as of July 1, 2019, with effective date January 1, 2020. On November 25, 2021, the Netherlands notified additional tax treaties to which the MLI can apply and made additional notifications with respect to provisions of the MLI.	Singapore ratified the MLI and deposited the instrument of ratification with OECD on December 21, 2018 and notified 86 of its tax treaties. For Singapore the MLI entered into force on April 1, 2019. Singapore chose to apply for the principal purpose test in the MLI as a minimum standard and opted for improved mutual agreement procedures and arbitration as dispute resolution mechanisms. Singapore made reservations to most of the optional provisions. The IRAS will clarify how each relevant treaty will be impacted by the MLI.

Luxembourg	the Netherlands	Singapore
The MLI entered into force for Luxembourg on August 1, 2019. The entry into force of the MLI for a given treaty depends on whether the other signatory has notified the relevant treaty and, if so, when it deposits its ratification instrument with the OECD.		

9.2 Income tax treaties and effect of the MLI[2]

The below overview shows income tax treaties that are in force as of January 1, 2023.

Treaties in respect of which both countries have listed the treaty as a Covered Tax Agreement in relation to the MLI are shown in **bold**.

Treaties in respect of which the MLI has entered into force for both countries as of January 1, 2023 (i.e., both countries have deposited their instrument of ratification with the OECD no later than September 30, 2022) are shown in <u>**bold underlined**</u>.

As a general rule, the MLI will be effective for a specific treaty (a) for withholding taxes: as from the first day of the calendar year beginning after the date on which the MLI has entered into force for both countries; and (b) for all other taxes: for taxable periods beginning on or after expiration of a period of 6 calendar months after the date on which the MLI has entered into force for both countries. Exceptions may apply.

Luxembourg	the Netherlands	Singapore
As of January 1, 2023, Luxembourg has income tax treaties in force with the following countries:	As of January 1, 2023, the Netherlands has income tax treaties in force with the following countries:	As of January 1, 2023, Singapore has income tax treaties in force with the following countries:
1. <u>**Andorra**</u>	1. <u>**Albania**</u>	1. <u>**Albania**</u>
2. **Armenia**	2. Algeria	2. Armenia
3. <u>**Austria**</u>	3. **Argentina**	3. <u>**Australia**</u>
4. Azerbaijan	4. **Armenia**	4. <u>**Austria**</u>
5. <u>**Bahrain**</u>	5. Aruba	5. <u>**Bahrain**</u>
6. <u>**Barbados**</u>	6. <u>**Australia**</u>	6. Bangladesh
7. <u>**Belgium**</u>	7. <u>**Austria**</u>	7. <u>**Barbados**</u>
8. Botswana	8. Azerbaijan	8. Belarus
9. Brazil	9. <u>**Bahrain**</u>	9. <u>**Belgium**</u>
10. Brunei	10. Bangladesh	10. Brazil

[2] Only comprehensive income tax treaties are included.

Luxembourg	the Netherlands	Singapore
11. **Bulgaria**	11. **Barbados**	11. Brunei
12. **Canada**	12. Belarus	12. **Bulgaria**
13. **China (People's Rep.)**	13. **Belgium**	13. Cambodia
14. **Croatia**	14. **Bosnia and Herzegovina**	14. **Canada**
15. Cyprus	15. Brazil	15. **China (People's Rep.)**
16. **Czech Republic**	16. Bulgaria	16. **Cyprus**
17. **Denmark**	17. **Canada**	17. **Czech Republic**
18. **Estonia**	18. Chili	18. **Denmark**
19. **Finland**	19. **China (People's Rep.)**	19. Ecuador
20. **France**	20. **Croatia**	20. **Egypt**
21. **Georgia**	21. Curacao	21. Estonia
22. **Germany**	22. **Czech Republic**	22. Ethiopia
23. **Greece**	23. Denmark	23. Fiji
24. **Guernsey**	24. **Egypt**	24. **Finland**
25. **Hong Kong**	25. **Estonia**	25. **France**
26. **Hungary**	26. Ethiopia	26. **Georgia**
27. **Iceland**	27. **Finland**	27. Germany
28. **India**	28. **France**	28. Ghana
29. **Indonesia**	29. **Georgia**	29. Greece
30. **Ireland**	30. Germany	30. **Guernsey**
31. **Isle of Man**	31. Ghana	31. **Hungary**
32. **Israel**	32. **Greece**	32. **India**
33. **Italy**	33. **Hong Kong**	33. **Indonesia**
34. **Japan**	34. **Hungary**	34. **Ireland**
35. **Jersey**	35. **Iceland**	35. **Isle of Man**
36. **Kazakhstan**	36. **India**	36. **Israel**
37. **Korea (Rep.)**	37. **Indonesia**	37. Italy

Luxembourg	the Netherlands	Singapore
38. Kosovo	38. Ireland	38. **Japan**
39. Laos	39. **Israel**	39. **Jersey**
40. **Latvia**	40. **Italy**	40. Jordan
41. **Liechtenstein**	41. **Japan**	41. **Kazakhstan**
42. **Lithuania**	42. **Jordan**	42. Korea (Rep.)
43. **Malaysia**	43. **Kazakhstan**	43. Kuwait
44. **Malta**	44. **Korea (Rep.)**	44. Laos
45. **Mauritius**	45. **Kosovo**	45. **Latvia**
46. **Mexico**	46. **Kuwait**	46. Libya
47. Moldova	47. **Latvia**	47. **Liechtenstein**
48. **Monaco**	48. Liechtenstein	48. **Lithuania**
49. **Morocco**	49. **Lithuania**	49. **Luxembourg**
50. **Netherlands**	50. **Luxembourg**	50. **Malaysia**
51. **Norway**	51. **Malaysia**	51. **Malta**
52. **North Macedonia**	52. **Malta**	52. **Mauritius**
53. **Panama**	53. **Mexico**	53. Mexico
54. **Poland**	54. Moldova	54. Mongolia
55. **Portugal**	55. Montenegro	55. Morocco
56. **Qatar**	56. **Morocco**	56. Myanmar
57. **Romania**	57. **New Zealand**	57. **Netherlands**
58. **Russia**	58. **Nigeria**	58. **New Zealand**
59. **San Marino**	59. **North Macedonia**	59. **Nigeria**
60. **Saudi Arabia**	60. **Norway**	60. Norway
61. **Senegal**	61. **Oman**	61. **Oman**
62. **Serbia**	62. **Pakistan**	62. **Pakistan**
63. **Seychelles**	63. **Panama**	63. **Panama**
64. **Singapore**	64. Philippines	64. Papua New Guinea

Luxembourg	the Netherlands	Singapore
65. **Slovak Republic**	65. Poland	65. Philippines
66. **Slovenia**	66. **Portugal**	66. **Poland**
67. **South Africa**	67. **Qatar**	67. **Portugal**
68. **Spain**	68. **Romania**	68. **Qatar**
69. Sri Lanka	69. **Saudi Arabia**	69. **Romania**
70. **Sweden**	70. **Serbia**	70. **Russia**
71. **Switzerland**	71. **Singapore**	71. Rwanda
72. Taiwan	72. **Slovak Republic**	72. **San Marino**
73. Tajikistan	73. **Slovenia**	73. **Saudi Arabia**
74. **Thailand**	74. **South Africa**	74. Serbia
75. Trinidad and Tobago	75. Spain	75. **Seychelles**
76. **Tunisia**	76. Sri Lanka	76. **Slovak Republic**
77. **Turkey**	77. St. Maarten	77. **Slovenia**
78. **Ukraine**	78. Suriname	78. **South Africa**
79. **United Arab Emirates**	79. **Sweden**	79. **Spain**
80. **United Kingdom**	80. Switzerland	80. Sri Lanka
81. United States	81. Taiwan	81. Sweden
82. **Uruguay**	82. Thailand	82. Switzerland
83. Uzbekistan	83. **Tunisia**	83. Taiwan
84. **Vietnam**	84. **Turkey**	84. **Thailand**
	85. Uganda	85. Tunisia
	86. Ukraine	86. Turkey
	87. **United Arab Emirates**	87. Turkmenistan
	88. **United Kingdom**	88. **Ukraine**
	89. United States	89. **United Arab Emirates**
	90. Uzbekistan	90. **United Kingdom**
	91. Venezuela	91. **Uruguay**

Luxembourg	the Netherlands	Singapore
	92. **Vietnam** 93. Zambia 94. Zimbabwe	92. Uzbekistan 93. Vietnam

Part III
Spain, Switzerland and the United Kingdom

Overview | < >

1. Business environment

1.1 Business climate – general

Spain	Switzerland	United Kingdom
According to the Spanish Institute of Foreign Trade (ICEX), the Spanish economy is the 4th economy of the EU and the 14th largest economy in the world by GDP, the 13th country most attractive for foreign direct investment (FDI), and the 11th largest exporter of commercial services. In fact, services represent almost 73% of the business activity in Spain. Spain is an international center for innovation that benefits from a young and highly qualified population of a proactive nature, and competitive costs in the context of Western Europe, especially as regards graduate and post-graduate employees. The country has worked hard to equip itself with state-of-the-art infrastructures capable of fostering the future growth of the economy. This has been done alongside a major commitment to R&D.	Switzerland provides great political and economic stability and freedom and boasts one of the highest GDPs per capita worldwide. The Swiss economy and legal framework are very business- and innovation-friendly and offer good protection of the investments. The reliable judicial system enables an efficient and dependable resolution of legal disputes. Switzerland offers highly skilled workforce with Swiss universities achieving high placings in international rankings as well as a well-respected dual educational system. The Swiss franc has proven to be one of the most stable currencies worldwide. Switzerland is highly regarded as a well-connected international financial and business centre with global outreach. Not being an EU Member, Switzerland has concluded a comprehensive network of bilateral agreements. Switzerland ranks 1st on the 2022 Globalisation Index, which measures the economic, social and political dimensions of the globalization of nation states.	The UK benefits from a well-developed and respected legal and commercial environment, which has continued to be attractive to business throughout its history. Features that benefit businesses established in the UK include its established corporate support network of professional advisors and institutions, and a strong, independent judiciary. Currently, the UK ranks 5th on the 2021 Globalisation Index (KOF Swiss Economic Institute), and 4th in the Global Innovation Index 2021 (World Intellectual Property Organisation). In December 2020, the UK and the European Union signed the EU-UK Trade and Cooperation Agreement (TCA), just prior to the end of the Brexit transitional period on January 1, 2021. The resultant change in customs requirements and regulatory permissions is widely reported to have caused various difficulties for trade in both goods and services with the EU. However, the current UK government is continuing to seek new ideas to maintain, or even strengthen, the UK's position as a pro-business jurisdiction.

