



UHY 2011 Global Tax Outlook January, 2011

The following information is provided by UHY Member Firms regarding changes in tax rules for 2011 in their country, including those potentially impacting cross-border investors.



Albania



Corporate tax rate remains 10%; no significant changes for 2011 for corporate taxpayer. New -- personal income tax returns are now be required.

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Austria



Corporate tax rate remains 25%. New -- tax laws have been tightened by increasing penalties and by calling the business partner or employee to account to fight illegal employment, transferring taxable income abroad and abusing double taxation treaties.

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Canada



Corporate tax rate remains generally in the range of 28% to 34% (combined federal and provincial). New -- Reduction of 1% in the corporate tax rate for large companies; rules have tightened on aggressive tax planning transactions by introducing new reporting requirements on professionals; consumption taxes in Quebec province are rising by 1%.

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Cyprus



Corporate tax rate remains 10% but is reduced to zero for holding companies and companies with operations outside the country. New -- Deductions will be disallowed for any expenditure not supported by documents specified in regulations; companies incorporated or tax resident in Cyprus must register with the tax authorities and obtain their Tax Identification Code within 60 days.

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Egypt



Corporate tax rate remains 20%. New -- All taxpayers must provide an annual economic study validating the third-party nature of transfer pricing for all transactions with related parties.

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Estonia



Corporate tax rate remains 21%. New -- Estonia joined the Euro zone in 2011.

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Germany



Corporate tax rate remains 29.41%. New -- German resident taxpayers with a direct or indirect interest of >50% in a foreign corporation in a low-tax jurisdiction (effective tax rate <25%) are taxable currently on passive earnings of the corporation.

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Hungary



New -- Corporate tax rate was reduced from 19% to 10%, up to a base of Ft. 500 million (approximately US\$2.3 million), beginning in the second half of 2010; income surtax of 8% on energy providers is extended; businesses operating in various sectors (telecom, banking, insurance, retail, energy) owe surtaxes at various rates based on sales turnover; personal income tax rate is 16%.

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India



Corporate tax rate remains 33.22%. The present Income Tax Act is proposed to be replaced by the Direct Tax Code, but would not be effective until April 1, 2012; therefore major changes are not expected for 2011.

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Israel



New -- Corporate tax rate is reduced from 25% to 24% and will continue decreasing to 18% until 2016. Capital Investment Encouragement Law has been enacted. Maximum individual tax rate remains 45% but is slated to decrease to 39% by 2016.

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Isle of Man



Corporate tax rate remains 0% except for income a company receives from the banking business or from land and property in the Isle of Man. New -- The standard rate of value added tax increased from 17.5% to 20% on January 4, 2011.

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Italy



Corporate tax rate remains 31.4%. New -- Rules applicable to finance leases of real property including a lump sum payment due by March 31, 2011; extension of 55% deduction for energy-requalification expenses incurred in 2011, to be spread over 10 years instead of 5; budget increased to fund tax credits to companies contracting with universities or public research organizations for research and development; increased emphasis on complying with transfer pricing documentation requirements and on audits of transfer pricing.

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Kenya



Corporate tax rate remains 30%. New -- Increased emphasis on enforcement of electronic tax filing requirements; transfer pricing regulations have been extended to include individuals; penalties for late payment of corporate income tax do not apply to withholding tax and penalties no longer attract interest; capital allowances of 25% on commercial buildings where infrastructure has been provided by the investor; an overhaul of value added tax is expected.

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Korea (Republic of)



Corporate tax rate remains 24.2%. New -- Limitations on deductions for retirement allowance paid by corporations; limitations on interest rate applicable to certain borrowings; firms not in the banking industry may recognize foreign exchange gain or loss for monetary assets and liabilities denominated in foreign currency; adoption of IFRS for nonlisted firms including tax adjustment limitation for depreciation expense.

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Latvia



Corporate tax rate remains 15%. Changes are expected.

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Luxembourg



New -- Corporate tax rate increases from 21.84% to 22.05% due to increase in the unemployment fund contribution for all corporate entities increasing by 1%; introduction of minimum income tax of €1500 on finance and holding companies; the 12% tax credit on additional investments in ships and specific depreciable assets is increased to 13%; tax credit rates on gross investments in Luxembourg increases by 1%; special depreciation for environmental investments is increased from 60% to 80%.

