



INTERNATIONAL

COMPARISON

ACTIVITIES OF FOREIGN COMPANIES

UPDATED INFORMATION
MARCH 2013

INDEX



■ ARGENTINA

■ MEXICO

■ UNITED KINGDOM

■ SERBIA

■ AUSTRIA

■ PORTUGAL

■ URUGUAY

■ BULGARIA

■ GERMANY

■ SPAIN

■ INDIA

■ CYPRUS

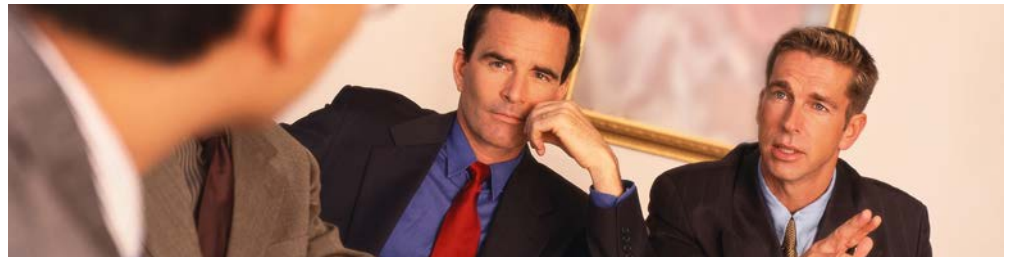
■ ISRAEL

■ TURKEY

■ ALBANIA

■ ROMANIA

"The content of this newsletter has been written or gathered by ANTEA and its representatives, for informational purposes only. It is not intended to be and is not considered to be legal advice, nor as a proposal for any type of legal transaction. Legal advice of any nature should be sought from legal counsel. For further advice please contact local office."



	With permanent Establishment	Without permanent Establishment
Income Tax: Individuals, Partnership	35% on net taxable income	Variable depending on the type of income, maximum 35 % on amount charged (1)
Income tax: Corporation	35% on net taxable income	Variable depending on the type of income, maximum 35 % on amount charged (1)
Withholding salary tax	Progressive tax rate with maximum of 35%. The withholding tax must be paid in Argentina.	Within the first 12 months the withholding salary tax is 24,50% on amount charged. Afterwards it progressive tax rate with maximum of 35%, unless a tax treaty applies (1)
Social security	employees' part (approx. 17%), employer pays employees' and employers' part (in total 40%).	Enterprises contracting foreign scientists, professionals or technicians can request an exemption of social security taxes on these employees if they are contracted for less than 2 years. Afterwards it employees' part (approx. 17%), employer pays employees' and employers' part (in total 40%).
VAT	The general rate is 21%. Differential rate of 27% in the cases of public services/utilities (gas, electricity, water) rendered to other subjects reached by the VAT. Reduced rate of 10,50% is applied to: works in real estate for housing, sales and imports of living cattle, meat, leather, fruits, vegetables, cereals, capital assets, bank interests on loans subjects to VAT	N/A


Austria

	With permanent Establishment (1)	Without permanent Establishment
Income Tax: Individuals, Partnership	progressive tax rate up to 50%.	There are several activities with limited tax liability, which do not need an permanent establishment. However, withholding tax can in many cases be avoided by respective double tax treaty - foreign company has to provide certificate of residence
Income tax: Corporation (2)	fix corporation tax rate of 25%	See above
Withholding salary tax	progressive tax rate with the maximum of 50%. The withholding tax must be paid in Austria. Possibility to decrease tax rate with special outpayment.	Within the first 6 months the withholding salary tax could be paid in the home country by the employer; afterwards it should be paid by the employee him/herself in Austria.
Social security	employees' part (17,62%), employer part (22,81%); employer pays employees' and employers' part.	Employer can pay Social security (Option) or employer pays his part to the employee and the employees pay to whole social security by him/herself. If there exists a work delegation within the EU/EEA the national insurance act of that state applies where the employment was performed. (EG Nr. 833/2004 und Nr. 987/2009) If there exists an work delegation between two states with a bilateral agreement, the national insurance act of the sending state applies.
Construction withholding tax (advance income tax payment)	If a building company passes a construction contract to an other building company, the company who passes the contract is liable for 5% of the salary charges of the work wage and 20% of the social contributions. These amounts of liability must be paid to the Center of Service (DLZ-AGH) of the Vienna Regional Health Insurance Fund (Wiener-GKK)	If a building company passes a construction contract to an other building company, the company who passes the contract is liable for 5% of the salary charges of the work wage and 20% of the social contributions. These amounts of liability must be paid to the Center of Service (DLZ-AGH) of the Vienna Regional Health Insurance Fund (Wiener-GKK)
VAT	VAT registration must be done.	no registration needed (Reverse Charge), if customer is VAT - registered

Notice:

(1) Permanent establishment must be registered at the local authority, national court and fiscal authority.

