

# INTERNATIONAL **BUSINESS** **2023**

Newsletter April



“Antea International Business” is a quarterly publication comprised of contributions from colleagues around the world. The newsletter includes country-focused articles, international tax cases, and technical updates on various topics that impact businesses. The experts at Antea possess the knowledge and experience to assist you on your journey, and this issue can serve as the starting point for your inquiries.

This edition includes new guidelines for extending visas for foreign workers in Thailand, the characteristics of the Moroccan employment contract, and an overview of tax changes in Poland for 2023.

We hope that the contents of this newsletter are useful and informative.  
Happy reading!

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## Investors in Colombia with 5% participation will be reported in the Single Registry of Final Beneficiaries

With the purpose of contributing to the fight against corruption, money laundering, terrorist financing and tax evasion, the Single Registry of Final Beneficiaries was created in Colombia as an instrument through which compelled companies must provide certain information of their final beneficiaries.

The national companies required to provide this information are those with or without profit motive, including the ones that are registered in the stock exchanges, as well as foreign legal people when the totality of their investment in Colombia is not carried out in legal entities, permanent establishments and/or structures without legal status.

The final beneficiaries are natural people who own up to 5% or more of the capital from a company or exercises direct and/or indirect control over the company by any means other than participation in the capital.

The information the bounded parties must provide about their final beneficiaries is related to their identification, nationality, location, percentage of participation in the capital of the Colombian company, percentage of profit in returns, date from which they have the quality of final beneficiary.

In conclusion, if you have investments in Colombia, make sure to comply as of July 31, 2023, with the information report of Final Beneficiaries before the National Tax and Customs Office of Colombia.



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## Example of the payroll tax calculation

Egypt has a little bit complex calculation on payroll as income tax for individuals depends on the annual income, where it affects the bracket used to calculate the income taxes.

Continuing to the number of recent enhancement reforms, the latest effective law changed in July 2021 and continued onwards.

Payroll taxes is annual tax, however payments are made on monthly salary based on grossed up monthly salary to an annual income. That may lead to difference by year-end in tax calculation as actual income maybe different from the base annual income calculation. For example, an employee joined in the mid-year will be taxed during the year on a monthly basis, based on grossed up full year income.

Accordingly, annual tax reconciliation (Form 6) is required to be prepared and submitted to the Egyptian Tax Authority "ETA" to adjust such differences and possible credit balance may arise that reduces future payroll tax liability (practically no refund from ETA).

Quarterly Tax reporting (Form 4) reporting include summary of quarterly payroll expenses including information about temporary and full time employees and resident, non-resident general information. All forms are submitted on ETA Electronic platform.

The current effective tax brackets for individuals and it applies also to the individual taxpayers:

| Annual Income |                 |                 |                 |                 |                 |           |
|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------|
| From          | 1               | 600,001         | 700,001         | 800,001         | 900,001         | 1,000,001 |
| To            | 600,000         | 700,000         | 800,000         | 900,000         | 1,000,000       | +         |
| 0%            | 1-15,000        | -               | -               | -               | -               | -         |
| 2.50%         | 15,001-30,000   | 1-30,000        | -               | -               | -               | -         |
| 10%           | 30,001-45,000   | 30,001-45,000   | 1-45,000        | -               | -               | -         |
| 15%           | 45,001-60,000   | 45,001-60,000   | 45,001-60,000   | 1-60,000        | -               | -         |
| 20%           | 60,001-200,000  | 60,001-200,000  | 60,001-200,000  | 60,001-200,000  | 1-200,000       | -         |
| 22.50%        | 200,001-400,000 | 200,001-400,000 | 200,001-400,000 | 200,001-400,000 | 200,001-400,000 | 1-400,000 |
| 25%           | 400,000+        | 400,000+        | 400,000+        | 400,000+        | 400,000+        | 400,000+  |

Annual personal exemption is EGP 9,000.

Social Insurance (Celling monthly salary EGP 7,000):

- Company's share 18.7%.
- Employee's share 11%.

**Example** on how Payroll tax and Social Insurance calculated to an employee whose **monthly gross salary is EGP 70K**.

First: The monthly Social Insurance calculated as follows:

- Company's share is **EGP 1,309** (EGP7,000\*18.7%).
- Employee's share is **EGP 770** (EGP7000\*11%).

