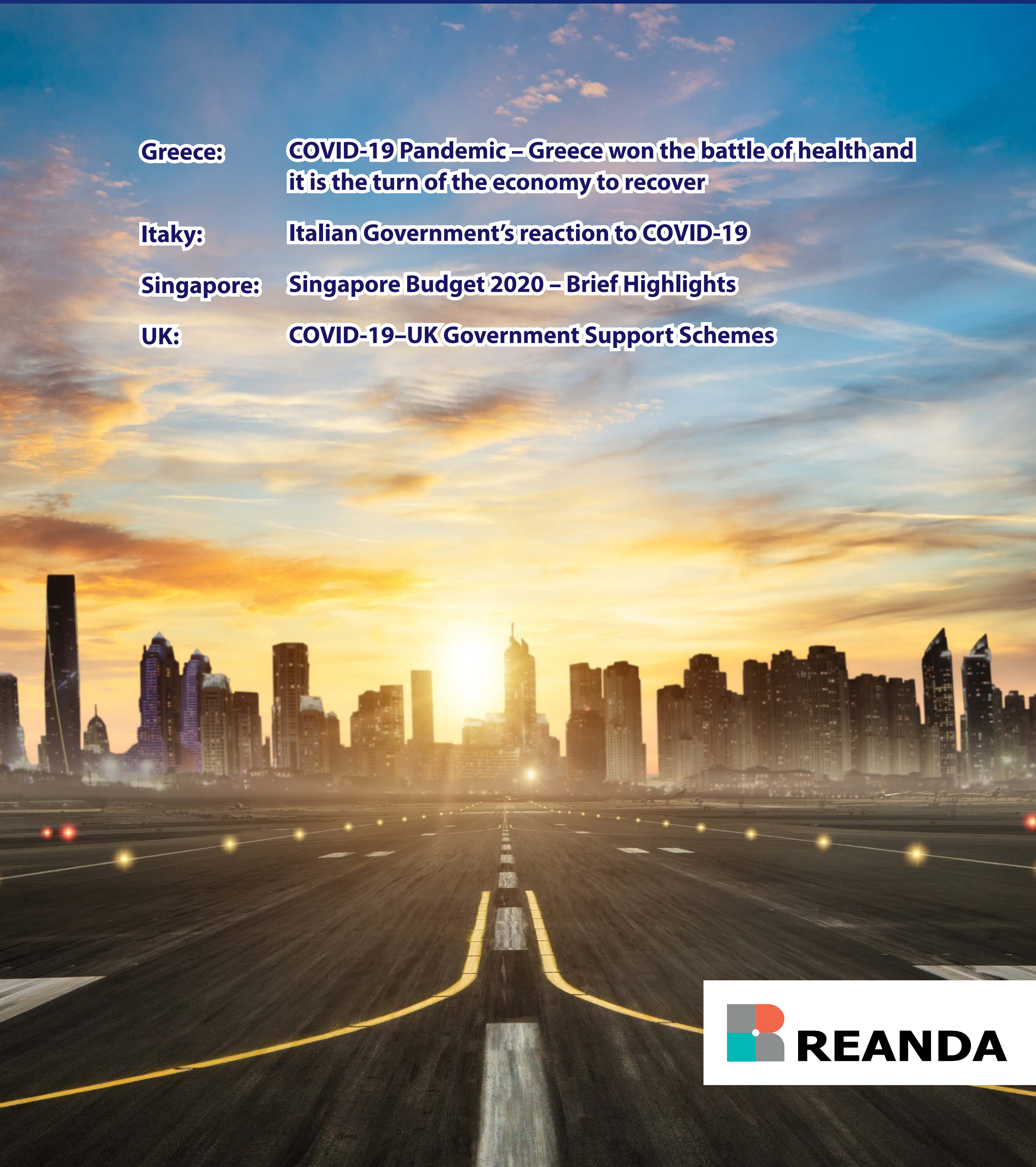
PRISM

Tax Newsletter

3rd Quarter 2020



REANDA

In this issue:

Australia

Income tax: record keeping and access - electronic records

This Ruling explains the Australian Taxation Office's (ATO) view on record keeping in electronic form for the purposes of section 262A of the Income Tax Assessment Act 1936 (ITAA 1936). It explains how you must retain and, when required, provide access to electronic records, including encrypted records, records created from e-commerce and records stored in the cloud. It applies to individuals and companies carrying on a business.