1.2 Location, logistics and infrastructure

Spain	Switzerland	United Kingdom
Spain is attractive for foreign investment, not only because of its domestic market but also because of its privileged geo-strategic position. Its location provides an ideal gateway to Northern Africa and it is also a unique platform to channel investments to Latin America. Strong cultural, economic and historical ties between Spain and Latin America led to a wave of Spanish investment in Latin America, and Spanish companies have become leaders in many strategic sectors of the continent. Structural reforms have improved Spanish competitiveness and exports, and the country's infrastructures rank among the top seven countries with best infrastructure quality in the world (Global Competitiveness Report, 2019). Especially prominent for their relevance are its International airports and other complementary infrastructures that enable the entry of tourists; its rail system: with Europe's 1st and the world's 3rd longest high-speed rail; its ports: global logistics platforms that connect international sea routes; its highways, as well as its logistics centers and other rail infrastructures; its urban transport, frequently integrated in the setting of smart cities, and its telecommunications networks and state-of-the-art IT management systems.	Switzerland is located in the centre of Europe and an ideal place for international business operations as well as attractive place to live. Switzerland inhabits around 8.5 million people and has four official languages (German, French, Italian, Romansh). English is widely spoken as well. In addition to the famous Swiss nature and mountain regions, Switzerland has various cities with strong economic activities (e.g. Zurich, Geneva, Basel, Lausanne, Bern) as well as attractive domiciles for holding and group finance companies (e.g. Zug). Switzerland offers well-developed and reliable infrastructure, including both individual and public transport. Connection within Europe and to business hubs around the world is ensured by several international airports, with Zurich, Geneva and Basel being the largest, as well as smaller regional international and private airports.	The UK's location provides a central link between economies across the world, with business hours overlapping major business locations in Asia, the Middle East and the Americas. Its close proximity to Europe ensures that it benefits from the opportunity to trade with a number of large economies within the European trading bloc, though trade has become more challenging in recent years as a result of additional logistics and regulation post-Brexit. It benefits from an extensive road and rail network, with well-connected international airports. The current government has committed to significant infrastructure investment, with a particular focus on developing regions outside of London.

1.3 Hiring employees

Spain	Switzerland	United Kingdom
Spain has a highly qualified labor force which is very competitive in terms of costs in the context of Western Europe. Spain ranks among the top three European countries as regards number of employees holding university degrees. In keeping with the commitment entered into with the European Union to promote job creation, the Spanish government has implemented significant reforms to the employment laws in recent years, introducing a greater degree of flexibility in employment. Subject to certain conditions, the Spanish inpatriate tax regime allows individuals who move to Spain to work to be taxed under the rules of income tax for non-resident individuals (i.e. taxation on Spanish sourced income at a flat 24% rate for the first EUR 600,000 and at a 47% rate for the excess but without deduction of expenses or allowances) for the tax year of the move to Spain and the following 5 tax years.	Switzerland offers a well-educated and highly qualified workforce. The Swiss labour market is both multilingual and multicultural and offers good access to international qualified personnel. The Swiss labour market is also known for its great flexibility and reliability. Switzerland has a low unemployment rate of approximately 2.1% as of December 2022.	The UK has a highly qualified English-speaking workforce, ranking 8th in the OECD's 2023 indicator of population with tertiary education. London's position as a global economic and cultural centre ensures workers are drawn to the South East region, with world-leading universities attracting an array of talented students looking for work after the completion of their courses. The UK benefits from a flexible labour market, with employers enjoying a high degree of freedom in their hiring decisions.

1.4 Other aspects of business environment

Spain	Switzerland	United Kingdom
Spain's regulatory and institutional framework is modern, clear, and transparent, aligned with the best practices of the OECD. In recent years, the implementation of a series of far-reaching structural reforms has reinforced the competitiveness of the business climate, increasing labor market flexibility and improving the conditions for the development and growth of new companies and corporate groups in the market. In addition, Spain has achieved a high degree of technological development and offers a highly qualified workforce that is recognized internationally, generating an ideal, attractive framework for investment and business activities. The science and technology parks play a very important role in Spain's police on innovation. The entire national network of technology parks is configured as an efficient instrument for the transfer of technology and for the creation and attraction of companies with high added value. They are available for small and medium companies as well as multinationals, offering a suitable environment for the development of technological know-how and the promotion of innovation.	The Swiss economy is driven by its tertiary sector. It is heavily focused on international trade with chemical and pharmaceutical products, machinery and electronics and watches being its main export goods. Switzerland offers a very innovative economic environment and has been repeatedly ranked as one of the world's most innovative economy by the Global Innovation Index. It has also consistently been one of the most competitive economies worldwide according to the Global Competitiveness Index. In recent years, Switzerland has seen a sharp increase in innovative technology companies.	The UK is rated one of the safest and easiest places to establish a business in the world. Despite an increase that shall take effect in April 2023 under current legislation, its corporation tax rate will remain the lowest within the G7 (once regional rates are taken into account). It benefits from providing the language and legal system for the majority of global business, with 27% of the world's jurisdictions using legal systems based on English common law. It has particular strengths in professional services, including a global financial centre in the City of London.

2. Tax on capital contributions

<table>
<tr><th>Spain</th><th>Switzerland</th><th>United Kingdom</th></tr>
<tr><td>No tax is due on capital contributions made to a Spanish company upon incorporation or thereafter (whether or not the contribution entails a capital increase).</td><td>1% (stamp duty) of the amount contributed (fair market value) with a minimum equal to the nominal value of the shares issued.

Exemptions
Exemptions apply, inter alia, in the following cases:
• Share capital up to an amount of CHF 1 million.
• Immigration of a company.
• On the basis of the Merger Act and a Circular issued by the Swiss federal tax authorities concerning the tax consequences of this law, exemptions are available for e.g.:
(a) mergers, de-mergers, transformations;
(b) contributions of separate business activity or qualifying participations, and
(c) financial restructurings up to an amount of CHF 10 million.

For exemptions based on the Merger Act and the Circular issued in relation thereto, it is highly recommended to obtain an advance tax ruling.</td><td>There is no tax on capital contributions in the UK. However, stamp duty or stamp duty reserve tax is payable at 0.5% on consideration (or deemed consideration) for the transfer of shares in a UK incorporated company, unless an exemption is applicable.</td></tr>
</table>

3. Corporate income tax

3.1 Corporate income tax ('CIT') rate

Spain	Switzerland	United Kingdom
The general tax rate is 25%. Certain taxpayers are subject to lower tax rates, including a 4% tax rate for specific activities carried out in the Canary Islands and a 15% rate applicable during the first tax period in which newly incorporated companies carrying out economic activities derive a positive taxable base and the subsequent tax period. Credit institutions and certain entities engaged in the hydrocarbons industry are taxed at a 30% tax rate. Taxpayers with a net turnover of at least €20 million are subject to a minimum tax liability of 15%. The basis for calculating the "minimum tax liability" is the taxable base resulting from applying all adjustments to the accounting profit, including the adjustments to avoid double taxation, the capitalization reserve, and also offsetting negative tax bases. This 15% rate increases to 18% in the case of credit institutions and certain entities engaged in the hydrocarbons industry (which apply a 30% tax rate instead of 25%).	Taxes are levied at three levels: on federal, on cantonal and on communal level. In January 2020, the measures relating to the Tax Reform and AHV Financing entered into force. In consequence, previous special tax regimes have been abolished while other new measures were implemented in order to maintain an attractive tax environment after the abolishment of the special tax regimes. Those measures vary on cantonal level depending on their implementation. They include for example the following measures: • Introduction of a Patent box • R&D super-deduction (additional deductions of up to 50% for research and development expenses) • Deduction for equity-financing (notional interest deduction; in the canton of Zurich only) • Lower cantonal corporate income tax rates and capital tax rates or adjustment of the respective tax bases for the assessment of the capital tax. • Step-up upon migration or transfer of business operations/functions to Switzerland • Step-up as a transition mechanism for companies if an applicable tax regime ends. Two different models available: Depreciation Model (depreciation on built-in gains/goodwill) and Separate Rate (taxation of income at a separate, reduced rate)	The current corporation tax rate is 19% (as from 1 April 2023, the main corporation tax rate will be 25% in respect of profits in excess of £250,000). An additional 8% corporation tax surcharge is chargeable on the profits of certain banking companies and building societies (as from 1 April 2023, this percentage will be 3%). There is an annual allowance of £25 million per group (or per company for non-group members). Where taxable profits (including the sale of a product that includes a patent, and income from patent royalties) can be attributed to the exploitation of patents, a lower effective rate of 10% may apply.