Second: The monthly payroll tax calculated as follows:

The annual income is located in the bracket between EGP 800,000 to 900,000 so tax rates will apply in that bracket as follows:

| Item                             | EGP            | %     | Tax            |
|----------------------------------|----------------|-------|----------------|
| Monthly salary                   | 70,000         |       |                |
| (-) Personal exemption (9000/12) | (750)          |       |                |
| (-) Social insurance             | (770)          |       |                |
| <b>Taxable income</b>            | <b>68,480</b>  |       |                |
| <b>Annualized</b>                | <b>821,760</b> |       |                |
| First bracket                    | 60,000         | 15%   | 9,000          |
| Second bracket                   | 140,000        | 20%   | 28,000         |
| Third bracket                    | 200,000        | 22.5% | 45,000         |
| Fourth bracket                   | 421,760        | 25%   | 105,440        |
| <b>Annual Tax</b>                |                |       | <b>187,440</b> |
| <b>Monthly tax</b>               |                |       | <b>15,620</b>  |

Third: The net monthly proceeds calculated as follows:

**EGP 53,610** (Gross 70,000 - SI EGP770 - Tax EGP15,620)

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## Introduction of a minimum tax law

The German Ministry of Finance has published a draft for a "Minimum Tax Act". The minimum tax law is intended to ensure a global effective minimum taxation and to counteract harmful tax competition as well as aggressive tax arrangements. The EU member states are required to transpose the minimum taxation directive into national law by December 31, 2023.

The provisions of the Minimum Tax Act are to apply in principle to all fiscal years beginning after December 30, 2023.

The aim of the draft law is to implement central elements of the international agreements on the second pillar of the so-called two-pillar solution.

### **Pillar 1: Regulations for the (partial) redistribution of taxation rights of multinational groups of companies ("where" taxation).**

Pillar 1 is a response to increasing digitalization, which enables companies to do business in other countries without having a physical presence there. Without a physical point of connection, however, the resulting profits are not taxed where they were generated. This is to be countered by creating new tax connecting factors and new rules for the interstate distribution of profits.

### **Pillar 2: Elaboration of rules for a global effective minimum taxation ("how much" to tax).**

Harmful tax competition and aggressive tax structuring are to be combated with Pillar 2. As a result of digitalization, the economic importance of intangible assets is growing,

which can be easily relocated and therefore targeted for tax planning purposes. Ensuring effective minimum taxation is intended to counteract these risks to tax revenue. Here, a general minimum threshold is to intervene irrespective of which tax concessions have been granted by individual states and which tax planning measures have been implemented by individual companies. If the threshold is not met, the post-taxation instruments developed under Pillar 2 are to close the taxation gap.

With the draft legislation now published, companies above a certain size will be required to post-tax low-taxed profits. For example, if a company effectively pays only 8 percent tax on its earnings in one country, the difference from the minimum rate (in this case 7 percent) must be taxed at home. According to newspaper reports, around 8,000 corporate groups worldwide fall under the global minimum taxation, including 600 to 800 German ones.

Affected are large corporate groups that reach the sales threshold of EUR 750 million in at least two of the four preceding fiscal years. Both internationally and nationally active groups of companies are covered.

However, a 5-year tax exemption is provided for the business groups with subordinate international activity. Such activity is deemed to exist if the group of companies has business units in no more than 6 tax jurisdictions and the total value of all tangible assets of all business units not located in the reference tax jurisdiction does not exceed EUR 50 million. The law does not apply to so-called excluded entities (e.g. state entities or NGOs).

The tax liability of business units located in the domestic territory is independent of the respective legal form and is in addition to the income tax or corporate income tax liability.

### **Basis for calculating the minimum tax**

The calculation of the minimum tax according to the discussion draft corresponds to what has been agreed upon internationally. It is therefore a country-specific calculation of the tax increase amount based on a minimum tax rate of 15 percent. It is based on the accounting under commercial law (as a rule, the accounting standard of the ultimate parent company) and certain necessary adjustments.

The minimum tax is an independent tax on income and independent of the legal form. As such, it is an additional tax to income tax and corporate income tax.

In terms of financial constitutional law, the minimum tax falls under the type of corporate income tax. It is linked to the generation of income and specifically targets the entrepreneurial profit. The taxation is independent of the taxation of the shareholder or co-entrepreneur. Nevertheless, partnerships can also be the tax subject of the minimum tax. This should not prevent the classification as corporate income tax.

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## Tax benefit for moving residence to Italy - “Inbound workers regime, so called regime impatriati”

Article 16, par.1 of Law Decree no.147/2015, introduced a favorable tax regime for inbound workers called “Regime Impatriati”. In general, the favorable fiscal treatment is granted in respect of income generated by persons who have moved back to Italy and who starts their business activities in Italy from the tax period following the 31st December 2019.

Under the mentioned favorable tax regime, for 5 years, the employee income (or similar category) or self-employment income pursued in Italy is taxed on 30% of the total amount, or 10% if the worker becomes resident in one of the following Italian regions: Abruzzo, Molise, Campania, Puglia, Basilicata, Calabria, Sardinia or Sicily.