Construction site:

(2) 6-months- limit (12 months in accordance with most Double Taxation Treaty): Just relevant for Income Tax


Germany

	With permanent Establishment	Without permanent Establishment
Income Tax: Individuals, Partnership	progressive tax rate up to 45% (trade tax is deductible from the income tax) plus 5,5% (from the income tax) solidarity contribution	N/A
Income tax: Corporation	5,5% (from the corporation tax) solidarity contribution plus local trade tax of approx. 15%. Total income tax: approx. 30%	N/A
Withholding salary tax	progressive tax rate with maximum of 45%. The withholding tax must be paid in Germany.	Within the first 6 months the withholding salary tax could be paid in the home country by the employer; afterwards it should be paid by the employee him/herself in Germany.
Social security	employees' part (approx. 20%), employer pays employees' and employers' part (in total 40%).	Employer can pay Social security (Option) or employer pays his part to the employee and the employees pay the whole social security by him/herself
Construction withholding tax (advance income tax payment)	a fix tax of 15% (can apply for an exemption, if company is a reliable taxpayer)	N/A (exemption; must be applied for)

VAT	VAT registration must be done (exception: sub-contractor in construction business for a VAT-registered construction company)	no registration needed (Reverse Charge), if customer is VAT-registered
------------	--	--

Notice:

Permanent establishment must be registered at the local authority, court register and fiscal authority.

Construction site:

6-months- limit (12 months in accordance with most Double Taxation Treaty): Just relevant for Income Tax



Israel

	With permanent Establishment	Without permanent Establishment
Income Tax: Individuals, Partnership	Progressive tax rate up to 50%	N/A
Income tax: Corporation, if registered as an Israeli company with foreign shareholders	Fixed corporation tax rate of 25%, Dividend tax on a substantial controlling shareholder 30%	N/A
Income tax: Corporation, register as a branch with fiscal representation (VAT and income tax)	Fixed corporation tax rate of 25%, No Dividend tax	N/A
Salary withholding tax	Progressive tax rate with maximum of 50%. The withholding tax must be paid in Israel by the employer.	Progressive tax rate with maximum of 50%. The withholding tax must be paid in Israel by the employer.
Social security	Progressive tax rate (two levels of tax), Employees' part with maximum of 12%, employer part with maximum of 6.5% (in total maximum of 18.5%), the tax will apply up to a maximum salary of about 9,000 euros a month.	Progressive tax rate (two levels of tax), Employees' part with maximum of 12%, employer part with maximum of 6.5% (in total maximum of 18.5%), the tax will apply up to a maximum salary of about 9,000 euros a month.
VAT	All business activity performed in Israel is liable for VAT	All business activity performed in Israel is liable for VAT. An option exists for the payer to make the deduction (withhold) and the report to the VAT authorities.

Note:

Permanent establishment must be registered at the local authority and in order to execute financial activities in Israel, the Permanent establishment must choose one of two options for registration for tax purposes: Register as an Israeli company with foreign shareholders or Register as a branch with fiscal representation.

Salary withholding tax - The obligation to transfer (withhold) the tax is the employer's obligation, regardless of whether the employer has a permanent Establishment in Israel or not. Once the employee's "center of life" is in Israel, he is taxable in Israel.

Social security - The obligation to transfer (withhold) the Social security tax is the employer's obligation (both the employer and employee part). Regardless of whether the employer has a permanent Establishment in Israel or not. Once the employee's "center of life" is in Israel he is taxable in Israel.

VAT - in Israel the Reverse Charge System is not applied, but there is another method which allows the payer to withhold and report the payment recipient's VAT, if fulfilling a number of criteria.