所得税：保存及存取记录 - 电子记录

这项法规阐述了澳大利亚税务局（ATO）对所得税评估法1936（ITAA 1936）第262A节中关于电子记录保存的看法。法规解释了必須要保存电子记录以及需在ATO要求时提供相关电子记录，包括加密记录、电子商务记录以及储存在云端的记录。此法规适用于个人和企业。

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Cyprus

Cyprus and Russia amend their Double Taxation Avoidance Agreement (DTAA) – August 2020

Cyprus and Russia reached an agreement on 10 August 2020 for amending their DTAA signed in 1998 (as amended in 2010).

塞浦路斯和俄罗斯修订避免双重征税协定 - 2020年8月

2020年8月10日，塞浦路斯和俄罗斯双方就修改避免双重征税协定（该协定於1998年签署并于2010年被修改）达成协议。

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Greece

COVID-19 Pandemic: Greece won the battle of health and it is the turn of the economy to recover

Greece emerged from a ten-year economic crisis and 2019 was a year of recovery. 2020 was expected to be better with a 2.2% growth forecast from the IMF. However, the pandemic overturned all the positive predictions that had been made. Government took timely measures to deal with the pandemic. The general lock-down was something new but citizens complied with the restrictive measures and adapted to the conditions. Initially Greece was one of the few countries that successfully faced the pandemic.

新冠肺炎流行病：希腊已赢得了健康之战，是时候让经济也复苏起来

希腊摆脱了十年的经济危机，并在2019年开始复苏。国际货币基金组织原预计希腊2020年经济增长2.2%，但新冠肺炎推翻了所有原來的正面预测。希腊政府及时采取了应对措施，当中封城措施对国民是一种新概念，但人们仍严格遵守限制措施并适应最新情况。在最初階段希腊是其中一個成功应对新冠肺炎的国家。

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Italy

Italian Government's reaction to COVID-19

This article is focused on the main measures adopted by the Italian Government, through the August Decree, with the aim of relaunch Italian economy:

1) Measures to refinances enterprises' activities
2) Specific measures for companies and tax obligations
3) Update tangible/untangible assets and shares book value

意大利政府针对新冠肺炎采取的措施

本文重点介绍意大利政府为重启意大利经济通过的8月法令中的主要措施：

1) 企业活动再融资措施
2) 针对企业的具体措施与纳税义务
3) 更新有形/无形资产与股份账面价值

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Pakistan

Amnesty Scheme for Construction Sector in Pakistan

The purpose of this Scheme is to provide relief package to construction industry by way of promulgation of Tax Laws (Amendment) Ordinance, 2020 vide dated April 17, 2020 to provide boost to economic activity.

巴基斯坦建造业援助措施

这项计划的目的是透过颁布2020年税法(修正案)条例，为建造业提供一系列援助措施，以刺激经济活动。该条例于2020年4月17日生效。

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Singapore

Singapore Budget 2020: Brief Highlights

Singapore's economy grew by a modest 0.7% in 2019 and this is the weakest growth since the 2008 Financial Crisis. COVID-19 has further threatened Singapore's slow economy. Singapore Budget will be a comprehensive one that helps companies and workers transform, supports families in coping with the cost of living and caregiving needs and ensures environmental and financial sustainability. Given the economic fallout from COVID-19, there will be more measures put in place to help businesses and Singaporeans tide over this difficult period.

新加坡2020年财政预算案：摘要

新加坡经济在2019年增长0.7%，这是自2008年金融危机以来最弱的增长。2019年冠状病毒疾病进一步威胁到新加坡的经济增长缓慢。新加坡2020年财政预算案将会是一套综合财政规划协助新加坡企业发展及转型和员工培训，来应付生活费，提供关怀与援助配套，同时确保环境和财务可持续性。鉴于2019 年冠状病毒疾病对新加坡经济的冲击仍不明朗，新加坡会持续地推出更多配套大力度助本地企业和新加坡人民度过这次前所未有的困难时期。

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UAE

BEPS Action Plan 13

OECD and G20 countries developed an action plan in 2013 to address the Base Erosion and Profit Shifting (BEPS) by Multinational Enterprises and in 2015, adopted a 15-point action plan under the BEPS project to address BEPS and enhance the transparency, reinforce the substance requirements and improve cross border tax coherence. Action 13 is one of the Action Plans which is about transfer pricing documentation where large Multinational Enterprises are required to provide high level information about their global business operations and transfer pricing policies to the tax administration of each country. They are also required to file an annual Country by Country (CbC) Report which will have major impact on transparency of Multinational Enterprises and their global operations.