The scheme may be extended for a further period of 5 years in the following cases:

- purchase of property for residential use in Italy within 5 years of the move or in the 12 months previous the move in Italy or
- being a parent of at least one under 18 or otherwise dependent child, as long as this requirement is met by the end of the first 5 years of the fiscal benefit.

During the extended period, the income will be taxed over 50% of the total amount (10% in the case of workers with at least three children under 18 or otherwise dependent).

In order to benefit of this special fiscal regime, the individuals who move their tax residence in Italy must meet the following requirements:

1. workers (employed or self-employed) **must not have been resident in Italy in the 2 tax periods previous the aforementioned move;**
2. the individuals **must commit to reside in Italy for at least 2 years;**
3. the work activity **must be carried out mainly in the Italian territory.**

The tax benefit is applied also to citizens of the European Union and non-EU states where in this last case are in force Convention against the double taxation or Agreement ensuring exchange of information for tax purpose, who:

- hold a bachelor’s degree (bachelor’s or master’s) and have been continuously employed, self-employed, or engaged in business activity abroad for the past 24 months or more;
- or have been continuously engaged in study abroad (obtaining a bachelor’s degree or postgraduate degree) for the past 24 months or more.

It is important to specify, that **the tax benefit is applied starting from the fiscal period when the fiscal residence is moved.** Pursuant the art.2 of Presidential Decree n.917/1986, is defined as resident in Italy, the individual that for the most part of the tax period (183 days or 184 in case of a leap year) is registered in the registers of the resident population or have his domicile in Italy.

The tax benefit can be required as follows:

- **Employee:** it is necessary a written request to submit to the employer, who directly apply the relief in the payroll from the month following the submission of the request and at the time of annual adjustment; or otherwise, the tax benefit is applicable directly in the annual tax return with the relative reduction of the taxable income.
- **Self-employed worker:** it is necessary a written request to submit to the client, who directly apply the relief on invoice received or otherwise, the tax benefit is applicable directly in the annual tax return with the relative reduction of the taxable income.

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## Environmental labeling requirement in Italy

The packaging has become of great interest for companies around the world.

Today, in Italy there is a **twofold focus: (a)** on the one hand, investing in innovation through the use of lighter materials and smart labels that will help track products, provide anti-counterfeiting protection, offer better sales experiences and engage consumers through new ways of engagement; **(b)** on the other hand, paying attention to environmentally friendly packaging( i.e. reusable, degradable packaging and new materials are just some of the innovations that hit such market with an esteem to exceed \$1.3 trillion by 2024).

In Italy the supply chain counts 635 companies and a leading sector with 7.8 billion in 2020, almost 36K employees and a share of 80% of the world food and beverage packaging machinery.

On September 11, 2020, Legislative Decree 116/2020 - which transposes EU Directive 2018/851 (on waste) and EU Directive 2018/852 (on packaging and packaging waste) - made **environmental labeling mandatory in Italy as of January 1, 2023**.

Such decree responds to a specific request from the European Union and, at the same time, meets needs of consumers who are increasingly attentive to the environmental impact of their purchasing decisions.

The novelty has been introduced by Article 219(5) of the Environmental Consolidated Act (*Norme in materia ambientale or Codice dell'Ambiente*). It requires that all packaging be labeled both to facilitate its collection, reuse,

recovery and recycling, and to give correct information to consumers about its final destinations. For this reason, the standard introduces an obligation for producers to indicate, for identification and classification purposes, the nature of the packaging used.

The ultimate purpose of “*environmental labeling*” (which can be affixed by means of digital channels, Apps, Qr codes and websites, as well as transport documents, which can link to digital channels, instruction booklets or user manuals and information panels at points of sale) will be to allow the collection, reuse, recovery and recycling of packaging.

From the perspective of environmental sustainability, labeling ensures efficient communication between producers / distributors and consumers, explaining the real environmental impact of each product and promoting responsible consumption.

The framework essentially distinguishes between **two different scenarios**, depending on the destination of the packaging:

*a) for the domestic sector (b2c)*, each packaging shall report: alphanumeric coding (Decision 129/97/EC); quality of materials; collection information. This mandatory info may be accompanied by additional “voluntary” data. Each company is free to adopt its own graphic and presentation methods, as long as they are effective and consistent with the standard. For graphic purposes, the Italian Ministry of Ecological Transition suggests the use of the colors codified in UNI 11686 (*waste management - waste visual*



*elements - visual identification elements for municipal waste collection containers).*

*b) for the commercial and industrial sector (b2b)*, packaging intended for professionals or packaging for transportation or related to logistics or display activities, may not present the information related to their final destination, but must show the coding of the materials. All other information be “voluntarily” applicable and highly recommended in multi-component packaging.

The Italian Ministry of Ecological Transition clarified that both the manufacturer and the user of the packaging shall comply with such duties. It follows that specific agreements must be made between the parties asking producer to provide all information to be included on the packaging.