Mexico

	With permanent Establishment	Without permanent Establishment
Income Tax: Individuals, Partnership	Tax rate up to 30% for income attributable to PE	N/A
Income tax: Corporation	Tax rate up to 30% for income attributable to PE	N/A
Withholding salary tax	Progressive tax rate with maximum of 30%. The withholding tax must be paid in Mexico	Within the first 6 months the withholding salary tax could be paid in the home country by the employer; afterwards it should be paid by the employee him/herself in Mexico
Social security	Employees' part up to 5% Employer pays different segments up to 30% - 32%.	Employer and Employee pay Social Security. Social Security Treaties with Spain and Canada
Construction withholding tax (advance income tax payment)	With PE pays as any other taxpayer (30%)	Without PE but source of wealth in Mexico 25% of total income; option of 30% over net income
VAT	VAT registration must be done	No registration needed

Notice:

Permanent Establishment must be registered at the Federal and Local Tax Authority.

Construction site:

6-months- limit (12 months in accordance with most Double Taxation Treaty)


Portugal

	With permanent Establishment	Without permanent Establishment
Income Tax: Individuals, Partnership	progressive tax rate up to 48% (municipality taxation included) plus 5% (from the income tax) solidarity contribution	25%
Income tax: Corporation	fix corporation tax rate of 25%, plus 3% (from the corporation tax) for big companies (more than 1,500,000 of taxable profit), plus a municipal surcharge on taxable profits at rates up to 1,5% (depending on the municipality)	25%
Withholding salary tax	progressive tax rate with maximum of 45%.	25%
Social security	employer pays employees' part (11%) and employers' part in total 34,75%	N/A (exemption; must be applied for)
Construction withholding tax (advance income tax payment)	no specific regimen for construction; advance income tax payment of 80% or 95% (for companies with more than 500,000 of billing) of income tax previous year	
VAT	VAT registration must be done (exception: subcontractor in construction business for a VAT-registered construction company)	no registration needed (Reverse Charge), if customer is VAT-registered

Notice:

Permanent establishment must be registered at the commercial register and fiscal authority.

Construction site:

6-months- limit (12 months in accordance with most Double Taxation Treaty): Just relevant for Income Tax




Spain

	With permanent Establishment	Without permanent Establishment
Income Tax: Individuals, Partnership	progressive tax rate up to 52%*, if resident in Spain	progressive tax rate up to 52%, if resident in Spain
Income tax: Corporation	Fix corporation tax rate: 30% Companies with turnover under 10 million: 25% - 30%	Fix corporation tax rate: 30% Companies with turnover under 10 million: 25% - 30%
Withholding salary tax	Progressive tax rate with maximum of 52%, if resident in Spain. The withholding tax must be paid in Spain.	Progressive tax rate with maximum of 52%, if resident in Spain. The withholding tax must be paid in Spain.
Social security	employees' part (approx. 6.4%), employer pays employees' and employers' part (in total 32%).	employees' part (approx. 6.4%), employer pays employees' and employers' part (in total 32%).
Construction withholding tax (advance income tax payment)	N/A	N/A
VAT	VAT registration must be done	no registration needed (Reverse Charge), if customer is VAT- registered

Notice:

Permanent establishment must be registered at the local authority and fiscal authority.

Construction site:

6-months- limit (12 months in accordance with most Double Taxation Treaty): Just relevant for Income Tax

*It could be higher in some Autonomous Regions


Turkey

	With permanent Establishment	Without permanent Establishment
Individual Income Tax (including partnerships)	Progressive tax rates from 15% to 35%	N/A
Company Income Tax	Flat tax rate of 20%	N/A
Withholding Salary Tax	Progressive tax rates from 15% to 35%; however, the income levels subject to these rates are larger than that of the other individual income tax payers.	Remuneration in respect of an employment is exempt if the payments made out of funds transferred abroad.
Social security	Employees' portion is approximately 14%; employers' portion is approximately 19.50-28%. Employee and employer each pay an additional 1% unemployment premium.	Employees' portion is approximately 14%; employers' portion is approximately 19.5-28%. Employee and employer each pay an additional 1% unemployment premium.
Withholding Tax for Construction Contracts	The completed contract method is used for taxation of construction contracts. A flat rate of 3% withholding tax is applicable to the payments made to constructors and sub constructors.	3% withholding tax only for exceptional cases of constructions with duration of less than six months but construction commencing and ending in two consecutive calendar years.
Advance Income Tax Payment	20% for company income tax payers and 15% for business and professional incomes of individuals are applicable to quarterly declared income of the current year. Amount is to be credited to the annual income tax payable.	N/A
VAT	rates of 1% and 8% as well. Registration for VAT is a requirement.	No requirement for registration. Registered tax payers withheld VAT from their payments to non-registered foreigners