Spain	Switzerland	United Kingdom
As from January 1, 2023, a reduced tax rate of 15% is applicable to qualifying start-ups. The reduced tax rate is applicable to the first tax period of positive taxable base and the following three. Additionally, a reduced tax rate of 23% is also applicable as from fiscal year 2023 for entities whose net turnover in the immediately preceding tax period is less than EUR 1 million excluding entities forming part of a mercantile group and passive holding companies.	Taxes are deductible for calculating taxable income. Consequently, effective tax rates are lower than the statutory rates. **Federal** The federal statutory CIT rate is 8.5%. The effective rate of federal CIT is approximately 7.8%. **Cantonal and communal** Cantonal and communal tax rates vary per canton and municipality. The combined statutory cantonal and communal tax rates generally vary between 5% and 20%. The communal tax is levied as a percentage of the cantonal tax and follows the same rules. **Total** The total (federal, cantonal and communal) effective CIT rate generally ranges between approximately 12% and 22%. **Capital tax** Annual cantonal and communal capital tax is levied on the net equity of a company. The rates generally range between 0.001% and 0.50%.	

3.2 Dividend regime (participation exemption)

Spain	Switzerland	United Kingdom
Dividends derived from a Spanish or a foreign subsidiary are 95% exempt from CIT (the taxable 5% corresponding to a lump sum of non-deductible expenses) under the following cumulative conditions: i) at least 5% of the capital of the subsidiary must be held (directly or indirectly). Pursuant to a grandfathering rule, companies applying the Spanish holding regime (ETVE regime) may apply the 95% exemption if the acquisition value of the foreign subsidiary exceeded EUR 6 million in tax periods starting before 2015. Additionally, taxpayers may apply the 95% exemption until 2025 if the acquisition value of the subsidiary exceeded EUR 20 million in tax periods starting before 2021. In the event that more than 70% of the income obtained by the subsidiary (or its corporate group) consists of dividends and capital gains, the applicability of the exemption requires a 5% indirect ownership in second or lower tier subsidiaries, unless such subsidiaries meet the conditions provided by the Commercial Code (Section 42) to form part of the corporate group with the first tier subsidiary and they draw up consolidated financial statements.	For dividends, relief from federal, cantonal and communal income tax is granted ('Participation Reduction') in case: (i) dividends derived from a participation of which at least 10% of the nominal share capital is held; (ii) dividends derived from profit rights to at least 10% of the profits and reserves; or (iii) the shares have a fair market value of at least CHF 1 million. Dividends derived from a participation in a low-taxed jurisdiction or from a participation with income from passive sources (such as dividends, interest, royalties, insurance or income from group services) qualify for the Participation Reduction (no subject-to-tax or activity test). Relief is granted in the form of a reduction of tax for the part that is attributable to the 'net dividends' (and 'net capital gains'; see under 3.3 below). The 'net dividends' (and 'net capital gains') are calculated as the sum of dividends (and capital gains) derived from qualifying participations less a proportional part of the finance expenses and less related general expenses. Related general expenses are deemed to be 5% of the participation income unless a lower amount can be demonstrated.	UK companies other than small companies (see below) are fully exempt from corporation tax on dividends received, regardless of whether the distributing company is located in the UK or outside the UK, provided that: (i) the dividend distribution falls within one of the five exempt classes described below; (ii) the dividend is not taken out of an exempt class by anti-avoidance rules; and (iii) no tax deduction is allowed to a resident of a territory outside the UK in respect of the dividend. No minimum holding period applies. The classes of exempt dividends are: (i) dividend distributions received from a company (alone or jointly) controlled by the UK recipient in terms of powers or economic rights. A targeted anti-avoidance rule applies which tries to prevent schemes that seek to obtain the benefit of this exempt class without exposing profits to the CFC regime by manipulation of the ownership of a foreign company; (ii) dividend distributions in respect of non-redeemable ordinary shares. Certain types of foreign companies do not issue share capital; although this does not necessarily prevent these distributions being included in this class of exempt dividends, it is essential to consider the facts of each case separately.

Spain	Switzerland	United Kingdom
This indirect participation requirement does not apply if the dividends received were included as dividends or capital gains in the taxable base of a subsidiary without any tax relief (exemption or credit). ii) the shareholding must be held uninterruptedly for 12 months. This requirement will be met for dividends distributed before that period elapses provided that the shares are committed to be held for the full 12 month period. The period in which the subsidiary was held within the group is taken into account with respect to this 12 month period. iii) in case of a foreign subsidiary, it must be subject to and not exempt from a tax of identical or similar nature as the Spanish CIT at a minimum rate of 10% during the period in which the income was obtained (regardless of any exemption, credit or other tax relief which may be applicable to the income obtained by the subsidiary). If the foreign subsidiary resides in a treaty country with an exchange of information clause, this requirement is considered to have been met and no evidence is required to be provided by the taxpayer (other than a tax residence certificate issued by the authorities of the treaty country). In the event the foreign subsidiary obtains dividends or capital gains, this subject-to-tax condition must be met, at least, by the indirectly held subsidiary.	As a result of the Swiss tax reform cantonal and communal tax regimes which previously provided for tax exemption, including the ‘Holding Status’, were abolished as of January 1, 2020 (see under 3.1 above). Even without the abolished ‘Holding Status’ tax regime, holding companies can still benefit from tax relief in the form of the Participation Reduction on the federal, cantonal and communal level under the above-mentioned conditions. For entities which exclusively operate as a holding company the Participation Reduction indirectly leads to a full exemption from CIT on dividends derived from qualifying participations if properly structured.	This exempt class covers any percentage of non-redeemable ordinary shares held. A targeted anti-avoidance rule applies which tries to prevent schemes in which the shareholder obtains quasi-preference or quasi- redeemable shares; (iii) dividend distributions received from a company in which the UK recipient, together with connected persons, (i) holds 10% or less of the issued share capital, (ii) is entitled to less than 10% of the profits available for distribution to shareholders in the paying company, and (iii) would be entitled to less than 10% of the assets available for distribution on a winding-up. An anti- avoidance rule applies which targets manipulation of the maximum threshold of 10%; (iv) dividends received on shares of any kind paid out of distributable profits other than profits derived from transactions designed to achieve a reduction in UK tax. If a paying company has any such profits, this exempt class is not available and will not be until all these ‘tainted’ profits have been fully paid out in taxable form; and (v) dividends received in respect of shares that are accounted for as liabilities in accordance with UK generally accepted accounting practice and are taxed as loan relationships for UK tax purposes, except if they are held for an unallowable purpose.

Spain	Switzerland	United Kingdom
In no case this requirement is met in case of dividends paid by a subsidiary which is resident in a tax haven (unless the tax haven is an EU Member State or a part of it and provided that the incorporation and activity of the subsidiary in such tax haven meets valid business reasons and it carries out business activities). The 95% exemption does not apply in case the dividend distribution is considered a tax- deductible expense in the subsidiary's taxable base. In the event the subsidiary derives dividends and capital gains from two or more entities in which not all the above-mentioned conditions are met, the 95% exemption only applies to the part of the dividends derived from the entities which meet those requirements. For these purposes, it is required to identify which retained earnings have been distributed to the company.		The above classes of dividend which are exempt from corporation tax are relatively broad and most 'normal' dividends of UK and foreign companies will be exempt from UK corporation tax, subject to relevant anti-avoidance rules. As a general anti-avoidance rule, the dividend payment must not be tax deductible in the source jurisdiction. Furthermore, the distribution must not be made as part of a scheme where: (i) a tax deduction is obtained or taxable income is given up in return for the distribution or a right to receive the distribution; (ii) goods and services are paid for on terms that differ from the arm's length price and the reason for the difference is that one of the parties expects to receive a distribution; (iii) the dividend exemption is used to produce a return which is equivalent to interest where the payer and recipient of the distribution are connected and the main purpose, or one of the main purposes, of the scheme is to obtain a more than negligible tax advantage;

Spain	Switzerland	United Kingdom
The portion of the gain which cannot benefit from the 95% exemption due to partial fulfillment of the conditions described above must be included in the CIT taxable base and, in the case of foreign subsidiaries, the Spanish company can benefit from a tax credit for the lower of (i) taxes effectively paid abroad, and (ii) taxes payable in Spain on such income. Relief is provided for juridical double taxation only. Tax credits aiming to provide double taxation relief cannot exceed 50% of the tax due in case of taxpayers which had a turnover of more of EUR 20 million in the previous tax year.		(iv) an overseas tax deduction is being given in respect of an amount determined by reference to the distribution where the distribution is made as part of the scheme, and the main purpose, or one of the main purposes, of the scheme is to obtain a more than negligible tax advantage; or (v) a company for which a distribution would represent a trade receipt diverts the distribution to a connected company which would want to claim an exemption for the dividend. It is possible for the UK recipient to elect for a distribution not to be treated as exempt, as a consequence of which foreign tax credit rules may apply on dividends received from foreign companies. This election may be beneficial where the terms of a double tax treaty would apply a higher rate of withholding tax if the dividends were exempt in the hands of the UK recipient compared to if the dividends were not exempt. Special conditions apply for a full exemption from corporation tax for dividends received by a UK company which is a small company within the meaning of Commission Recommendation 2003/361/ EC of May 6, 2003, i.e. a company which employs less than 50 persons and whose annual turnover and/ or annual balance sheet does not exceed EUR 10 million.

