

INTERNATIONAL COMPARISON

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LLANACONSULTORES



What's in this issue: Withholding Taxes

Antea International Comparison is a quarterly publication that provides you an overview of trends and international tax developments by comparing tax issues in different legislations around the world, that may affect those doing business in multiple locations.

Constant legislative, regulatory, and judicial changes, along with globalization, economic shifts, and operational adjustments, are challenging issues. Now more than ever, in an increasingly globalized world, companies must have a total perspective and awareness of tax issues, and this publication aims to cover key tax topics which should be of interest to businesses operating internationally.

This edition includes numerous country focus pieces, about Withholding Taxes. A form of income tax levied on certain types of income retained and transferred to the tax authorities.

We hope that you find this publication helpful.

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Argentina

Explanation

Withholding taxes(WHT) are a form of income tax levied on certain types of income, which are retained by the paying agent at the place and time of accrual and transferred to the tax authorities. In Argentina, especially wage tax and Dividends tax are withheld as withholding tax. The withheld taxes are regularly credited against the income tax liability.

WHT might be avoided or refunded due to applicable double tax treaties.

The treaties to avoid double taxation signed by Argentina generally provide for mitigation methods of the tax effect, such as the possibility of calculating tax credits paid abroad. There may be a reduced WHT rate by application of an applicable double taxation treaty.

Income	Taxpayers	Resident	Non - resident	
		Tax rates subjects registered in the tribute	Effective tax rates	Effective tax rates which grossing up
Dividends				
The 13% rate apply for the fiscal years beginning from the 1/1/2021, inclusive. For the fiscal years 2018, 2019 and 2020, will apply 7%.	Resident individuals and Non-resident companies/individuals	7% / 13%	7% / 13%	N/A
Sale of shares, representative securities and certificates of deposit of shares and other securities				
Local businesses are exempt. This rate does not apply to subjects residing in non-cooperating jurisdictions, in which case the 31.50% rate will apply. The sale of shares by individuals taxpayers and non resident taxpayers is exempt as long as they are shares placed by public offering with the authorization of the National Securities Commission, and / or the operations have been carried out in markets authorized by that body under segments that ensure priority price for interference of offers; and / or are made through a public offer for acquisition and / or exchange authorized by the National Securities Commission.	Resident individuals and Non-resident companies/individuals	15%	13,50%	16,666%
Interest				
Interests originated in the following deposits, made in the entities governed by the law of financial entities: 1. Savings bank. 2. Special savings accounts. 3. Fixed term.4. Third-party deposits or other forms of raising funds from the public as determined by the Central Bank of the Argentine Republic by virtue of what is established by the respective legislation.	Resident individuals / compañías and Non-resident companies/individuals	3% (2)	15,05%	17,716%

Argentina

Interest or remuneration paid on credits or placements of funds of any origin or nature, obtained abroad when the borrower is a financial entity or in the case of financing operations for imports of depreciable assets -except automobiles- granted by the suppliers. This rate will also apply when the debtor will be another type of taxpayer, provided that the creditor is a bank or financial entity not located in low or no tax jurisdictions in accordance with the internal rules for income tax, or these are jurisdictions that have signed information exchange agreements with the Argentine Republic and, furthermore, that by application of its internal regulations, bank, stock exchange or other secrecy cannot be alleged, upon request for information from the respective Treasury. The financial entities included in this paragraph are those that are under the supervision of the respective Central Bank or equivalent body. This rate also applies when the interest or remuneration corresponds to debt bonds presented in countries with which there is a reciprocity agreement for investment protection, provided that its registration in the Argentine Republic in accordance with the provisions of the Negotiable Obligations Law and its modifications, is carried out within two years after its issuance.	Resident individuals / compañías and Non-resident companies/individuals	6% (2)	15,05%	17,716%
Other cases	Resident individuals / compañías and Non-resident companies/individuals	6% (2)	35%	53,85%
Royalties				
The amounts paid for benefits derived from technical assistance, engineering or consulting services that were not obtainable in the country in the opinion of the competent authority in the field of technology transfer, provided that they duly comply with the requirements of the Technology Transfer Law, which were duly registered and would have been effectively provided..For local taxpayers withholding is applied when the payment is more than \$ 7.870,- monthly.	Resident individuals / compañías and Non-resident companies/individuals	6% (1)	21%	26,58%
The amounts paid for benefits derived from the transfer of rights or licenses for the exploitation of invention patents and other objects not contemplated in the previous point of this subsection, provided that they duly complete the requirements of the Technology Transfer Law.	Resident individuals / compañías and Non-resident companies/individuals	6% (1)	28%	38,89%
Wages				
Wages are subject to wage tax in Argentina on a progressive scale from 5 % to 35 % depending on the amount of the monthly income. Personal deductions apply that reduce the tax base (non-taxable minimum, special deduction, child deduction)	Employees	5 % - 35 %		