United Kingdom

	With permanent Establishment	Without permanent Establishment
Income Tax: Individuals, Partnership	progressive tax rates up to 50%	Not liable to UK tax, provided non-resident individual or partnership not trading in the UK.
Income tax: Corporation	fix corporation tax rate of 24%	N/A
Withholding salary tax	progressive tax rate with maximum of 50%. The withholding tax must be paid in UK.	withholding salary tax to be deducted by the UK concern to whom the employee is seconded to and paid over to the UK tax authorities.
Social security	employees : and £7,605 - 12% £42,475 - 2% - over £7,605 - 13.8%	between £42,475 excess over employer
Construction withholding tax (advance income tax payment)	Registered sub-contractors-20% withholding tax Unregistered sub-contractors -30% (can apply for an exemption, if company is a reliable taxpayer)	As aside subject to exemption stipulated in Double Tax Treaties
VAT	VAT registration is required if the activities of the business are deemed to be liable to UK VAT and exceed the registration threshold. If the business does not carry out any activities liable to UK VAT, UK VAT registration is still possible on a voluntary basis.	VAT registration is not required if the customer is VAT registered or liable to become VAT registered and is receiving the goods or services for the purposes of its business. Instead, the customer accounts for UK VAT under the reverse charge procedure. There are some exceptions, e.g. where the company receives goods in the UK from another non-established business

Notice:

Permanent establishment must be registered at the local authority and fiscal authorities.


Uruguay

	With permanent Establishment	Without permanent Establishment
Income Tax: Individuals, Partnership	tax rate of 25%	Withholding of 12% of the salary to pay to the fiscal authority
Income tax: Corporation	tax rate of 25%	Withholding of 12% of the fee to pay to the fiscal authority
Withholding salary tax	progressive tax rate with maximum of 30%. The withholding tax must be paid in Uruguay.	N/A
Social security	employees' part (approx. 20%), employer pays employees' and employers' part (in total 35%).	N/A
Construction withholding tax (advance income tax payment)	tax rate of 25% - is paid according to the work progress	Withholding of 12% of the salary to pay to the fiscal authority
VAT	VAT registration must be done	no registration needed (Reverse Charge), if customer is VAT- registered

Notice:

Permanent establishment must be registered at the local authority, court register and fiscal authority.

Construction site:

Limit for not beign a permanent establishment: 3 months

Services:

Limit for not beign a permanent establishment: 6 months



India

	With Permanent Establishment *	Without permanent Establishment
Income Tax: Individual, Partnership	As per the progressive rates, upto 30%, in force for the category of individual. For Partnership firms tax rate is flat 30%.**	Not Applicable
Income Tax: Companies	Corporate Tax rate is 40%.**	Not Applicable
Withholding Salary Tax	As per the progressive rates, upto 30%, in force for the category of individual. **	As per the progressive rates, up to 30% in force for the category of individual.**
Social Security (Provident Fund)	Employees' part 12%, employer parts 12% (in total 24%)	Not Applicable
Advance income tax payment	Advance tax payable as per the provisions of incomeTax Act,1961. Certain percentage of anticipated tax liability to be paid depending upon the category of taxpayer.	Not Applicable
VAT	VAT registration must be done	No registration needed.

Note:

* Permanent establishment must be registered at the local authority, court register and fiscal authority.

** The rate of tax above will be enhanced by surcharge and Education cess as below;

	Surcharge	Education Cess
1) Individual	Not Applicable	@ 3%
2) Partnership Firm	Not Applicable	@ 3%
3) Companies		
If Income is less than 1 Crore	Not Applicable	@ 3%
If Income is more than 1 Crore	@ 5%	@ 3%



Albania

	With permanent Establishment	Without permanent Establishment
Income Tax: Individual, Partnership	10%	Withhold - 10 %
Income tax: Corporation	10%	Withhold - 10 %
Withholding salary tax	For salaries up to 10,000 ALL tax is 0%; salaries to 30,000 ALL tax is 10% of the amount over 10,000 ALL; salaries over 30,000 ALL tax is 10% of the amount over 0 ALL	N/A
Social security	paid by employer: 15 %; paid by employee: 9.5 % { health insurance: 1.7 % each}	N/A
Construction withholding tax (advance income tax payment)	10%	10%
VAT	20%	20% (a tax representative is needed)

Notice:

Permanent establishment must be registered at National Registration Center.