税基侵蚀和利润转移第13项行动计划

经合组织和二十国集团国家于2013年制定了一套行动计划，以应对跨国企业的税基侵蚀和利润转移(BEPS)。而在2015年，经合组织推出了一套涵盖 15 个范畴的BEPS行动计划，以应对BEPS、提高透明度、强化实质性问题要求及提高跨境税收一致性。 其中第13项行动计划是有关转让定价文档的规定，当中要求大型跨国企业向各国税局提供其全球业务运作和转让定价政策的相关资料，企业须每年提交国别(CbC)报告。这将对跨国企业及其全球运营的透明度产生重大影响。

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UK

COVID-19–UK Government Support Schemes

The COVID-19 outbreak has had far reaching financial impacts on individuals and businesses across the UK, and across the world.

The pandemic has brought unprecedented challenges both for people and society. HM Revenue & Customs have been at the forefront of the government's response to the coronavirus. The department have successfully developed and implemented schemes at unprecedented speeds to deliver financial support to businesses and self-employed individuals via schemes such as the Coronavirus Job Retention Scheme (CJRS), the Self-Employment Income Support Scheme (SEISS), Coronavirus Business Interruption Loan Scheme (CBILS) and the Job Retention Scheme (JRS).

英国政府针对新冠肺炎疫情提供的援助计划

新冠肺炎爆发对英国及全球个人和企业产生了深远的财务影响。

这次疫情给人们和社会带来了前所未有的挑战。英国税务局与海关一直在政府应对新冠状病毒中处于最前线，以前所未有的速度制定并实施了多项经济支持计划，为企业和自雇人士提供财务支持，包括新冠肺炎留职计划(CJRS)、自雇人士收入补贴计划(SEISS)、新冠肺炎商业中断贷款计划(CBILS)和留职计划(JRS)。

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Australia

Income tax: record keeping and access - electronic records

Electronic records

Records stored or recorded by means of a computer are recognised as documents for the purposes of Commonwealth legislation and taxation legislation.

Computer-generated documents are admissible evidence in taxation matters.

Storage of electronic records

If you are carrying on a business, you must keep records that record and explain all transactions and other acts you engage in for income tax purposes. Electronic records must be accessible and understandable to ascertain your income tax liability.

E-commerce transaction records

For record keeping purposes, you must keep records that explain all electronic business transactions that are relevant for any income tax purpose. The minimum information is:

1. the date
2. amount
3. character of the transaction

Storage of paper records in electronic form

You may keep true and clear electronic reproductions of original paper records. Documents created through conversion processes that do not produce a complete and accurate copy of original documents are not considered to be a true and clear electronic reproduction.

Record keeping requirements for electronic records

All electronic records are subject to the same record keeping requirements as paper records. This includes all records stored in the cloud.

Your record keeping must meet all four requirements:

1. Records must not be altered or manipulated.
2. You must demonstrate safeguards to protect records from alteration, manipulation or inadvertent destruction.
3. If your system changes original data must be capable of being reconstructed.
4. Records must be retained for five years.

Keep information of routine procedures for destroying electronic records.

Records must be capable of being retrieved and read.

Keep system documentation that explains the basic aspects of the system, to explain the system is doing what it is claimed to do.

Keep encryption keys for encrypted records.

Data should be capable of being extracted and converted into a standard data format.

They must be in English.

Other general requirements

Some taxpayers may be required to retain records for different periods of time.

It is generally not necessary to retain a hard copy of the information contained in an electronic record.

It is your responsibility to ensure that your electronic records are secure, accurate and maintained in accordance with the record keeping requirements.

If you do not keep or retain records, you may be liable to a penalty.

ATO access powers and electronic records

If access to electronic records is required, you must cooperate. The laws provide wide-ranging powers to obtain information.

You must produce any electronic document requested for the purposes of a taxation law. The ATO has full and free access to any electronic document and to make copies.

ATO can access any printed copies of electronic records, also read system and software manuals.

You must provide reasonable use of your facilities and assistance to extract information stored electronically. What is considered 'reasonable' may vary on a case-by-case basis.

In the context of electronically stored records, reasonable facilities and assistance extends, to the provision of login codes, keys and passwords.

There are administrative penalties if you do not provide us with all reasonable facilities and assistance.