3.3 Gains on shares (participation exemption)

Spain	Switzerland	United Kingdom
Capital gains derived from the sale (including liquidation, separation of shareholders, merger, partial or total division, capital reduction, contribution in kind or global transfer of assets and liabilities) of a Spanish or foreign subsidiary are 95% exempt from Spanish CIT if: (i) the conditions listed under 3.2.i) and 3.2.ii) above are met on the day on which the transfer takes place, and (ii) the conditions listed under 3.2.iii) above are met in each and every tax period of the holding period. The capital gains 95% exemption will be partially applicable if the requirements listed under 3.2.iii) above were not met during one or more of the tax periods of the holding period. In particular: • the 95% exemption will apply to the portion of the gain corresponding to retained earnings generated by the foreign subsidiary in tax periods in which the requirements listed under 3.2.iii) above were met. • the portion of the gain not corresponding to retained earnings generated by the foreign subsidiary and which cannot be allocated to a particular tax period will be allocated proportionally to the tax periods during which the interest in the foreign subsidiary was held, and will be 95% exempt to the extent it is allocated to tax periods in which requirements listed under 3.2. iii) above were met.	For capital gains, relief from federal, cantonal and communal income tax is granted in the form of the Participation Reduction (see under 3.2 above) under the following conditions: (i) the shares disposed of represent at least 10% of the participation's nominal share capital or the capital gain derives from profit rights to at least 10% of the profits and reserves; and (ii) the shares or profit rights disposed of must have been held for at least 12 months. If, after the sale of at least 10% of a qualifying participation, the remaining participation falls below the 10% threshold, relief from federal, cantonal and communal income tax will still apply if the fair market value of the remaining participation is at least CHF 1 million. For entities which exclusively operate as a holding company the Participation Reduction indirectly leads to a full exemption from CIT on capital gains derived from qualifying participations if properly structured.	Capital gains on shares held by a UK company (or shares in UK property-rich entities) are subject to UK corporation tax, unless the capital gains qualify for a full exemption under the substantial shareholding exemption rules or are exempted under the QAHC regime (explained below). To qualify for the substantial shareholding exemption, the investing UK company must have owned 10% or more of the ordinary share capital in the investee company and must be beneficially entitled to 10% or more of the investee company's profits available for distribution and of its assets on a winding-up, throughout an uninterrupted period of at least 12 months in the six years preceding the date of the disposal. Furthermore, the investee company must meet a trading requirement. The investee company must be a sole trading company or a holding company of a trading group or sub-group. This trading requirement must be met from the beginning of the 12-month period by reference to which the shareholding requirement above is satisfied up to the time of disposal. The jurisdiction of residence or incorporation of the investee company is not relevant. However, special rules apply among others in the case of joint ventures and group reorganizations.

Spain	Switzerland	United Kingdom
In general, the above- mentioned rules regarding a partial exemption should also apply in the event of a transfer of a subsidiary which participates in two or more subsidiaries which do not meet all the requirements. The 95% exemption will not apply in the event of a transfer of: (i) a directly or indirectly held subsidiary which is considered a passive company within the meaning of article 5 (2) of the CIT Act. In such a case, the 95% exemption will only apply to the part corresponding to retained earnings; (ii) a subsidiary which is a Spanish or European economic interest group. In such a case, the 95% exemption will only apply to the part corresponding to retained earnings; or (iii) a directly or indirectly held subsidiary which falls within the scope of the CFC rules if at least 15% of its income is imputed according to such CFC rules. In the event that the circumstances stated in paragraphs (i) and (iii) are met only in one or more tax years of the holding period, the exemption shall not be applicable to the part of the income that proportionally corresponds to those tax years.	**Transfer stamp tax** The transfer of ownership of taxable securities can be subject to transfer stamp tax at a rate of up to 0.15% on securities issued by a Swiss issuer and up to 0.3% on securities issued by a non-Swiss issuer, calculated on the fair market value of the securities transferred if a Swiss securities dealer for transfer stamp tax purposes is a party or an intermediary to the transaction. Shares, bonds, notes, participation certificates and profit sharing certificates in Swiss or in foreign corporations, as well as participations in limited liability companies or cooperatives and collective investment schemes are considered taxable securities. Swiss companies owning taxable securities with a book value in excess of CHF 10 million qualify as securities dealers for transfer stamp tax purposes. A number of exemptions is available to facilitate intra-group reorganizations.	An anti-avoidance measure applies to deny the substantial shareholding exemption in case of an arrangement under which the sole or main benefit that could be expected is the realization of an exempt gain under the substantial shareholding exemption. With effect from 1 April 2022, the UK has introduced a regime providing for a company to elect to become a qualifying asset holding company ('QAHC'). These new vehicles are designed to improve the UK's competitiveness as a location for asset-holding companies through increased tax efficiency for fund investors. The regime may be used by a wide range of funds, although conditions relating to the relevant company's ownership, activity and investment strategy apply. The regime is focused primarily on investment activity and therefore is unlikely to be viable for the holding company of a purely trading or operating group. However, where applicable, the QAHC exemption can be more advantageous than the general participation exemption above as it applies regardless of the size of shareholding and without any time limits.

Spain	Switzerland	United Kingdom
The 95% exemption will in any event not apply in case of a transfer of a subsidiary which is resident in a tax haven (unless the tax haven is an EU Member State or a part of it, provided that the incorporation and activity of the subsidiary in such tax haven meets valid business reasons and it carries out business activities). The portion of the gain which cannot benefit from the 95% exemption must be included in the CIT taxable base and, in the case of foreign subsidiaries, the Spanish company can benefit from a tax credit for the lower of (i) taxes effectively paid abroad, and (ii) taxes payable in Spain on such income. Relief is provided for juridical double taxation only. Tax credits aiming to provide double taxation relief cannot exceed 50% of the tax due in case of taxpayers which had a turnover of more of EUR 20 million in the previous tax year.		

3.4 Losses on shares

Spain	Switzerland	United Kingdom
Losses on shares qualifying for the participation exemption are not deductible, except in the event of liquidation of the subsidiary, provided that such liquidation does not take place within a restructuring process. However, losses deriving from the liquidation of a subsidiary must be reduced by the amount of dividends received within the prior 10 years in case such dividends did not reduce the acquisition value of the participation and were entitled to tax relief pursuant to the participation exemption regime or the tax credit regime. Subject to certain conditions, losses on shares not qualifying for the participation exemption may be deductible.	Losses are deductible, unless anti-abuse rules apply. Losses can be carried forward for 7 years. Loss carry back is not possible. Upon realization of a capital gain, any earlier depreciation needs to be recovered before applying the Participation Reduction. Write-downs of qualifying participations can be scrutinized by the tax authorities and added back to the taxable profit in case they are no longer justified.	Losses on a disposal of shares in respect of which the conditions of the substantial shareholding exemption are met do not qualify as an allowable loss for tax purposes. If such conditions are not met, losses on a disposal of shares generally qualify as allowable capital losses which may be offset only against taxable capital gains in the current year and in future years. Use of capital losses against gains in future years is generally restricted to the higher of (i) £5m; or (ii) 50% of the capital gain in the future tax year. No carry back of capital losses is possible. An anti-avoidance measure applies which provides that a capital loss arising on a disposal in connection with arrangements having a main purpose of obtaining a tax advantage will not qualify as an allowable capital loss. Accounting provisions or write offs on shareholdings held other than on trading account can generally not be taken into account for tax purposes. Exceptionally, where the market value of a shareholding has become negligible, a claim can be made to the UK tax authorities to treat the asset as having been sold and immediately reacquired at its negligible value, thus establishing a capital loss that could in principle be set off against capital gains on other assets, unless the capital loss does not qualify as an allowable loss for tax purposes.

3.5 Costs relating to the participation

Spain	Switzerland	United Kingdom
In general, costs, including interest payments related to the financing of the acquisition and/or maintenance of the participation, are deductible, subject to the interest deduction limitation rules described in 7.2. The referred 95% exemption on dividends and capital gains is achieved through reducing the full exemption by 5% corresponding to a lump-sum of non-deductible expenses related to the management of the participations. Such reduction will not apply, upon certain conditions, to dividends distributed within the first 3 years from the incorporation of the entity that distributes them if it has been incorporated after January 1, 2021. The non-deductible management expenses cannot be eliminated under the tax consolidation regime.	All expenses are in principle deductible. However, due to the method used for calculating the Participation Reduction (see under 3.2 above), expenses that are allocable to dividends and capital gains derived from qualifying participations are effectively not deductible. Swiss regulations provide for thin capitalisation rules applicable to related party debts which can lead to the result that the related party debts may be treated as taxable equity. Furthermore, for interest payments to related parties fixed safe harbour interest rates, annually published by the Swiss Federal Tax Authorities, should be applied. Otherwise, for interests exceeding the permitted safe harbour rates, deduction may be denied and the payments might be treated as hidden distribution subject to Swiss WHT. Certain debt-to-equity ratios and safe harbour interest rules should thus be applied.	Costs relating to the acquisition or sale of the participation are generally not deductible against income profits, but may be deducted from capital gains on disposal (if not covered by the substantial shareholding exemption). However, interest expenses on debt incurred to purchase or to fund participations (whether located in the UK or not) are in principle tax deductible, provided the level of debt taken on and the interest payable comply with arm's length terms, do not breach the unallowable purpose rule (i.e. debt should be within business or commercial purposes of the debtor) and provided no other specific rule limiting the deductibility of interest applies (see 7.2 below).