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Malta



Corporate tax rate remains 35% however all companies with nonresident shareholders may mitigate the 35% rate to a net 5%. New -- Tax exemption for royalties derived from patents (came into effect from September, 2010 retroactive to 1/1/10) and 5% tax on unpatented intangible property; new Aircraft Registration Act expected to emulate the success of the Merchant Shipping Act, including remittance-based taxation; ratification of tax treaties with U.S., China, renewal of treaty with Libya.

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Mauritius



Corporate tax rate remains 15%. New -- Companies in the freeport zone will be exempt from tax for an additional two years up to the year ending June 30, 2013; companies holding a Category 1 Global Business License will be permitted to conduct business in Mauritius and will be taxed at 15% on domestic operations and 3% on overseas operations.

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Mexico



Corporate tax rate remains 30%. New -- Tax incentives for job creation, including credits applicable to estimated tax payments and annual corporate income tax due; additional requirements for electronic issuance of tax receipts and other documentation.

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New Zealand



New -- Corporate income tax rate reduced from 30% to 28% (effective April 1); decrease in top personal income tax rate from 35.5% to 33% (effective April 1); increase in the rate of Goods and Services Tax from 12.5% to 15% (as of October, 2010); new elective regime for a small company to be treated as a partnership for tax purposes.

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Peru



Corporate tax rate remains 30%. New -- Tax rate on capital gains derived from investments in the stock market or mutual funds has been reduced to 15%.

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Poland



Corporate tax rate remains 19%. New -- Lower withholding taxes on interest and royalties; exemption from withholding tax on dividends if paid to a foreign corporation presenting a tax residence certificate and a declaration that it is not tax-exempt in its country of residence.

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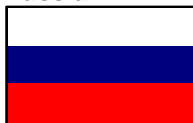
Romania



Corporate tax rate remains 16%. New -- Minimum tax has been repealed, effective, October 1, 2010; dividend tax increased from 10% to 16% on dividends paid by a Romanian legal entity to another Romanian legal entity; elimination of the exemption from withholding tax on payments to nonresidents for consultancy, technical, and similar services and on interest earned by individuals resident outside the EU from term deposits and savings instrument; increase in standard rate of value added tax from 16% to 24%.

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Russia



Corporate tax rate remains 20%. New -- The rate of obligatory insurance contributions with respect to employees increases from 26% to 34% for 2011.

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Singapore



Corporate tax rate remains 17%. New -- All cross-border financing arrangements involving related parties must reflect arm's length conditions such as interest rates. The tax authorities may challenge non-arm's length interest and deny a tax deduction for interest in excess of arm's length rates. Singapore's tax treaties with New Zealand, Georgia, and Slovenia have gone into force.

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Switzerland



Combined federal, cantonal and communal ordinary tax rates remain approximately 8.8% to 24% on pre-tax profits. New -- Tax on net licensing income in the Canton of Nidwalden is reduced to approximately 8.8% (combined ordinary income tax rate); qualifying capital contributions may be distributed back to shareholders free of income and withholding taxes, including contributions made since 1997 if there is a separate entry for the capital contribution reserve in the balance sheet; exemptions from stamp duty and withholding tax on loan issuances by finance companies treated as banks for tax purposes.

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United States



Corporate tax rates remain the same with maximum rate of 35%. New -- extension of tax incentives related to hiring and investment in fixed assets; extension of exemption from anti-deferral rules for certain payments between controlled foreign corporations; individual tax rates extended through 2012 with maximum of 35%, 15% rate on certain capital gains and dividends; changes to estate and gift tax.

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United Kingdom



Corporate tax rate is currently 28% (21% for companies with small profits). New -- The corporate tax rate will decrease to 27% (20% for companies with small profits) beginning on April 1, 2011 and is expected to drop one percentage point per year to reach 24% commencing April 1, 2014. More details about changes to the law in 2011 are expected in the Budget Statement by the Chancellor of the Exchequer in March. These may include easing of the controlled companies legislation impacting multinational groups with non-trading structures established in low-tax jurisdictions. Beginning April 5, 2011, buildings can no longer be depreciated. Value added tax rates rose from 17.5% to 20% on January 4, 2011.

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Uruguay



Corporate tax rate remains 25%. New -- Changes relate mainly to personal income tax, including taxation of income earned outside Uruguay

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