Electronic records stored in the cloud must be made available to the ATO. ATO can seek records under a double tax agreement.

Reference

ATO Website – TR 2018/2 Income tax: record keeping and access - electronic records

Cyprus

Cyprus and Russia amend their Double Taxation Avoidance Agreement (DTAA) – August 2020

Cyprus and Russia reached an agreement on 10 August 2020 for amending their DTAA signed in 1998 (as amended in 2010).

The intention of both parties is to sign the protocol during Autumn 2020 with the amendments being applicable from 1 January 2021. The final details of the below mentioned provisions will be available once the text of the agreed amending protocol is released.

Russia officially stated its intention to initiate negotiations of similar amendments to its tax treaties with Luxembourg, Malta and the Netherlands.

Dividends and Interest

It was agreed that the existing withholding tax (WHT) rates on dividend and interest payments received in Cyprus from Russia will increase to 15% subject to exceptions below.

A WHT of 5% will be applied if the recipient/beneficial owner of the dividend is a regulated entity, a company the shares of which are listed on a registered stock exchange subject to conditions and the Government or a political subdivision or a local authority.

Additionally, no WHT will be applied if the recipient/beneficial owner of the interest is an insurance undertaking or a pension fund, the Government or a political subdivision or a local authority and a banking institution. Moreover, no WHT will be applied on interest earned on listed corporate bonds, government bonds and Eurobonds.

Finally, if the recipient/beneficial owner of the interest is a company whose shares are listed on a registered stock exchange subject to conditions, the WHT is capped at 5%.

Royalties

The WHT on royalties received in Cyprus from Russia remain at NIL.

Greece

COVID-19 Pandemic: Greece won the battle of health and it is the turn of the economy to recover

Greece emerged from a ten-year economic crisis and 2019 was a year of recovery. 2020 was expected to be better with a 2.2% growth forecast from the IMF. However, the pandemic overturned all the positive predictions that had been made. Government took timely measures to deal with the pandemic. The general lock-down was something new but citizens complied with the restrictive measures and adapted to the conditions. Initially Greece was one of the few countries that successfully faced the pandemic.

The third quarter was difficult as the gradual lifting of the restrictive measures was necessary and it is time to deal with the economic consequences. The end of lock-down period does not mean the return to the financial levels of 2019.The state budget was already burdened to support public and private sector workers. Tourism, which is one of the strongest parts of the Greek economy, has been hit hard. Forecasts for 2020 are ominous with the recession estimated at 8-10%. The IMF and EC forecasts show the 2020 unemployment rate rising to 22 % and 19.9 %, respectively, then decreasing in 2021 to 19 % and 16.8 %. This is an optimistic scenario that is based on the following assumptions: first the COVID-19 pandemic will fade in the second half of 2020, with a gradual lifting of containment measures, and second there will not be a second wave. This was not confirmed, while the pandemic continues and the number of cases is now high. The need to develop digital policy and digital governance was urgent. Government created digital platforms that automate the transactions processes and reduce bureaucracy.

In the field of economics, the European Union agreement on member state funding was positive. Greece will receive 32 billion, of which 22.5 as a grant and the rest with a long-term repayment loan. The Greek government has announced a plan that includes reductions in taxes and insurance contributions, the abolition of real estate taxes on 26 islands and the subsidization of new jobs by financing their contributions. It is also adopted the measure of over depreciation at 200% for both digital and green fixed capital investments for three years, 2021-2023. It is an indirect liquidity injection that reduces corporate tax. Prime minister has also announced new bills and reforms to the Bankruptcy Code, debt settlement and arrangement of "red" loans.

The interest rate on ten-year bonds issued by Greece closed at 1.23%, while the interest rate on 12-month treasury bills was zero. It is encouraging that the country can raise funds needed for liquidity at low interest rates. The country with the use of EU funding and cheap lending has the weapons to deal with the financial crisis created by the pandemic. It is important that these financial resources be channeled to the market to strengthen the sectors most affected, such as tourism and manufacturing. Unfortunately, 2020 is a year of recession, but economic policies can reverse the climate for 2021.

Italy

Italian Government's reaction to COVID-19

In August, given the persistent negative state of the Italian economy, the government has issued the "August Decree" introduced by Law Decree n. 104 of 14 August 2020, providing the implementation of urgent measures to support employment and the economy.