This Italian Legislation introduced a penalty for anyone who fails to comply with those labeling requirements (from 5.200 to 40.000 euros).

The need for a different approach to the use and reuse of packaging, like any novelty, affects established practices and can turn into growth opportunities, especially those already “engaged” in innovation. Not to mention that sustainable packaging is becoming an opportunity for consumers to assess the environmental impact of a brand, falling at the forefront of the most important declinations of any company’s brand identity.

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# Digitalization and Information Security for Audit Firms

Use of sophisticated technology and data analytics in the audit is fast becoming a standard operating practice as firm leaders are embracing the digital-first approach to engagements that is becoming more prevalent.

A digital mindset refers to a new way of thinking regarding how our work is completed and accomplished, it's more than just digitizing a manual task. It really forces us to think about how technology can help us plan and execute our audits.

## What is Digitalization?

The age of the smart audit is arriving where auditors utilize big data and are assisted by advanced audit analytics tools. In fact, clients' data are getting larger, much larger than the auditor to handle. The auditor should know how to examine the data to find the answer to meet the audit objectives.

Taken as a whole, technology is also a catalyst that will help shift the focus of the audit process from a retrospective view to one which is prospective. Key findings revealed:

- auditors need to adapt to the changes in business models;
- among the available technologies, data analytics is currently the most mature and is currently used by most firms;
- the audit profession is still at a very early stage with AI and has not embedded it as deeply as it could;

- the human relationship between client and auditor remains important: not everything can be replaced by technology;
- Auditors will need to be more adaptable to change in future.

Digitalization in project management allows team players to be more productive and creates value from the first working day so they can communicate with customers and team members. It leads to the merge of online and offline. It influences on disruptive technologies and the radical changes in different industries.

Among the various advantages of digitalization processes, we can highlight the following:

### **Automation, Optimization, The autonomy of processes, Advanced flexibility, The individuality of products and services, Leading to innovative business models**

-A digital workspace or a workplace helps companies to manage all business activities, technical and staff processes and has the main goal to improve the entire efficiency of teams.

Digital workflows provide a host of various benefits for businesses.

-A major problem with your information technology (IT) systems can totally disrupt your business, costing you time and money while you wait for repairs. An IT audit checklist helps ensure that your IT department has the necessary tools to secure your network and avoid these expensive repairs.

-Data backups should be part of your disaster recovery and business continuity planning. This helps ensure you're prepared for potential natural disasters and cyber attacks—and being prepared is key to keeping your company up and running.

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## ★ Characteristics of the Moroccan employment contract

According to the Labor Code, "the validity of the employment contract is subject to the conditions relating to the consent and capacity of the parties as well as to the object and cause of the contract, as established by the Code of Obligations and Contracts".

The contract must be in writing, with two copies signed by the employee and by the company, so that each one keeps a copy of it, and these contracts must be legalized by the competent authority.

The main novelties of the Labor Code in relation to the conclusion of the employment contract refer mainly to the trial period, the contract of temporary duration and the contract of foreign workers.

### The probationary period:

#### 1.1. Definition:

Period in which each of the parties may voluntarily terminate the employment contract, without notice or compensation.

#### 1.2. Duration of the probationary period:

In order to prevent employees from remaining eternally on probation and seeing their situation regularized after a long period or ever, it is mandatory to limit its duration and the possibilities of renewal.

a) The probationary period for contracts of indefinite duration is set at:

- 3 months for executives and assimilated.
- 1 month and a half for employees.
- 15 days for workers.

This probationary period can only be renewed once.

b) The probationary period for temporary contracts may not exceed:

- In contracts of less than 6 months, it shall be one day for each week of work with a maximum limit of 2 weeks.
- In contracts of more than 6 months, a trial period of one month is established.

#### 1.3. Breach of the probationary period and notice:

The probationary period, by definition, allows each party to terminate the employment contract without notice or compensation.

However, in order to avoid abuses by both parties, the Moroccan legislator has established certain restrictions, thus if during the probationary period the contract is terminated and the employee after at least one week of work has not committed any serious misconduct, a notice of:

- 2 days before the termination if the employee is paid daily, weekly or fortnightly.
- 8 days before the termination of the contract if he/she is paid monthly.

If, after the end of the probationary period, the employee is dismissed without having committed any serious fault, the company must give him at least 8 days' notice.