4. Withholding taxes

4.1 Withholding tax on dividends

Spain	Switzerland	United Kingdom
Under the Spanish holding regime (ETVE regime), which is subject to certain formalities, no withholding tax is levied on the part of the dividend relating to income from qualifying foreign subsidiaries (i.e. if conditions listed under 3.2 above are met) when distributed to a non-resident shareholder, provided that the shareholder is not resident in a tax haven. Otherwise, the general withholding tax rate applicable for outbound dividends to non-resident shareholders is 19%, which rate is usually reduced to 0 - 15% by virtue of tax treaties or by virtue of the implementation of the EU Parent-Subsidiary Directive in Spanish domestic law if all the applicable requirements are met. The tax exemption deriving from the implementation of the EU Parent-Subsidiary Directive in Spanish domestic law will not apply under a domestic special anti-avoidance rule if the majority of the voting rights in the EU parent company are directly or indirectly held by individuals or other entities that do not reside in an EU Member State (or in the EEA provided that an effective exchange of tax information treaty with Spain exists), unless the incorporation and operations of the EU parent company follow valid economic motives and substantive business reasons.	The domestic dividend withholding tax rate is 35%. If a distribution is made to a Swiss resident company, a full refund can be obtained or, in case a participation of at least 10% (applicable since January 1, 2023; prior to January 1, 2023 the participation quota was 20%) is held and a notification procedure is followed, an exemption at source can be obtained. In international constellations the domestic dividend withholding tax may be (partially or fully) refunded by virtue of tax treaties or the Agreement between Switzerland and the EU on the automatic exchange of financial account information ('CH/EU Agreement'). Under the tax treaties with various countries and under the CH/EU Agreement an exemption or reduction at source is available for qualifying parent companies. Certain strict requirements have to be met (beneficial ownership test).	The UK does not generally levy withholding tax on dividend payments. One of the few exceptions is a dividend paid by a UK REIT.

Spain	Switzerland	United Kingdom
	On the basis of the CH/EU Agreement (art. 9), a full refund or exemption at source may be obtained for dividends paid by a Swiss subsidiary to an EU parent company provided that: (i) the EU parent company holds at least 25% of the nominal share capital of the Swiss subsidiary for at least two years; (ii) the parent company is resident for tax purposes in an EU state and the distributing company is resident for tax purposes in Switzerland; (iii) under any double tax treaty with a third State neither company is resident for tax purposes in that third State; and (iv) both companies are subject to corporation tax without being exempt and both have the form of a limited company. For an exemption at source pursuant to a tax treaty or the CH/EU Agreement, approval must be requested in advance which is valid for 5 years (applicable since January 1, 2023; prior to January 1, 2023 the validity period was 3 years). In addition, in respect of each dividend distribution, a notification procedure applies.	

Spain	Switzerland	United Kingdom
	Switzerland will continue to apply its strict anti-abuse provisions (beneficial ownership test) under the tax treaties and under the CH/EU Agreement. Contributed capital and share premium can be repaid free of dividend withholding tax, provided that certain strict formalities are complied with (inter alia, booked in a separate account in the books of the company, periodically reported to the Swiss Federal Tax Administration). With respect to Swiss listed top companies Switzerland has implemented, as of January 2020, restrictions to the amount that a public company listed at the Swiss stock exchange may distribute as capital contribution reserves (i.e. free of any Swiss withholding tax). No similar restrictions apply to any other companies.	

4.2 Withholding tax on interest

Spain	Switzerland	United Kingdom
19% withholding tax (which may be reduced under tax treaties to 0-15%). 0% to tax residents in an EU Member State (not qualified as tax haven, e.g. Gibraltar) or in the EEA provided that an effective exchange of tax information treaty with Spain exists, provided that they do not obtain the interest through a permanent establishment located in Spain or outside the EU.	Withholding tax at a rate of 35% is levied on interest payments by for instance banks and similar financial institutions, or interest paid on bonds, notes and similar securities. If properly structured and documented, interest paid by an ordinary holding company on an intercompany loan is not subject to withholding tax, unless the loan is profit sharing or qualified as hidden equity. Certain safe harbour interest rules may apply on intercompany loans. If Swiss corporations and branches subject to tax in Switzerland suffer from foreign non-recoverable withholding tax on dividend, interest, and royalty income which are taxed with corporate income tax in Switzerland, they may benefit from a reduction of such double taxation by virtue of foreign tax credits (subject to particular conditions).	The UK levies 20% withholding tax on interest payments made to non-residents on loans with a maturity of 365 days or more. However, there are a few exemptions. No UK withholding tax is due on interest paid on quoted Eurobonds. In addition, interest payments on (UK) bank deposits may be made free of withholding tax, provided a declaration of non-residence is filed with the bank. A further exemption is available for qualifying private placements (a form of long-term, non-bank, unlisted debt) on certain businesses and infrastructure projects. A QAHC is not required to withhold tax from interest payments that it makes. Following the end of the Brexit implementation period, the UK has amended its laws so that the provisions of the EU Interest and Royalty Directive no longer apply. A reduced interest withholding tax rate may apply pursuant to a double tax treaty with the UK. The UK operates a view on treaty applications that demands the recipient of the interest be the ‘beneficial owner’ of the interest.

4.3 Withholding tax on royalties

Spain	Switzerland	United Kingdom
24%, which can generally be reduced under a tax treaty. Royalties paid to residents of an EU or EEA country with which an effective exchange of information treaty exists, the withholding tax is reduced to 19%. No withholding tax applies between associated companies in the EU pursuant to the provisions of the EU Interest and Royalty Directive. The withholding tax exemption does not apply when the majority of the voting rights in the EU company which derives the royalties are owned, directly or indirectly, by individuals or other entities that do not reside in an EU Member State, unless the incorporation and operations of the EU parent company follow valid economic motives and substantive business reasons.	None.	The UK levies 20% withholding tax on patent royalty payments and payments for copyrights made to non-residents, as well as on certain other classes of regular payments to non-residents. Following the end of the Brexit transition period, the UK amended its laws so that the provisions of the EU Interest and Royalty Directive no longer apply. The UK has rules relating to offshore receipts from intangible property (sometimes referred to as 'ORIP'), providing for UK income tax to be charged on income received by certain non-UK resident persons. The income caught arises from payments for the enjoyment or exercise of intangible property rights, where the payments relate to the sale of goods or services in the UK. Generally, the arrangements apply to non-residents located in jurisdictions with which the UK has not agreed a comprehensive income tax treaty and where the relevant rights are held in a jurisdiction other than that in which the business activity relating to the intangible property right takes place.

5. Non-resident capital gains taxation

Spain	Switzerland	United Kingdom
Under the Spanish holding regime (ETVE regime), which is subject to certain formalities, capital gains realized by non-residents on the transfer of shares in a Spanish company are not subject to Spanish taxation, to the extent that the capital gains realized relate to retained earnings from dividends obtained from qualifying foreign subsidiaries or to the increase in value of the qualifying foreign subsidiaries, provided that the seller (non-resident shareholder) is not resident in a tax haven. In case non-resident capital gains taxation applies, the applicable rate is 19%. **Other exemptions** Qualifying exchanges of shares, mergers, spin-offs and contributions of assets. Additionally, capital gains derived from the transfer of shares in Spanish listed companies by tax residents in a treaty country with an exchange of information clause are exempt. **Liquidation** The dissolution/winding up of a Spanish company, triggers the same CIT consequences as described above in relation to a transfer of shares.	Gains realized by non-resident individuals or companies on the disposal of shares in a Swiss company are normally not subject to Swiss taxation.	Capital gains realized by a non-resident shareholder on the sale of shares in a UK company are not subject to UK taxation, unless the shares are attributable to a UK permanent establishment of the shareholder or the shares sold are those of a UK-property rich entity (if certain ownership tests are met). A UK property rich entity is defined for these purposes as a company that derives 75% or more its gross asset value (directly or indirectly) from UK real estate. A capital gains charge also applies on direct disposals of interests in UK land.

6. Tax rulings

Spain	Switzerland	United Kingdom
Binding rulings can be obtained in relation to the interpretation and/or application of the provisions regulating the Spanish company. Spain (and all other EU Member States) is required to automatically exchange certain information on tax rulings and advance pricing agreements issued on or after January 1, 2017. In addition, certain tax rulings and advance pricing agreements issued, amended or renewed after January 1, 2012 will also be subject to exchange. In addition, Spain has committed itself to the OECD framework regarding the compulsory exchange information on tax rulings issued on or after April 1, 2016. Tax rulings issued on or after January 1, 2010 that were still valid on or after January 1, 2014 had to be exchanged before 2017. The categories of tax rulings on which information has to be exchanged are identified in the OECD BEPS Action 5 Final Report.	The application of the Participation Reduction has to be claimed in the tax return and does not require a tax ruling. Switzerland started spontaneously exchanging information on advance tax rulings as of January 1, 2018 for tax years 2018 onwards. Not only new rulings but also existing rulings applicable as from January 1, 2010 that are still applicable on January 1, 2018 are subject to the spontaneous exchange. The spontaneous exchange of information on advance tax rulings by Switzerland is based on the OECD Convention on Mutual Administrative Assistance in Tax Matters (MAC) and exchange may take place to the countries where the MAC has entered into force. The MAC as well as the required Swiss domestic legislation (the Swiss Tax Administrative Assistance Ordinance) for the spontaneous exchange of information on advance tax rulings entered into force in Switzerland on January 1, 2017. A spontaneous exchange of information is deemed to be any unrequested exchange of information available to the competent Swiss tax authorities that may be of relevancy for the responsible foreign tax administration. Rulings which are subject to the spontaneous exchange of information include, inter alia, rulings that carry a significant risk of base erosion and profit shifting such as, inter alia, unilateral transfer pricing rulings or rulings regarding the attribution of income to a permanent establishment.	It is not common practice to obtain advance tax rulings. However, under specific statutory provisions, advance clearance may be obtained for certain transactions. The most common example is a clearance letter for a share-for-share or share-for-debt exchange between two companies to defer any gains. It is also possible to ask for a non-statutory clearance in respect of recent tax legislation where there is genuine uncertainty as to the meaning of the legislation and the matter has a commercial importance to the company seeking the clearance. The United Kingdom has been required to automatically exchange certain information on tax rulings and advance pricing agreements issued on or after January 1, 2017 with Member States of the EU, and continues to do so in spite of Brexit. In addition, certain tax rulings and advance pricing agreements issued, amended or renewed after January 1, 2012 will also be subject to exchange. In addition, the United Kingdom has committed itself to the OECD framework regarding the compulsory exchange information on tax rulings issued on or after April 1, 2016. Tax rulings issued on or after January 1, 2010 that were still valid on or after January 1, 2014 had to be exchanged before 2017. The categories of tax rulings on which information has to be exchanged are identified in the OECD BEPS Action 5 Final Report.