1) Measures to refinance enterprises' activities

The Decree refinances some instruments in support of enterprises, such as: (i) the contributions provided for the purchase of plant and equipment for production purposes by small and medium enterprises (known as 'Beni strumentali - Nuova Sabatini'); (ii) the relief allowed as the non-repayable grant or the soft loan to promote the implementation of development projects (the 'Contratti di Sviluppo'); (iii) the Fund for safeguarding employment and for carrying on business. In accordance with the Decree, this Fund, regardless of the number of employees of the enterprises in question is directed at saving and restructuring also enterprises holding assets and relationships of strategic relevance for the national interest, and operates, in case of authorization of the six-month extension of the Ordinary Redundancy Scheme, for the costs to be borne in relation to the aforesaid extension; (iv) The duration of the moratorium on mortgages and lines of credit has been extended to 31 January 2021.

2) Specific measures for companies and tax obligations

Company shareholders' meetings can use electronic vote or meeting attendance through telecommunication means.

A further division of suspended payments into installments is envisaged by August's Decree: in particular, 50% of the suspended sums can be paid at once by and no later than 16 September or split into a maximum of four equal installments starting from 16 September 2020. The remaining 50% can be paid, in a maximum of twenty-four monthly installments of the same amount, with the first installment paid by January 16, 2021.

This decree has postponed, from 31 August 2020 to 15 October 2020, the ending date of the suspension of the payments, deriving from payment notices, from enforcement notices relating to tax and non-tax revenues.

3) Update tangible/untangible assets and shares book value

The Article 110 allows enterprises to revaluate, for accounting purposes only, tangible and intangible assets, excluding those which the enterprise is intended to produce and trade, as well as shares in subsidiaries and associates in accordance with Article 2359 of the Italian Civil Code constituting fixed assets, resulting from the financial statements for the current year as at 31 December 2019.

The purpose is to allow enterprises to adjust the accounting representation of the assets to their actual values.

The higher accounting value attributed to assets by effect of the revaluation may, however, also be recognized for tax purposes through the payment of a substitute tax in the measure of 3%.

Similarly, the positive balance resulting from the revaluation may be recognized - also only in part - through the payment of a substitute tax of income taxes, of the IRAP regional tax and of any surtaxes in the measure of 10%.

Pakistan

Amnesty Scheme for Construction Sector in Pakistan

Scope

This Ordinance shall apply on both to new project as well as existing project subject to the condition that project is completed on or before 30th day of September 2022.

Important Definitions

"new project" means a construction or development project, which –

(i) is commenced during the period starting from the date of commencement of the Tax Laws (Amendment) Ordinance, 2020 and ending on the 31st day of December, 2020; and

(ii) is completed on or before the 30th day of September, 2022

"existing project" means a construction or development project, which –

(i) has commenced before the date of commencement of the Tax Laws (Amendment) Ordinance, 2020;

(ii) is incomplete;

(iii) is completed on or before the 30th day of September, 2022; and

(iv) a declaration is provided in the registration form under Eleventh Schedule to the effect of percentage of the project completed up to the last day of the accounting period pertaining to tax year 2019;

"unit" means a self-contained or independent building or part thereof including houses, apartments, shops, offices, etc.

"commercial building" includes any building or part thereof which is to be used for commercial purposes in accordance with the relevant laws;

"Residential Building" means any building which is not a commercial building but does not include buildings used for industrial purposes.

Relief

Some of the relief measures are stated below:

- There shall be no query about the source of investment for capital investment from the individual, partners or shareholders of new project if the amount is invested before 31st December 2020 and is utilized wholly in a construction or development project completed on or before September 30, 2022.
- The immunity shall also be available to the first purchaser in a project if the purchase is made on or before the 30th day of September, 2022. However, no immunity shall be available to subsequent or substituted purchaser.
- The builder and developer shall not be required to withhold taxes under section 153 and 150 of the Income Tax Ordinance, 2001 on;
  - (i) Purchase of building materials except cement and steel
  - (ii) services of plumbing, electrification, shuttering and other similar services other than those provided by companies.
  - (iii) Distribution of dividend to its shareholders in case of a Company.
- The Ordinance also provides exemption from Capital Value Tax on transfer of immovable property situated in Islamabad Capital Territory.
- Dividend income from companies has been declared as exempt.
- No minimum tax or alternate cooperate tax under section 113 and 113C of the Income Tax Ordinance, 2001 shall be chargeable to companies paying fixed rate of tax under this Ordinance.
- Ordinance also provides one time exemption from capital gain for individuals who derived income from sale of residential property used for personal accommodation not exceeding 500 square yard or 4000 square feet in case of a flat.
- The rate of tax for collection of tax under section 236A of the Income Tax Ordinance, 2001 has been reduced to 5% on auction of immovable property.