Argentina

Fees derived form personal activities.				
For local taxpayers withholding is applied when the payment is more than \$ 16.830,- monthly.	Resident individuals and Non-resident companies/individuals	5 % - 35 % (1)	24,50%	32,45%
Rent of movable goods				
For local taxpayers withholding is applied when the payment is more than \$ 11.200,- monthly.	Resident individuals / compañías and Non-resident companies/individuals	6% (1)	14,00%	16,279%
Real state rent.				
For local taxpayers withholding is applied when the payment is more than \$ 11.200,- monthly.	Resident individuals / compañías and Non-resident companies/individuals	6% (1)	21,00%	26,582%
Transfer of assets located, placed or used economically in the country.				
For local taxpayers withholding is applied when the payment is more than \$ 67.170,- monthly.	Resident individuals / compañías and Non-resident companies	2% (1)	17,50%	21,212%
Other Gains				
Other income not included in the previous points.	Non-resident companies/ individuals		31,50%	45,985%

(1) Tax rates subjects non registered in the tribute: a) Individuals: 25% b) Companies 28%

(2) Tax rates subjects non registered in the tribute: 10%



Auren Argentina
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Austria

Explanation

Withholding taxes(WHT) are a form of income tax levied on certain types of income, which are retained by the paying agent at the place and time of accrual and transferred to the tax authorities. In Austria, especially wage tax and capital gains tax are withheld as withholding tax. The withheld taxes are regularly credited against the income tax liability. The withholding tax on investment income can have a final effect.

WHT might be avoided or refunded due to applicable double tax treaties, European Directives or national tax law.

WHT may also be credited to the tax payer's corporate or individual income tax, if assessed in Austria.

The Austrian international tax law includes regulations with the aim of avoiding treaty or EU Directive shopping. In Austrian double taxation agreements, the state of residence credits (the reduced) withholding tax most commonly.

Income	Taxpayers	Tax rates	Effective tax rates (incl. solidarity surcharge)
Dividends			
The final WHT rate of 27,5% may apply to corporate shareholders resident abroad. Shareholders resident in another EU country may be exempt subject to the EU- Parent-Subsidiary-Directive. A WHT exemption or reduced WHT rate occurs from the applicable double tax treaty or domestic tax law. The withholding agent does not have to deduct any WHT if the shareholding corporation directly or indirectly holds at least one tenth of the share capital and meets the legal requirements therefor.	Resident companies/ individuals	27,5%	0% - 27,5 %
	Non-resident companies/individuals	0 % - 27,5 %	0 % - 27,5 %
Interest			
The WHT rate depends on the conditions of the interest arrangement or on the person of the creditor (e.g. no WHT applies to shareholder loans). Payments to creditors resident in another EU country may be subject to the EU-Interest-Royalties Directive resulting in a WHT rate of 0 %. This exemption claims also for Swiss residents. A WHT exemption or reduced WHT rate may occur from the applicable double tax treaty.	Resident companies/ individuals	0 % - 27,5 %	0 % - 27,5 %
	Non-resident companies/individuals	0 % - 27,5 %	0 % - 27,5 %
Royalties			
Payments to creditors resident in another EU country may be subject to the EU-Interest-Royalties Directive resulting in a WHT rate of 0 %. This exemption claims also for Swiss residents. A WHT exemption or reduced WHT rate may occur from the applicable double tax treaty.	Resident companies/ individuals	0%	0%
	Non-resident companies/individuals	0 % - 20 %	0 % - 20 %