7. Anti-abuse provisions

7.1 CFC rules

Spain	Switzerland	United Kingdom
Under domestic CFC rules, certain income derived by controlled low-taxed foreign subsidiaries or permanent establishments must be included in the taxable base of the Spanish tax resident shareholder and therefore taxed in Spain. There is a carve-out clause for EU or EEA subsidiaries carrying out economic activities. The domestic CFC rules apply when the following cumulative requirements are met: (i) The Spanish corporate taxpayer by itself or jointly with certain related persons or entities, holds 50% or more of the share capital, equity, voting rights or results of the non-resident entity. (ii) The tax (CIT or similar) paid by the non-resident entity on the attributable net income is less than 75% of that which would have been payable under Spanish CIT (i.e. in general, a corporate tax rate lower than 18,75%). Subject to the above control and low-taxation conditions, all of the income obtained by a non-resident entity must be included in the taxable base of the Spanish corporate taxpayer in cases where the non-resident entity does not have a minimum organization of human and material means for obtaining such income, even if it carries out recurring transactions.	ATAD is not applicable for Switzerland as Switzerland is not part of the EU. In consequence of the above, Switzerland has not implemented any CFC provisions and does not apply any 'subject to tax' rules. In principle, foreign companies are thus recognised for Swiss tax purposes, if they are managed and controlled abroad and their intended use does not serve Swiss tax avoidance purposes. Even though the ATAD is not applicable for Switzerland as Switzerland is not part of the EU, the ATAD has a substantial impact on the corporate tax position of EU businesses. Therefore, the implications of ATAD can also impact certain Swiss business operations of multinational enterprises and require thus a case by case assessment.	The UK has CFC rules which, broadly, seek to tax UK resident companies on the undistributed profits of certain foreign subsidiaries in lower tax jurisdictions. A number of entity level exemptions may remove foreign subsidiaries from the scope of the charge, for example (broadly): an exempt period applies for the first 12 months after a CFC comes under UK control; and an excluded territories exemption applies for CFCs in territories identified on a list maintained by the UK tax authorities. If no entity level exemption applies, UK tax is due on profits that fall within one of the 'CFC charge gateways', which, broadly speaking, aim to capture profits artificially diverted from the UK. Various amendments to the UK's anti-abuse provisions that the UK adopted in order to comply with ATAD 1 remain in force following the Brexit implementation period, including technical changes to its CFC rules and anti-hybrid regime.

Spain	Switzerland	United Kingdom
In case the controlled low-taxed non-resident entity or permanent establishment has an organization of human and material means to carry out its business activity, income derived by such entity must be included by the Spanish corporate taxpayer, at the pro rata share in the results of the CFC, if the income derived qualifies as 'passive' (e.g. income from passive real estate investments, interest, dividends, insurance income, passive intellectual property income, income from derivative instruments, income from financial activities that do not qualify as economic activities, income obtained from non-resident related parties where such entities add limited or none value to the transaction). Spanish CFC rules provide for a credit system aimed to avoid double taxation.		In August 2019, the EU commission published a decision in the Official Journal that the UK's rules for exempting non-trading finance profits from its CFC charge constituted State Aid to the extent that the relevant significant people function for those profits was located in the UK. The UK has passed legislation to allow it to collect the disputed tax and, in a decision released in June 2022 the General Court, dismissed the joined appeals of the UK government and a taxpayer against the Commission's decision. However, the case is the subject of an ongoing appeal.

7.2 Earnings stripping rules

Spain	Switzerland	United Kingdom
The domestic earnings stripping rules limit the deduction of the net amount of interest expenses borne by a Spanish corporate taxpayer in a taxable year to the higher of: (i) 30% of the EBITDA -as defined for tax purposes-; or (ii) EUR 1 million. Net interest expenses which are non-deductible owing to the application of this limit may be deductible in subsequent tax periods, along with those corresponding to such periods, subject to the same limit. In the case the net financing expenses of the tax period do not reach the 30% limit, the difference between that limit and the net financing expenses of that tax period can be added to the limit that will apply in the next 5 tax periods. In case of leveraged acquisitions, there is an additional rule that limits the deductibility of interest on loans that have been obtained for the purchase of shares, to 30% of the operating profit of the acquiring entity. The limitation does not apply in the year of the acquisition if the acquisition debt does not exceed 70% of the consideration paid for the shares. In the following years, the limitation does not apply if the acquisition debt is proportionally amortized within an eight-year period until it is reduced to 30% of the total consideration.	ATAD is not applicable for Switzerland as Switzerland is not part of the EU (see under 7.1 above). The earnings stripping rules are part of the EU ATAD. Even though Switzerland has not implemented that rule, the implications of the earning stripping rules as part of EU ATAD can also impact certain Swiss business operations of multinational enterprises and require thus a case by case assessment. Swiss thin capitalization rules and safe harbour interest rates for related party transactions must be observed (see under 3.5 above).	The UK's 'interest-barrier' regime limits the deductibility of interest expense for companies that are part of groups with more than £2 million of net UK interest expense in a given accounting period. The default position under the rules is that the tax deductibility of a group's net interest expense is limited to a fixed ratio of 30% of its taxable EBITDA. A debt cap applies to ensure that the net UK interest expense does not exceed the net external interest expense of the worldwide group. Alternatively, a group may substitute the fixed 30% ratio with a 'group ratio' method. The group ratio is based, broadly, on the ratio of the net interest expense of the worldwide group to its EBITDA for the period (ignoring amounts payable to shareholders and related parties, and equity-like instruments) on the basis of its consolidated accounts. A debt cap also applies to the group ratio. Interest expense for which deductions are denied may be carried forward indefinitely to any later period where there is sufficient interest allowance. Unused interest allowance can be carried forward for five years. Interest deduction may also be curtailed by the UK's hybrid mismatch rules (see 7.5 below).

7.3 General anti-abuse rules

Spain	Switzerland	United Kingdom
The Spanish General Tax Act includes the following anti-avoidance rules: • Proper characterization of transactions, which establishes that tax obligations are due according to the juridical nature of the transaction, regardless of the form or name used by the parties involved or any issue that could affect its legal validity. • Conflict in the application of the tax rules, which prevents taxpayers from obtaining a tax benefit through transactions that (i) individually or jointly considered, are notoriously artificial or improper for the outcome obtained; and (ii) do not give rise to relevant legal or economic effects, apart from the tax benefit and those that the usual or proper transactions would have created. • Sham transactions, which, according to case law, imply the creation of a feigned legal situation that conceals a different, underlying legal situation or the absence of any transactions. The application of these general anti-abuse rules can give rise to penalties, except for cases challenged by way of the conflict in the application of the tax rules, and which do not correspond to black-listed transactions.	Certain tax treaties provide specific anti-abuse rules. Furthermore, Switzerland has taken account of some BEPS measures, for example: • the ratification of the OECD Convention on Mutual Administrative Assistance in Tax Matters provides the legal basis for the spontaneous exchange of information (see under 6 above); • the ratification of the Multilateral Competent Authority Agreement on the exchange of Country-by-Country Reports provides for transparency for the taxation of multinational enterprises.	The UK has a general anti-abuse rule which counteracts tax advantages arising from abusive tax arrangements. Penalties of up to 60% of the counteracted tax may be imposed. In practice, the general anti-abuse rule has been little used by the UK tax authorities as a result of the high threshold required to establish abusive arrangements.