Conditions

Some of the important conditions are stated below:

- The income of the project shall be chargeable to tax on project by project basis at fixed rate on the basis of area of the project which shall be final tax liability.
- Builders and developers intending to take benefit of this Ordinance shall be required to be registered with FBR on project by project basis through online portal of FBR. The registration shall be irrevocable and shall be made on or before 31st December, 2020. Further, the existing project shall also declare the percentage completed as of 30th June 2019 along with above prescribed registration form under this Ordinance.
- The builder or developer availing benefit under this scheme shall furnish certificate to the board from approving authority or NESPAK as the case maybe, certifying total land area, covered area, saleable area and type of total saleable area or the total land area in the project.
- Any person claiming immunity from explanation of source of investment shall make investment on or before 31st December 2020,
- The value of property for the purpose investment shall be higher of 130% of fair market value as determined by FBR or the lower of the values as determined by at least two independent valuers from the list of valuers approved by the State Bank of Pakistan.
- Advance tax liability shall be discharged in four equal installments in accordance with section 147.
- The builder or developer shall be entitled to take credit of income in books of accounts to the extent of ten times the amount of tax only.

Singapore

Singapore Budget 2020: Brief Highlights

The following are some selected highlights of the COVID-19 measures for companies.

Corporate Income Tax (CIT) Rebate

To ease companies' cash flow, a CIT Rebate of 25% of tax payable, capped at $15,000, will be granted for Year of Assessment (YA) 2020 (i.e. financial year 2019).

Automatic Deferment of Corporate Income Tax (CIT) Payments

To further ease the cash flow need for companies in the immediate period, all companies with CIT payments due in the months of April, May and June 2020 will be granted an automatic three-month deferment of these payments. The CIT payments that are deferred from April, May and June 2020 will be collected in July, August and September 2020 respectively.

Jobs Support Scheme

The Jobs Support Scheme (JSS) will help enterprises retain their local employees (Singapore Citizens and Permanent Residents) during this period of economic uncertainty. It is a temporary scheme for 2020. All active employers, with the exception of Government organisations (local and foreign) and representative offices, are eligible for the JSS.

Under the JSS, the Government co-funds with between 25% and 75% wage support for the first $4,600 of gross monthly wages paid to each local employee (including shareholder-directors which wages attract mandatory CPF contribution) up to Aug 2020 and 10% to 50% of the same in the subsequent 7-month period (Sep 2020 to Mar 2021). The support levels will be tapered as the economy reopens and stabilises, and calibrated based on the projected recovery of the various sectors.

Enhanced carry-back relief system

The carry-back relief system will be enhanced for YA2020. Companies will be allowed to carry back the unabsorbed capital allowances and trade losses of up to the three immediate preceding years of assessment (capped at $100,000). The enhanced carry-back relief is subject to the same conditions as the current carry-back relief, which include the shareholding test and same business test, as provided in section 37E of the Income Tax Act.

For unabsorbed capital allowances of YA 2020 to be set-off against the assessable income for YAs 2017, 2018 and 2019, there must not be any substantial change in shareholders of the company (or its ultimate parent company) as at the relevant dates.

For unabsorbed losses of YA 2020 to be set-off against the assessable income for YAs 2017, 2018 and 2019, there must not be any substantial change in shareholders of the company (or its ultimate parent company) as at the relevant dates.

Renovation or Refurbishment Works Expenditure (Section 14Q)

For qualifying renovation or refurbishment expenditure incurred during the basis period for YA2021, business have the option to claim the deduction in one year instead of over three year. This is also to help enterprises such as hotels take advantage of this lull period to carry out upgrading work and be better prepared for the rebound,

Rental relief

The government will continue to support the small and medium-sized* tenants. The occupying tenants will need to satisfy all the criteria below for the eligibility of rental relief:

- Tenants with annual turnover not more than S$100 million, based on their corporate income tax returns for the Year of Assessment 2019
- Substantial drop in average monthly revenue during COVID-19 (average monthly revenue from April to May 2020 on an outlet level reduced by 35% or more, compared to April to May 2019); and
- The tenancy must be in force on 1 April 2020 and must have been: (i) entered into before 25 March 2020; or (ii) entered into before 25 March 2020 but expired and was renewed automatically, or in exercise of a right of renewal in the contract

The cash grant will be automatically disbursed by the Inland Revenue Authority of Singapore to property owners from end-July 2020 and landlords are required to pass on the benefit to their SME tenants (up to 4 months rental).