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## Changes in taxes 2023 in Poland

The year 2023 brought changes in tax regulations in Poland. Below we present an outline of the most important ones that may have the most significant impact on tax settlements in 2023.

| Changes in PIT                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Tax-free amount</b>                           | From 1 January 2023, the taxpayer will be able to indicate up to three remitters who (in the appropriate proportion) will be required to take into account the tax-reducing amount of PLN 300.                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>New PIT-2 form</b>                            | A new PIT-2 form will apply to income (revenue) earned from 1 January 2023.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>1.5% tax for public benefit organizations</b> | In the annual return for 2022, it will be possible to transfer 1.5% of PIT to a selected public benefit organization (as opposed to 1% of PIT in the previous years).                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Changes in CIT                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Minimum Income Tax</b>                        | <p>The minimum income tax (which was supposed to cover entities with low income or incurring losses) was suspended in 2022-2023. This means that the minimum income tax (for taxpayers whose tax year coincides with the calendar year) will be paid for the first time by the end of March 2025.</p> <p>At the same time, changes in the structure of this tax will be introduced, including, among others, extension of the list of exempt entities and modification of the rules for determining the tax base.</p>                                                                            |
| <b>Diverted profits tax</b>                      | <p>From 1 January 2023, a number of changes in the tax on diverted profits will come into force. In particular, the conditions for recognizing certain costs as diverted profits will change, for example, a condition taxed at a rate lower than 14.25% will no longer apply to the entire earned income.</p> <p>In addition, from 1 January 2023, taxation with the diverted profits tax may also apply to related entities from the so-called tax havens or from countries with which no international agreement has been concluded giving the basis for the exchange of tax information.</p> |
| <b>Hidden dividend</b>                           | The Hidden Dividend Regulations have been repealed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

|                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>WH-OSC statement</b>                                                                         | WH-OSC is a declaration submitted by the remitter, which (in certain cases) allows for the application of preferential withholding tax rules.<br><br>From 1 January 2023, the remitter will be able to use the first WH-OSC declaration until the end of the tax year in which it was submitted. In turn, the deadline for submitting a follow-up declaration has been extended to the last day of the month following the end of the tax year.                                                                   |
| <b>Direct and indirect tax haven transactions</b>                                               | Documentation obligation in relation to the so-called indirect haven transactions has been repealed with retroactive effect from 1 January 2021.<br><br>From 1 January 2023, the documentation thresholds for direct tax haven transactions will be increased, respectively in the case of a financial transaction - up to PLN 2,500,000 and in the case of other transactions - up to PLN 500,000                                                                                                                |
| <b>Bad debt relief</b>                                                                          | As of 1 January 2023, the obligation to prepare CIT-WZ and CIT-WZG attachments to the CIT-8 tax return (in which receivables or liabilities covered by bad debt relief had to be demonstrated) will be waived. This change will apply starting with the settlements for 2023.                                                                                                                                                                                                                                     |
| <b>Social security contributions in the part that is financed by the employer and tax costs</b> | From 1 January 2023, ZUS contributions in the part financed by the employer will constitute tax deductible costs in the month for which remuneration is due, provided that the contributions are paid within the time limit resulting from separate regulations. Otherwise, ZUS contributions will be a tax expense on a cash basis.                                                                                                                                                                              |
| <b>Estonian CIT</b>                                                                             | From 1 January 2023, further simplifications will be introduced for Estonian CIT, including: <ul style="list-style-type: none"> <li>• in order to meet the condition of incurring certain expenses for the payment of salaries, it is enough for the taxpayer to be a remitter of PIT or ZUS contributions (there will be no obligation to actually collect advance payments),</li> <li>• change in the rules for qualifying certain expenses not related to running a business and concerning assets.</li> </ul> |
| <b>Changes in VAT from 1 January 2023</b>                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>VAT groups</b>                                                                               | VAT groups will start operating from 1 January 2023. A VAT group will be able to be set up by taxpayers who are financially, economically and organizationally related. Turnover within the VAT group will not be subject to VAT and will not be documented with invoices; thus there will also be no obligation to use the split payment mechanism.                                                                                                                                                              |

The above list includes only selected tax changes and is of a general and simplified nature. Detailed information: office@tias.pl

*This presentation is intended to provide only a general outline of selected Polish tax aspects. It has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting*

*advice. It should neither be regarded as comprehensive and sufficient for making decisions nor be used in place of professional advice. Thus, we assume no liability or responsibility for any errors or omissions in this material.*

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## The impact of rolling electricity blackouts (loadshedding) on business in South Africa

The estimated daily cost of loadshedding for South Africa is R4 billion (€200 million). The lack of investment in energy infrastructure and an increasing demand for electricity, has caused regular power outages, leading to disruptions in daily life.

Industries such as mining, manufacturing, and agriculture are particularly affected by load shedding, as they require a continuous supply of electricity to function effectively. Power outages can lead to loss of production and productivity, wi-fi and cellphone network downtime, security and payment issues, the damage to electronic goods, increased traffic issues and increased cost in alternative power, all of which can have serious implications for the economy. Production plans are informed by load-shedding schedules, and prolonged cuts pose a risk to food security and increased food wastage.