7.4 Exit taxation

Spain	Switzerland	United Kingdom
When a Spanish corporate taxpayer transfers its tax domicile abroad, all its latent capital gains are deemed realized and are therefore subject to CIT (certain tax exemptions may apply), except those corresponding to assets that remain effectively connected to a permanent establishment in Spain. However, if the assets are transferred to an EU Member State or an EEA country with effective exchange of information with Spain, the taxpayer may opt for deferring the payment by paying it in instalments over five years.	Upon relocation of the domicile, transfer of assets or business functions from Switzerland to abroad (outbound migration), outbound merger or liquidation: • For CIT purposes, hidden reserves (difference between fair market value and the tax value) are subject to an exit taxation. The CIT rate varies between the cantons (see under 3.1 above). Participation Reduction may be applicable (see conditions under 3.2 above). • For WHT purposes, the difference between (i) fair market value and (ii) the share capital plus qualifying capital contribution reserves are subject to an exit taxation of 35%. A (full or partial) refund may apply based on a tax treaty or the CH/EU Agreement. For qualifying parent companies a reduction or exemption at source (notification procedure) may be possible under certain conditions (see under 4.1 above).	A company ceasing to be resident in the UK is deemed to dispose of and reacquire all of its capital assets at market value immediately prior to the change in residence. Any unrealised gains will therefore be realized and subject to UK corporation tax. Similar charges apply to intangible fixed assets, loan relationships, derivative contracts and any deemed profits arising from the cessation of a UK trade. Any assets that will be used in a permanent establishment in the UK after the migration are exempt from the exit charge and will be charged once the assets are no longer used in the permanent establishment. Similarly, any capital gain arising in respect of an interest in UK real property will be deferred until the subsequent disposal of that interest. Companies that migrate to a relevant EEA jurisdiction may enter into a payment plan to defer the tax liability arising as a result of the deemed gains. The UK's broad substantial shareholding exemption (see 3.2 above) materially mitigates the effect of the exit charge in respect of pure holding companies.

7.5 Hybrid mismatch rules

Spain	Switzerland	United Kingdom
For tax periods not finished by March 11, 2021, Spain applies hybrid mismatch rules as per the implementation of ATAD 2 into Spanish law (except for reverse hybrid mismatches). The purpose of the rules is to neutralize the tax effects of hybrid mismatches mainly by limiting the deduction of payments; rules for the inclusion of payments in the taxable income of a Spanish corporate taxpayer are also set forth. Among others, covered hybrid mismatches include (i) scenarios in which an expense is deductible in one territory whereas it is not treated as a taxable revenue in the country of the recipient, or is subject to a reduced tax rate or to any deduction or refund of tax other than a credit to avoid legal double taxation, as a result of the different characterization of the transaction or of the legal nature of the taxpayers involved; (ii) scenarios in which the same expense is deductible in two countries or territories; (iii) scenarios involving deduction without inclusion or double deduction stemming from differences in the recognition of revenues and expenses, or even from the recognition of the actual existence of a permanent establishment, between the country where the permanent establishment is located and the country where the parent company is situated;	ATAD is not applicable for Switzerland as Switzerland is not part of the EU (see under 7.1 above). The hybrid mismatch rules are part of the ATAD. Even though Switzerland has not implemented that rule, the implications of the hybrid mismatch rules as part of ATAD can also impact certain Swiss business operations of multinational enterprises and require thus a case by case assessment.	The UK has hybrid mismatch rules which seek to counteract mismatches involving either double deductions (double deduction cases) for the same expense or deductions for expenses without any corresponding receipt being taxable (deduction/non-inclusion cases). The rules apply to arrangements involving a hybrid financial instrument, hybrid transfers, a hybrid entity, a dual resident company and imported mismatches. The UK's hybrid rules pre-date the EU ATAD reforms but are consistent with the rules in EU jurisdictions. The hybrid rules are modified so as to prevent a counteraction that may otherwise occur in respect of securities for which a QAHC is allowed deductions under the QAHC regime (e.g., in the case of profit participating loans).

Spain	Switzerland	United Kingdom
(iv) imported mismatches, occurring where the mismatch takes place in relation to a third entity in another country or territory but gives rise to a deductible expense in Spain; (v) structured arrangements, in which the generation of a deductible expense without any tax on the related revenue or of an expense deductible in two or more countries or territories forms part of the expected return under the arrangement (or the arrangement has been designed to produce exactly that outcome); (vi) double use of tax withholdings, for the purposes of the tax credit for international double taxation; and (vi) double tax residence, where it means that an expense is tax-deductible in two countries or territories at the same time. Additionally, Spanish legislation prevents the tax deductibility of interest expenses paid to group companies on profit sharing loans. On a separate note, as mentioned in 3.2, dividends that are considered a deductible expense for the payer are not eligible for the participation exemption. Moreover, exemption for income derived through a permanent establishment located abroad does not apply when it is disregarded.		

7.6 Other (domestic) anti-abuse provisions and doctrines

Spain	Switzerland	United Kingdom
Apart from the anti-abuse provisions discussed under 7.1 to 7.5. Spanish tax laws include rules on transfer pricing based on the OECD guidelines. Additionally, expenses from transactions directly or indirectly entered into with individuals or entities resident in tax havens jurisdictions are not tax deductible, unless the taxpayer proves that the transactions were carried out for valid economic reasons. Anti-treaty shopping rules are included in some tax treaties. Also, the Spanish Supreme Court has confirmed that the domestic general anti-abuse rule applies at treaty level.	Doctrine and case-law provide for the application of an implicit anti-abuse provision for tax matters.	Generally, UK courts adopt a purposive rather than overly literal interpretation of relevant tax legislation, taking a realistic view of the transaction. The UK has a so-called ‘diverted profits tax’ regime which, according to UK government publications, is intended to counteract ‘contrived arrangements’ to divert profits from the UK by avoiding a UK taxable presence or by other contrived arrangements between connected entities. A general rate of 25% (plus interest) applies to diverted profits relating to UK activity, targeting foreign companies which are perceived as exploiting the UK’s permanent establishment rules or creating other tax advantages by using transactions or entities that lack economic substance. An increased rate of 55% applies to certain diverted profits of oil and gas companies. The UK has a corporate criminal offence of failure to prevent tax evasion, for which a business is liable if it fails to prevent its employees, agents and other ‘associated persons’ from criminally facilitating tax evasion.

Spain	Switzerland	United Kingdom
		This regime has far-reaching consequences and creates two new offences relating to: (i) all businesses (wherever located) and the facilitation of UK tax evasion; and (ii) businesses with a UK connection and the facilitation of non-UK tax evasion. The UK's digital services tax is a 2% tax on the UK digital services revenues of businesses that provide social media services, internet search engines or online marketplaces, where certain revenue thresholds are met. It may be charged on companies outside the UK and is not limited to UK companies or UK permanent establishments.

8. Mandatory disclosure rules

Spain	Switzerland	United Kingdom
As of April 14, 2021, Spain has fully implemented into national law mandatory disclosure rules on the basis of DAC6. In general, the Spanish implementation follows the minimum standard of DAC6. A cross-border arrangement is reportable if it concerns at least one EU Member State and contains at least one of the hallmarks set out in DAC6. In pure domestic situations and situations without link to any EU Member State, no reporting obligations exist. The Spanish legislation includes a penalty regime for the lack of submission and inaccurate or incomplete submission of the declarations. Specifically, failure to comply with the reporting requirement will result in penalties of EUR 2,000 per data or per omitted or inaccurate data on reportable arrangements, with a minimum penalty of EUR 4,000.	DAC6 is, in principle, not applicable for Switzerland as Switzerland is not part of the EU. However, Swiss companies can also be affected by the mandatory disclosure rules in case of cross-border transactions and arrangements with related companies.	The UK had implemented a regime whereby the UK tax authorities require any person undertaking tax planning which meets certain conditions to make disclosure thereof. This regime is generally understood to have influenced the approach taken by the EU in developing its rules requiring mandatory disclosure of cross-border arrangements showing one of a number of specified 'hallmarks', commonly known as 'DAC6'. Following the signing of the TCA with the EU, the UK announced it would restrict its regulations implementing DAC6 significantly. The revised regime now applicable in the UK is designed to implement the OECD's mandatory disclosure rules, and therefore only targets structures designed to undermine reporting requirements or obscure beneficial ownership (Hallmark D of DAC 6). The remainder of DAC6 is not applicable in the UK. The UK requires large companies to disclose UK tax strategies on their business's website.

9. Income tax treaties / MLI

9.1 Signatory to the MLI / ratification

Spain	Switzerland	United Kingdom
Spain signed the MLI on June 7, 2017, ratified it on September 28, 2021, and it entered into force on January 1, 2022. Spain made a reservation pursuant to Article 35(7)(a), by mean of which the entry into effect of the MLI regarding each Covered Tax Agreement is subject to Spain notifying the confirmation of the completion of its internal procedures simultaneously to the OECD and the other Contracting Jurisdiction(s) to which the notification relates. The date of effects will need to factor in such date of notification of confirmation of completion of Spanish internal approval procedures. In any event, the provisions of this Convention will have effect in each Contracting Jurisdiction with respect to a CTA: • For taxes withheld at source, the amendments affect the taxable events occurring from January 1 of the year starting after 30 days have lapsed from the date the OECD receives the communication. • In the case of other taxes, the amendment of the MLI will take effect for the tax periods starting six months after 30 days have lapsed from the date the OECD receives the communication.	The MLI was signed by Switzerland on June 7, 2017 and entered into force on December 1, 2019. Switzerland implements only a minimum standard either within the framework of the MLI or by means of the bilateral negotiation of tax treaties. With respect to the effect the MLI has on covered tax agreements Switzerland follows the ‘amending view’. Switzerland has reserved the right to apply the MLI only to a covered tax agreement once Switzerland has expressly notified the OECD that it has completed its internal procedures to amend the specific treaty. Switzerland expressed reservations on the majority of the articles of the MLI, i.e. committed to the application of only the international minimum standards. Therefore, Switzerland will adhere to the new standards on (i) the prevention of treaty abuse by applying a principle purpose test and (ii) dispute resolution to avoid double taxation.	The United Kingdom signed the MLI on June 7, 2017 and ratified it on May 23, 2018. The United Kingdom has accepted most of the provisions in the MLI. However, the United Kingdom will not apply: article 3(2) (Transparent Entities); article 6(1) (Purpose of a Covered Tax Agreement); article 8 (Dividend Transfer Transactions); article 9 (Capital Gains from Alienation of Shares or Interests of Entities Deriving their Value Principally from Immovable Property); article 10 (Anti-abuse Rule for Permanent Establishments Situated in Third Jurisdictions); article 12 (Artificial Avoidance of Permanent Establishment Status through Commissionaire Arrangements and Similar Strategies); and article 14 (Splitting-up of Contracts).