* Small and medium-sized (SME) refers to:

a. Company must be registered or incorporated in Singapore

b. Employment size (at group level) of not more than 200; OR Annual sales turnover (at group level) of not more than S$100 million

c. At least 30% local shareholding is held by Singapore Citizens or Singapore Permanent Residents.

Property Tax Measures

Non-residential properties will be granted property tax rebate for the period 1 January 2020 to 31 December 2020. Commercial properties badly affected by COVID-19 like hotels, serviced apartments, and tourist attractions, shops and restaurants will receive a 100%

rebate. Other non-residential properties such as offices and industrial properties will get a 30% rebate on their property tax payable.

Foreign worker levy (FWL) rebate

Companies in the Construction, Marine Shipyard and Process Sectors are facing high costs implementing stringent Safe Management Measures as a result of COVID-19. Singapore government set aside up to $920 million to extend foreign worker levy (FWL) rebates for the Construction, Marine Shipyard and Process sectors till end 2022. Companies in these sectors will receive a $90 FWL rebate monthly for each Work Permit Holder from August 2020 till December 2021. The Government will review this closer to December 2021 and decide if there is a need to further extend the FWL rebate by another year to December 2022.

Financing support for enterprises during COVID-19

Due to the COVID-19 pandemic, many business may continue to face challenges in managing cash flows, accessing to credit and meeting your loan repayments. Enterprise Financing Scheme (EFS) was enhanced to provide greater financing support as follows:-

	Different loans	Max Loan Quantum
a)	Business operations Enterprise Financing Scheme – Working capital loan Temporary Bridging loan Programme	 S$ 1 million S$ 5 million
b)	Growth of company using venture debts and warrants Venture debt loan	 S$ 5 million
c)	Trade needs Enterprise Financing Scheme – Trade loans	 S$ 10 million
d)	Investment of domestic and overseas fixed assets Fixed Assets Loan	 S$ 30 million
e)	Fulfilment of secured overseas projects Project loans	 S$ 50 million
f)	Acquisition of local or overseas target enterprise Merger and Acquisition loan	 S$ 50 million

UAE

BEPS Action Plan 13

The globalization and digitalization have resulted into global business opportunities, cross border trade and emergence of many Multinational Enterprises (MNEs) who have centralized and integrated many of their supply chain functions at regional and global levels. In this process of globalization many MNEs have also adopted ways of minimizing their tax burden by creating structures in no or low tax regimes, shifting profits, using deductible payment methods, and by benefiting from double taxation treaties between the countries. This tax planning has resulted in loss of tax revenue for many governments, the OECD estimates that various governments lose anywhere between US$ 100 – US$ 240 Billion a year due to avoidance of tax by these Multinational Enterprises who take advantages of tax rule gaps between the countries.

In general, tax administration in one country may not have access to the specific information on the MNE Group and may be unable to determine where the profits are reported for tax purposes. The lack of data makes it difficult for the authorities to carry out transfer pricing assessments on transactions between linked companies. Changes to the transfer pricing reporting requirements and the changes to the domestic law obliges the parent company to file in their home country a Country by Country Report to the tax authorities about every country of their operations, how much revenue generated, profits earned, tax paid and accrued, number of employees, where the assets are located and variety of other information.

The OECD has also developed a new analytical database on individual Multinational Enterprises and affiliates where the Tax authorities will share the relevant information with the jurisdictions where the Multinational Enterprise operates pursuant to the tax treaties allowing tax authority to see the big picture and global profile of the MNE.

In May 2018, the UAE has joined the BEPS inclusive framework and committed to implement four BEPS minimum standards which also include County by County Report. The UAE Government has issued Regulation of the Submission of Reports by Multi-national Companies under Cabinet Resolution no. 32 of 2019 in April and Cabinet Resolution no. 44 of 2020 Organising Reports Submitted by Multinational Companies. These resolutions which are applicable for financial years beginning on or after 1st January 2019, defines Multinational Enterprises Group (MNE Group) which has a total consolidated group revenue equal to AED 3.15 Billion or more during the financial year immediately preceding the reporting financial year and also has two or more entities which are tax residents for tax purpose in two different jurisdictions. The regulations require the Ultimate Parent Entity (UPE) of such MNE Group with taxable presence in UAE to file a CbC notification and a CbC Report on behalf of the group with the Ministry of Finance. The CbC notification is required to be filed before the end of the MNE Group's financial year and the CbC Report is also required to be submitted within 12 months of the end of the MNE Group's financial year.