Being without power for several hours several times a day has become the norm, and some South Africans have been investing massive amounts in alternative energy solutions to keep their lights on – and their sanity.

CEO of Tiger Brands, NP Doyle referred to the latest February trading update stating that the increasing stages of load shedding resulted in escalating costs for Tiger Brands. Stage 1 load shedding cost the company R250 000 (€12 500) a day, Stage 4 cost it R1 million (€50 000) a day, and Stage 6 cost it R1.5 million (€75 000).

The South African Property Owners Association (SAPOA) conducted a survey on various property industries – namely, the commercial office, industrial, shopping centres, hotels and residential – on how their businesses have been affected by load shedding and what changes they have been forced to make. The majority of respondents to the survey said that direct costs associated with running a business during load shedding – whether it be fuel for generators, among other things – spend over R100,000 (€5000) a month, 8.93% of all respondents spend above R10 million (€500 000) a month.

The MTN Group has moved to quantify the impact of load shedding on its South African operation's earnings, stating that Eskom's woes cost it R695-million (€35 million) in EBITDA in the 2022 financial year.

It is no surprise that this year's Budget announcement on 22 February 2023 is dominated by the electricity crisis, with government announcing that it will take on R254 billion (€12,7 billion) of Eskom's debt.

A generous tax incentive scheme for renewable energy installations has also been announced:

- Businesses will now be able to deduct 125% of the cost of wind, solar, hydropower and biomass projects in the first year – with no limits on how much can be claimed, nor how big the project is. For example, a renewable energy investment

of R1 billion (€50 million) would qualify for a deduction of R1.25 billion (€63 million) from taxable income. This applies to all new projects between 1 March 2023 and 28 February 2025.

- Households will get a tax rebate of 25% of the cost of new solar PV panels for the next year. The rebate can offset your income tax liability up to a maximum of R15 000 (€750). For example, if you buy 10 solar panels at a cost of R40 000 (€2 000), this means your personal income tax liability for the 2023/24 tax year will be reduced by R10 000 (€500).

It is clear that from the data that Eskom publishes on its portal that the South Africa's electricity supply crisis has never been more severe.

The South African government has published a 'roadmap to end load shedding' based on president Cyril Rampahosa's "energy action plan" first announced in July 2022.

Five key interventions are the key focus of the plan:

1. Improve Eskom and the availability of the existing electricity supply
2. Enable and accelerate private investment in generation capacity
3. Accelerate procurement of new capacity from renewables, gas and battery storage



4. Unleash businesses and households to invest in rooftop solar

5. Fundamentally transform the electricity sector.

According to the national government, the short-term plan is to reduce the severity and frequency of load shedding, while the long-term goal is to end load shedding altogether and achieve energy security.

A functional political-economic system will channel entrepreneurial behaviour into a positive, value-adding, mutually beneficial direction that raises the GDP per Capita, increasing tax revenue and grow a healthy economy. Addressing these challenges requires a concerted effort from government, businesses, and civil society to invest in renewable energy and modernize the country's energy infrastructure.

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## ETVE - special tax regime for entities holding foreign securities

With the aim of encouraging the establishment of international companies in Spain and attracting foreign capital, the special tax regime for entities holding foreign securities or ETVEs (*"Entidad de Tenencia de Valores Extranjeros"*) was introduced in 1995.

An ETVE is a tax regime that a company resident in Spain may opt for if it meets certain requirements in order to obtain the tax benefits foreseen for this special regime.

It should be highlighted that an ETVE is not a type of company, but rather a tax regime to which certain companies are eligible. Therefore, the ETVE regime does only have tax consequences.

In order to incorporate an ETVE in Spain and benefit from its special taxation, the first step is to create a company under Spanish legislation (*"Sociedad Anónima"* or *"Sociedad Limitada"*).

After the incorporation of the company in Spain, in order to opt for the ETVE tax regime, a communication to the Ministry of Finance and Public Administrations is necessary.

The third step is to comply with the following requirements imposed by the Spanish legislation:

- Establish the following corporate purpose: "management and administration of securities representing the equity of non-resident entities in Spanish territory". Although it is possible that the ETVE does not carry out any other activity than the management of foreign shares, the Law allows the addition of other corporate objects in

the ETVE's articles of association. In this case, the ETVE tax regime will apply only to the dividends and capital gains obtained from the shareholdings in the foreign companies.

- To have enough material and human resources to develop its activity, not being allowed to delegate such task to a third party.
- The securities or shares representing the ownership in the capital of the ETVE must be registered and the ETVE must hold at least 5% of such shares for at least one year.
- Communicate and notify the Spanish Tax Authorities of the intention to opt for the ETVE tax regime in Spain.