Construction site:

6-months- limit (Can be longer or shorter according to the provisions of double tax treaty in place)



Serbia

	With permanent Establishment	Without permanent Establishment
Annual Personal Income Tax	The annual personal income tax is subject to a 10% and 15% income tax (progressive rates), which in case of Serbian nationals, is imposed on any income higher than three times the average annual salary	In the case of foreigners is imposed on any income earned or generated in Serbia exceeding three times the average annual salary.
Corporate Income Tax	Resident companies are taxed in their worldwide income at the rate of 15% on net profits.	From the tax point of view, all the activities in Serbia performed by non-resident without permanent establishment are considered to be “tax establishments” and are taxed on the income generated from the activity, based on the assessment of the tax authorities.
Social security	Both Employer and Employee are obliged to pay Social Security Contribution at the following rates :Pension and invalidity insurance-11%, Health insurance 6.15%, Insurance for unemployment 0.75%, Personal Income Tax on salaries -12%	Any foreigner working in Serbia is liable to declare all income for services provided in Serbia to the tax authorities, and to pay relevant taxes and contributions that can be used as a tax relief in the country of residence
Withholding tax	Services, Dividends, Royalty payments, Interests, Capital Gains and Lease payments paid to non residents are taxed at 20% withholding tax rate, which may be reduced in case a more favourable tax treaty exists.	Services, Dividends, Royalty payments, Interests, are withheld by the payer. For the Capital Gain, the tax representative should be appointed.
VAT	VAT registration is optional up to annual turnover of RSD 8.000.000,00. VAT rate is 20%, and special VAT rate is 8%.	VAT payable by the foreign company without permanent establishment is paid via appointed Tax representative

Note: Resident companies are companies that are duly registered or whose management and control is being exercised in Serbia. An individual who has habitual residence or centre of business and vital interests in the territory of the republic of Serbia or resides in the republic of Serbia for a period exceeding 183 days starting in a related tax year will be considered a resident.





	With permanent Establishment	Without permanent Establishment
Income Tax: Individual, Partnership	10% tax rate for the incomes of individuals and 5% tax on dividends is payable in Bulgaria	Flat tax rate of 10% is payable for certain incomes: interests, consulting, technical services, properties in Bulgaria, etc., flat tax rate of 5% is payable for incomes on dividends
Income tax: Corporation	Flat corporate tax of 10% is payable in Bulgaria	Flat tax rate of 10% is payable for certain incomes: interests, consulting, technical services, properties in Bulgaria, etc., 5% tax on dividends is payable for companies not registered in EU
Withholding salary tax	Flat tax rate of 10% is payable in Bulgaria	Flat tax rate of 10% is payable in Bulgaria
Social security	Employees' part (12.9%), employer's part 17.9%. The employer pays employees' (deducted from their salary) and employers' part (in total 30.8%).	Social securities for EU citizens are payable in the country where the person is registered in case that all necessary documents are provided. For all other cases employees' social securities are 12.9% and employer's part 17.9%. The employer pays employees' (deducted from their salary) and employers' part (in total 30.8%).
Construction withholding tax (advance income tax payment)	Flat tax rate of 10% is payable in Bulgaria	10% tax for the incomes from assembly and installation of material assets is payable in Bulgaria
VAT	VAT registration is compulsory when the tax turnover for the last 12 months exceeds BGN 50 000 (aprox. EUR 25 000) or ICA exceeds BGN 20 000 (aprox. EUR 10 000). The company can be voluntary VAT registered when the turnover is lower.	No registration needed, if customer is VAT registered

Notice:

Permanent establishment must be registered at the local authority, court register and fiscal authority.