Filing CbC notification may not be that challenging but preparing and filing CbC Report is definitely going to be very challenging for the UAE based Ultimate Parent Entities who will be filing the CbC Report for their MNE Group with the Ministry of Finance in UAE for the first time. Companies should start preparing now what is going to take them to comply the transfer pricing policies from the global operations perspective.

A Group's transfer pricing is closely related to the entire business operations, understanding the transfer pricing means understanding the entire business and the whole value chain of the group's operations and where and how the group makes profit/ generate income. If the people involved in transfer pricing policies have a clear understanding and knowledge of decision-making process and everything related to the business, they would be certainly able to articulate how their transfer pricing policies are in compliance with the rules.

UK

COVID-19–UK Government Support Schemes

This article discusses the two main government schemes that have been implemented:

- CJRS – This scheme was introduced to encourage employers to retain their workforce throughout this difficult period.
- SEISS - The government have provided support for the self-employed and members of a partnership that have been adversely affected by the coronavirus.

1. Coronavirus Job Retention Scheme (CJRS)

On the 20 March 2020, the UK Chancellor announced measures to support businesses and encourage the retention of employees by launching a Coronavirus Job Retention Scheme.

The scheme opened on a self-service basis on 20 April 2020 through an online portal. It is administered by HM Revenue & Customs, which is a department of the UK Government responsible for the collection of taxes. The payments were made within six working days from the date the claim was made for straightforward claims.

Businesses eligible to use the scheme can claim 80% of their employees' wages, capped at £2,500 per employee per month before tax. Employers can top up this pay by 20% if they wish and must let the employees know they have been furloughed. They were also provided with an upfront agreement and designated as furloughed employees. These employees then could not undertake any work that can generate income for their employer during the furloughed period.

For the period to 30 June 2020, businesses could claim financial support for employees who were not working and were furloughed on or before 10 June 2020.

From the 1 July 2020 a furloughed employee can work some of their usual hours and be put on furlough for the hours they do not work.

From 1 August, the government contributions were tapered. Initially, they paid 80% of the wage costs of employees for employees placed on furlough (up to a maximum of £2,500 per month); currently they pay 70% and reducing to 60% from 1 October 2020.

The scheme will run until the end of October 2020 and it is unlikely that it will continue beyond this period. The scheme has been proved very welcomed to employers who were keen to retain their employees in this difficult time and were unable to meet their wage costs.

The UK government announced a new Job Retention Bonus scheme to provide employers with additional financial support after the end of the CJRS.

Employers that meet the criteria will receive a one-off bonus payment of £1,000 under the JRB scheme for each employee that returns to work and remain with the business until January 2021.

2. Self-Employment Income Support Scheme (SEISS)

The SEISS scheme is a self-service scheme and the claims are submitted through a government online portal tax account.

Two SEISS grant payments were available under the scheme. The first grant was available from 13 May 2020, the second and final grant was available from 17 August 2020. The online portal will remain open until 19 October 2020. Both grants were subject to the relevant eligibility criteria as follows:

- An annual tax return for the 2018/19 tax year, which included self-employment profits, was submitted by 23 April 2020
- The self-employed continues to trade for the whole

or part of the 2019/20 tax year

- The self-employed intends to continue trading in this tax year (2020/21) for at least part of the remainder of the year
- The Self-employed individual meets the profits test (generally met where annual profits no more than £50,000 and at least 50% of income comes from being self-employed)

In summary it is obvious that COVID-19 has had a drastic impact on businesses across many sectors, causing closures, lower revenue, and cash flow issues not only in the UK, but worldwide.

However, many businesses can now resume business and the financial support schemes offered by the government will be adjusted accordingly. The government announced that they will continue to support businesses and introduce new incentives to help the economy recover from Covid 19.

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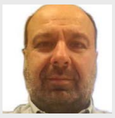
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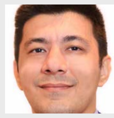
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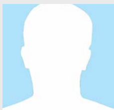
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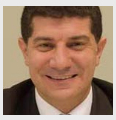
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