Spain	Switzerland	United Kingdom
Spain deposited its instrument to ratify the MLI in September 28, 2021 opting to postpone its effective application once the other signatories are notified that Spain has completed the internal ratification procedure. Accordingly, on 1 June 2022, Spain submitted its notification to the OECD confirming the completion of its internal procedures. Therefore, the MLI is effective in Spain as of January 1 2023. Spain has largely accepted all provisions in the MLI, with limited reservations. Spain reserves the right for article 4 (Dual Resident Entities) not to apply. Spain will not apply articles 11 (savings clause) and 14 (splitting-up of contracts) either. Spain has opted for the application of the principal purpose test and the mandatory binding arbitration in its covered tax treaties.		

9.2 Income tax treaties and effect of the MLI[3]

The below overview shows income tax treaties that are in force as of January 1, 2023.

Treaties in respect of which both countries have listed the treaty as a Covered Tax Agreement in relation to the MLI are shown in **bold**.

Treaties in respect of which the MLI has entered into force for both countries as of January 1, 2023 (i.e., both countries have deposited their instrument of ratification with the OECD no later than September 30, 2022) are shown in **bold underlined**.

As a general rule, the MLI will be effective for a specific treaty (a) for withholding taxes: as from the first day of the calendar year beginning after the date on which the MLI has entered into force for both countries; and (b) for all other taxes: for taxable periods beginning on or after expiration of a period of 6 calendar months after the date on which the MLI has entered into force for both countries. Exceptions may apply.

Spain	Switzerland	United Kingdom
As of January 1, 2023, Spain has income tax treaties in force with the following countries:	As of January 1, 2023, Switzerland has income tax treaties in force with the following countries:	As of January 1, 2023, the UK has income tax treaties in force with the following countries:
1. **Albania**	1. Albania	1. **Albania**
2. Algeria	2. Algeria	2. Algeria
3. **Andorra**	3. **Argentina**	3. Antigua and Barbuda
4. **Argentina**	4. Armenia	4. **Argentina**
5. **Armenia**	5. Australia	5. **Armenia**
6. **Australia**	6. **Austria**	6. **Australia**
7. **Austria**	7. Azerbaijan	7. Austria
8. Azerbaijan	8. Bahrain	8. Azerbaijan
9. **Barbados**	9. Bangladesh	9. **Bahrain**
10. Belarus	10. Belarus	10. Bangladesh

[3] Only comprehensive income tax treaties are included.

Spain	Switzerland	United Kingdom
11. **Belgium**	11. Belgium	11. **Barbados**
12. Bolivia	12. Brazil	12. Belarus
13. **Bosnia and Herzegovina**	13. Bulgaria	13. **Belgium**
14. Brazil	14. Canada	14. **Belize**
15. **Bulgaria**	15. **Chile**	15. Bolivia
16. Cabo Verde	16. China (People’s Rep.)	16. **Bosnia and Herzegovina**
17. **Canada**	17. Colombia	17. Botswana
18. **Chile**	18. Croatia	18. Brunei
19. China (People’s Rep.)	19. Cyprus	19. **Bulgaria**
20. **Colombia**	20. **Czech Republic**	20. **Canada**
21. **Costa Rica**	21. Denmark	21. **Chile**
22. **Croatia**	22. Ecuador	22. **China (People’s Rep.)**
23. Cuba	23. Egypt	23. Colombia
24. **Cyprus**	24. Estonia	24. **Croatia**
25. **Czech Republic**	25. Finland	25. Cyprus
26. Dominican Republic	26. France	26. **Czech Republic**
27. East Timor	27. Georgia	27. **Denmark**
28. Ecuador	28. Germany	28. **Egypt**
29. **Egypt**	29. Ghana	29. **Estonia**
30. El Salvador	30. Greece	30. Ethiopia
31. **Estonia**	31. Hong Kong	31. Falkland Islands
32. **Finland**	32. Hungary	32. Faroe Islands
33. **France**	33. **Iceland**	33. **Fiji**
34. **Georgia**	34. India	34. **Finland**
35. **Germany**	35. Indonesia	35. **France**
36. **Greece**	36. Iran	36. Gambia
37. **Hong Kong**	37. Ireland	37. **Georgia**

Spain	Switzerland	United Kingdom
38. **Hungary**	38. Israel	38. Germany
39. **Iceland**	39. **Italy**	39. Ghana
40. **India**	40. Ivory Coast	40. Gibraltar
41. **Indonesia**	41. Jamaica	41. **Greece**
42. Iran	42. Japan	42. Grenada
43. **Ireland**	43. Kazakhstan	43. Guernsey
44. **Israel**	44. Korea (Rep.)	44. Guyana
45. Italy	45. Kosovo	45. **Hong Kong**
46. **Jamaica**	46. Kuwait	46. **Hungary**
47. Japan	47. Kyrgyzstan	47. **Iceland**
48. **Kazakhstan**	48. Latvia	48. **India**
49. **Korea (Rep.)**	49. Liechtenstein	49. **Indonesia**
50. Kuwait	50. **Lithuania**	50. **Ireland**
51. Kyrgyzstan	51. **Luxembourg**	51. Isle of Man
52. **Latvia**	52. Malaysia	52. Israel
53. **Lithuania**	53. Malta	53. **Italy**
54. **Luxembourg**	54. **Mexico**	54. **Ivory Coas**t
55. **Malaysia**	55. Moldova	55. **Jamaica**
56. **Malta**	56. Mongolia	56. **Japan**
57. Mexico	57. Montenegro	57. Jersey
58. Moldova	58. Morocco	58. **Jordan**
59. **Morocco**	59. Netherlands	59. **Kazakhstan**
60. Netherlands	60. New Zealand	60. **Kenya**
61. **New Zealand**	61. North Macedonia	61. Kiribati
62. **Nigeria**	62. Norway	62. **Korea (Rep.)**
63. **North Macedonia**	63. Oman	63. Kosovo
64. Norway	64. Pakistan	64. **Kuwait**

Spain	Switzerland	United Kingdom
65. **Oman**	65. Peru	65. Kyrgyzstan
66. **Pakistan**	66. Philippines	66. **Latvia**
67. **Panama**	67. Poland	67. **Lesotho**
68. Philippines	68. **Portugal**	68. Libya
69. **Poland**	69. Qatar	69. **Liechtenstein**
70. **Portugal**	70. Romania	70. **Lithuania**
71. **Qatar**	71. Russia	71. **Luxembourg**
72. **Romania**	72. Saudi Arabia	72. Malawi
73. **Russia**	73. Serbia	73. **Malaysia**
74. **Saudi Arabia**	74. Singapore	74. **Malta**
75. **Senegal**	75. Slovakia	75. **Mauritius**
76. **Serbia**	76. Slovenia	76. **Mexico**
77. **Singapore**	77. **South Africa**	77. Moldova
78. **Slovak Republic**	78. Spain	78. **Mongolia**
79. **Slovenia**	79. Sri Lanka	79. Montenegro
80. **South Africa**	80. Sweden	80. Montserrat
81. Sweden	81. Taiwan	81. **Morocco**
82. Switzerland	82. Tajikistan	82. Myanmar
83. Tajikistan	83. Thailand	83. **Namibia**
84. **Thailand**	84. Trinidad and Tobago	84. **Netherlands**
85. Trinidad and Tobago	85. Tunisia	85. **New Zealand**
86. Tunisia	86. **Turkey**	86. **Nigeria**
87. **Turkey**	87. Turkmenistan	87. **North Macedonia**
88. Turkmenistan	88. Ukraine	88. **Norway**
89. Ukraine	89. United Arab Emirates	89. **Oman**
90. **United Arab Emirates**	90. United Kingdom	89. **Oman**
91. **United Kingdom**	91. United States	90. **Pakistan**

Spain	Switzerland	United Kingdom
92. United States	92. Uruguay	91. **Panama**
93. **Uruguay**	93. Uzbekistan	92. **Papua New Guinea**
94. Uzbekistan	94. Venezuela	93. Philippines
95. Venezuela	95. Vietnam	94. **Poland**
96. Vietnam	96. Zambia	95. **Portugal**
		96. **Qatar**
		97. **Romania**
		98. **Russia**
		99. **Saudi Arabia**
		100. **Senegal**
		101. **Serbia**
		102. Sierra Leone
		103. **Singapore**
		104. **Slovakia**
		105. **Slovenia**
		106. Solomon Islands
		107. **South Africa**
		108. **Spain**
		109. Sri Lanka
		110. St. Kitts and Nevis
		111. Sudan
		112. Swaziland
		113. **Sweden**
		114. Switzerland
		115. Taiwan
		116. Tajikistan
		117. **Thailand**

Spain	Switzerland	United Kingdom
		118. Trinidad and Tobago 119. **Tunisia** 120. **Turkey** 121. Turkmenistan 122. Tuvalu 123. Uganda 124. **Ukraine** 125. **United Arab Emirates** 126. United States 127. **Uruguay** 128. Uzbekistan 129. Venezuela 130. **Vietnam** 131. Zambia 132. Zimbabwe

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NL-23-02-HR