The tax advantages foreseen in the ETVE's regime are the following:

- Exemption of dividends received by foreign investee companies not established in tax havens. It must be pointed out that any country with whom Spain has signed a Treaty to avoid double taxation is not considered as a tax haven. Therefore, non-resident shareholders can profit of the numerous treaties signed by Spain and third countries.
- Exemption of capital gains on shares held in companies tax resident in another country.
- No withholding tax is levied on dividends paid by the ETVE to the non-resident shareholder (regardless of whether the shareholder is an individual or a legal entity).

In conclusion, the tax regime for ETVEs allows non-resident shareholders to use a Spanish company to optimise the taxation of economic flows through the payment of dividends or capital gains.

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## Visa Extension for Foreign Workers

The cabinet has recently approved the guideline for managing foreign working after February 13<sup>th</sup>, 2023, as proposed by the Ministry of Labor in collaboration with the Ministry of Interior, Ministry of Public health, Royal Thai Police, and Department of Provincial Administration. The guideline below will be applied to foreign workers whose work permits expire on or before February 13<sup>th</sup>, 2023, by allowing the following foreigners to stay in Thailand as a special case until May 15<sup>th</sup>, 2023.

1. Foreigners who have completed and submitted an application for a renewal of their work permit and paid for the application fee and renewal work permit fee within February 13<sup>th</sup>, 2023 and that 1.) those foreigners were granted a visa or permitted to temporarily stay in Thailand until February 13<sup>th</sup>, 2023 but have not yet applied for a temporary stay in Thailand until 2024 or 2025 or have a gradually expired passport since February 14<sup>th</sup>, 2023 onwards or 2.) those foreigners who were granted a visa or permitted to temporarily stay in Thailand until February 13<sup>th</sup>, 2023 and have been granted to stay temporarily in Thailand until 2024 or 2025 or have a passport expired from February 14<sup>th</sup>, 2023 onwards.

According to the Notification of the Ministry of Labor issued by virtue of Section 14 of the Royal Ordinance on the Management of Foreign Workers Employment B.E. 2560 (2017) and its amendments, foreigners as mentioned above in Item 1 will be allowed to work in Thailand until February 13<sup>th</sup>, 2024, or 2025 as the right is granted.

1. Foreigners, who have incompleting but submitted an application for a renewal of their work permit and paid the application fee within February 13<sup>th</sup>, 2023, under the circumstances of 1.) those foreigners do not have a passport or document in lieu of a passport, 2.) those foreigners who have a passport or document in lieu of passport but fail to extend their visa or 3.) those foreigners whose status is not legal but whose employers have applied for their work permits on their behalf and have already paid the fee in the process of biometrics collection prohibited disease diagnosis, will be granted temporary visas until May 15<sup>th</sup>, 2023. In case they wish to continue working in Thailand, they will be granted temporary visas and work permits until February 13<sup>th</sup>, 2024, or February 13<sup>th</sup>, 2025, as the case may be.
2. Those foreigners, who have passports or documents in lieu of passports and have been granted visas or have permission to temporarily stay in Thailand but passports or documents in lieu of passports expired before February 13<sup>th</sup>, 2023, will be allowed to temporarily stay and work until February 13<sup>th</sup>, 2024, or February 13<sup>th</sup>, 2025, as the case may be.



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# New UAE tax residency rule

Cabinet Decision No. 85 of 2022 - Issued 2 Sept 2022

## Brief overview

The new Decision effectively provides us with guidelines on determining the tax residency for both natural and legal persons. It also outlines the requirements and conditions for identifying a person as a Tax Resident in the UAE.

## Publication and Enforcement

The decision shall be effective from March 01, 2023.

## Coverage

- **Natural person** shall be considered a UAE tax resident if they:
  - have their primary residential place and financial and personal interests in UAE;
  - was physically present in the UAE for 183 days or more within relevant 12 consecutive months;
  - the person has been physically present in the UAE for a period of 90 days or more, within the relevant 12 consecutive months, and is a UAE national, holding a valid Residence Permit in the UAE or holds the nationality of any state who is a member state Gulf Cooperation Council (GCC), and either the person has a Permanent Place of Residence in the UAE or carries on an employment or Business in the UAE;

- Juridical person refers to an entity established or recognized under the laws and regulations of the state. A branch of a foreign juridical person registered in the UAE would therefore generally not be considered a Tax Resident of the UAE as such branches are extension of the parent.

## Tax residency Certificate

Applicable persons are required to make an application in the prescribed form and manner to the FTA for issuance of the tax residency certificate.

## International Agreements

If the person is subject to any International Agreement that sets out conditions for determining tax residency, the provisions of that agreement will supersede the provisions of this legislation, for the purposes of the international agreement only.

## Competencies of and Cooperation with the Authority

All government entities of UAE must cooperate with FTA for implementing the provisions of this Decision.

## Executive Decisions

FTA shall issue required decisions, clarifications, and directives for implementing any of the provisions of this Decision.