Construction site:

6-months- limit (may change according to the provisions of the double tax treaty in place)


Cyprus

	With permanent Establishment	Without permanent Establishment
Income Tax: Individual, Partnership	Progressive income tax rate up to 35%. The first EUR19,500 is tax free. Residents are taxed on their world wide income and nonresidents are taxed on their Cyprus sourced income only.	Nonresidents are taxed on their Cyprus sourced income only. With effect from January 1 2012, a 50% exemption applies to salaries of a nonresident individual who takes up residence in Cyprus to work for a resident employer. The exemption applies for a period of five years starting from the first year of employment provided that the annual income of the employee exceeds EUR 100,000.
Income tax: Corporation	Flat corporate tax of 10% is payable in Cyprus. A building site, construction or installation project or supervisory activities constitute a permanent establishment if they last for more than 3 months (overruled by most double tax treaties).	Nonresidents are taxed on their Cyprus sourced income only. No withholding tax on dividend and interest paid to non-residents. No withholding tax on royalties paid to non residents unless the rights are used in Cyprus than the rate is 5% on film royalties and 10% on any other royalties, unless a lower rate applies under a treaty.
Withholding salary tax	N/A	N/A
Social security	Employee's contribution is 6,8%. Employer contribution 6,8% for social insurance, 1,2% for redundancy fund, 0,5 for industrial training fund and 2% for social cohesion fund.	Social securities for EU citizens are payable in the country where the person is registered in case that all necessary documents are provided. Otherwise domestic provisions apply. Special provisions and benefits are applicable to expatriate employees.
Construction withholding tax (advance income tax payment)	N/A	N/A
VAT	Residents and non residents carrying on business activity in Cyprus obliged to register for VAT if their taxable supplies exceeds the threshold amount that is EUR15,600 per year. The standart VAT rate is 18% and reduced rate of 8% and 5% applies to different categories.	Residents and non residents carrying on business activity in Cyprus obliged to register for VAT if their taxable supplies exceeds the threshold amount that is EUR15,600 per year.




Romania

	With permanent Establishment	Without permanent Establishment
Income Tax: Individual, Partnership	In case of individuals the income tax is 16% if the income comes from independent activities, rental of immovable assets, transfer of securities.	N/A
Income tax: Corporation	Corporate tax is 16% paid by the permanent establishment.	If a foreign company carries out activities in Romania exceeding 6 months, than it is considered a permanent establishment and pays income tax.
Withholding salary tax	Withholding tax at source at the rate of 10% or 16% applies to incomes gained from civil contracts/conventions concluded according to the Civil Code obtained by the taxpayers who carry out independent economic activities or exercise liberal professions and are registered from fiscal point of view according to the legislation in force. Also they have to pay contributions for social insurance and health.	In Romania withholding salary tax is paid only after the activity exceeds 6 months, but in this case it is paid from the first day of activity.
Social security	For normal labour conditions: employees' part (32,5%), employer pays employees' and employers' part (in total: approx. 59,75%).	Foreing companies have to register in Romania directly and will have to pay social security contributions for employer and employee. For EU countries the social security contributions are paid according to the Conventions concluded, and for non-EU countries there are agreed bilateral protocols.
Construction withholding tax (advance income tax payment)	Incomes are taxed at source at a rate of 16%.The reduced rate may apply according to the provisions of double tax treaty in place. For countries that do not have Double Tax Treaty in force with Romania, the withholding tax rate is 50%.	Incomes are taxed at source at a rate of 16%.The reduced rate may apply according to the provisions of double tax treaty in place. For countries that do not have Double Tax Treaty in force with Romania, the withholding tax rate is 50%.
VAT	VAT registration must be done in case of small enterprises if it the income exceeds 65.000 Euro threshold (approx. 220.000 Lei)	No registration needed (Reverse Charge mechanism will be applied), if customer is VAT registered

Notice:

Permanent establishment must be registered at the Trade Registry and the fiscal authority.

Construction site:

6-months- limit (May be longer or shorter according to the provisions of double tax treaty in force).





ANDORRA
ARGENTINE
AUSTRIA
BELGIUM
BRAZIL
BULGARIA
COLOMBIA
COSTA RICA
CYPRUS
CHILE
CHINA
ECUADOR
EL SALVADOR
FRANCE
GERMANY
GREECE
GUATEMALA
HONDURAS
INDIA
ISRAEL
ITALY
LUXEMBOURG
MALTA
MEXICO
NETHERLANDS
PAKISTAN
PANAMA
PERU
POLAND
PORTUGAL
REPUBLICA DOMINICANA
ROMANIA
SERBIA
SPAIN
SWITZERLAND
TUNISIA
TURKEY
UNITED KINGDOM
URUGUAY
USA
VENEZUELA