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# Success at Work, Defined

**Everyone strives for success in the workplace. To feel that you have achieved something, to be seen as successful, it is a dream that extends all over the world. But when are you really successful? And how important is that? The answer is not the same for everyone. Many people struggle with what success means to them personally.**

If you don't define success by your own terms, you'll soon find out that you're chasing success based on other people's perceptions, like friends. Of course, there are shared traits of success like owning a house, driving a nice car, having time for your family or having the financial freedom to travel. These are tangible forms of success, but does it make you happy? Well it's at this that we derive satisfaction.

### Success or happiness, which one should come first?

What are the things that make you happy? This is an important question. Of course, If you meet the material success factors, then you automatically become a happy person, isn't it? However, people who value intangible happiness more than money are more likely to achieve what we call 'traditional characteristics of success'. In other words, for them happiness boosts success and achievement, rather than success boosting happiness.

### The most important question: how will you define work success?

The path to success is personal, but at the same time you are pressurized through (social) media with examples of what success looks like. You see the cool jobs, read about the highest salaries. But do those images match the life

you want to lead? If so, are they realistic goals to pursue? We understand that it is difficult to define our own success factors, especially in the field of work. The list below will help us determine whether we consider ourselves successful in the field of work, and what we would like to change or not.

### 1. Assess the quality of your work

Think about your job. Not only your salary or position, but the contribution you make. How do you make a positive contribution to the firm or someone else's life, like a colleague, customer / client? Do you solve problems that make others more productive? Are you delivering the best to the firm? Whatever sector you work in, think about the good things you contribute and get satisfaction.

### 2. Check if you have enough flexibility

A good work-life balance is an important measure of success. Flexibility as to doing tasks and adopting at the earliest, balancing work and life as well equally matters.

### 3. Evaluate your personal growth

Do you ever look back on the growth you have made personally and professionally in recent years? It's good to be busy with the future, but also be proud of the steps you've made so far. For example, think about how you have become smarter, more experienced and more skilled. All the skills you've developed, the knowledge you've gained, the new people you've met. They are all important pillars for personal and business success.

### 4. Avoid the comparison trap

It is very easy today to compare yourself to someone else. On television, or via social media. You are constantly exposed to different conceptions of success.

If a friend on Facebook or WhatsApp or whichever platform shares a photo of their car, then the comparison with your own life is quickly made. We forget that only the best moments are shared. Perhaps your neighbor has saved up to five years for his world trip. Or he was turned down several times before being hired for that big job.

In conclusion, success is relative and its definition is based on an individual's vision for their life. The above will fuel us to not only have an awesome and progressive work experience, but also enable us beat the game of life. It works, lets see through and re define or define ourselves.

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# English schemes of arrangement for foreign companies

## WHAT IS A SCHEME OF ARRANGEMENT (SOA)?

A SoA is a process regulated under Part 26 of the Companies Act 2006 whereby a company can make an arrangement with its creditors or members to pay back part or all of its debts. This procedure can be used by insolvent or solvent companies.

The scheme must be approved by creditors comprising a majority in number, representing at least 75% of the value and it will be bound on all creditors, even if they vote against it or chose not to vote.

## HOW IS THE PROCESS OF A SOA?

### 1. Making an application

The Scheme of Arrangement's procedure begins with an application at Companies Court (CC), which can be promoted by any of the following:

- Any creditor of the company;
- The company itself;
- Any member of the company;
- If the company is in administration, the administrator;
- If the company is being wound up, the liquidator.

2. CC verifies whether the SoA meets the necessary legal requirements.

Creditors must act in good faith during the proceedings, and the terms of the agreement (SoA) must be reasonable to an honest and intelligent person.

3. Deliver a copy of the SoA at the Registrar of Companies.

If the SOA is sanctioned, the court's order must be then submitted for registration at the Registrar of Companies and once registered, it will be enforceable.

## CAN A FOREIGN COMPANY USE AN ENGLISH SOA AFTER BREXIT?

Yes it can, provided it has sufficient connection with England and Wales. The concept of "sufficient connection" has been interpreted in a broad sense by the British courts.

The UK courts have sanctioned SoAs agreed by foreign companies using the following non-exhaustive criteria when:

- A clause of exclusive submission to the British courts has been agreed by the counterparts.
- Credits affected by the SoA are subject to the English Courts.
- The debtor has an establishment within the UK.
- Most creditors are domiciled within the UK.
- The foreign company has assets under English jurisdiction.

## WHY FOREIGN COMPANIES CAN BE INTERESTED IN APPLYING TO A SOA UNDER UK JURISDICTION?

- Speediness of English courts.
- The SoA provides flexibility with a high degree of procedural and commercial certainty for all involved, including creditors.
- Once the SoA is approved it will be binding on all creditors.



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