Austria

Wages			
Wages are subject to wage tax in Austria on a progressive scale from 0 % to 55 % depending on the amount of the monthly income. The first tax rate at which wages are taxed is 25 %. No wage tax applies if the monthly income is not more than 1.066 Euro and 55 % if the monthly income is more than 83.349,33 Euro.	Employees	0 % - 55 %	0 % - 55 %
Other Income			
There is WHT for non resident person for different kinds of income like for example in the case of income from self-employed activity as a writer, lecturer, artist, architect, sportsman, sportswoman, performer or participant in entertainment performances in Austria; For profit shares of partners (co-entrepreneurs) of a foreign company that has a share in a domestic partnership; Remuneration of the Supervisory Board; In the case of income from commercial or technical consultancy services provided in Austria and income from the provision of workers for the performance of work in Austria.	Non-resident companies/individuals	20 % - 27,5 %	20 % - 27,5 %



Hubner & Allitsch
Wirtschaftstreuhänder

Hubner & Allitsch
www.hubner-allitsch.at

Colombia

Explanation

Tax withholdings or withholding taxes are a form of advance collection of income tax that is applied to certain types of income, where the paying agent practices it at the time and place of the accumulation and is transferred to the tax authorities. In Colombia, withholding tax is applied to the operations of acquisition of goods and services, wages and dividend distribution. These withheld taxes are regularly discounted from the Income Tax paid at the end of the fiscal period that runs from January 1 to December 31. Withholding mitigates the impact of the taxpayer's cash when the final tax is settled and paid.

In Colombia, withholding tax becomes the definitive tax, for those natural persons who are not obliged to declare Income Tax.

Non-taxpayers on Income Tax, such as Non-profit Entities (ESAL) and government entities are not subject to withholding tax for their operations.

Nowadays, Colombia has 11 international treaties signed and currently active in order to avoid double taxation. These are with: United Kingdom, Czech Republic, Portugal, India, South Korea, Mexico, Canada, Switzerland, Chile, Spain and the Andean Community of Nations-CAN. When talking about the treaty with the United Kingdom, the Most Favored Nation clause is activated, consisting of the equal treatment that a country must give in its treaties with other countries, when it has signed a treaty in better conditions with another country. In the Colombian case, the recent treaty signed with the UK contains cases with greater advantages than the other signatory countries will demand for its application.

Income	Taxpayers	Tax rates	Effective tax rates (incl. solidarity surcharge)
Dividends	Resident Companies, Non-Resident Companies/Individuals	Dividends that come from profits that have already paid tax at the head of the distributing company	Dividends that come from profits that have already paid tax at the head of the distributing company
Dividends distributed to national companies are subject to Withholding at Source as Income, which are transferable to the final beneficiary (partner) in its first distribution. Dividends distributed to foreign companies are subject to tax deduction or may depend on international treaties to avoid double taxation.	2020	7,5%	32%
	2021	7,5%	31%
	2022 and onwards	7,5%	30%
Interest	International Agreements	No International Agreements	
The retention rate for this concept in Colombia, for jurisdictions with no treaties to avoid double taxation, is 15% and for jurisdictions with a treaty it is 10%, maximum, with the exception of the application of the clause most favored nation, which could be 0%.	10% o 0%	15%	N/A

Colombia

Royalties	International Agreements	No International Agreements	
The retention rate for this concept in Colombia, for jurisdictions with no treaties to avoid double taxation, is 15% and for jurisdictions with a treaty it is 10%, maximum, with the exception of the application of the clause most favored nation, which could be 0%.	10% o 0%	15%	
Wages		Progressivity and Proportionality	
Wages in Colombia are subject to withholding tax, in a progressive scheme that goes from 0% to 30% by 2020, 31% by 2021 and 30% by 2020 and onwards, taking into account a principle of equity , in which the person with the most income gets the higher tax payment.	Employees	0% - 32%, 31%, 30%	N/A



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Ecuador

Explanation

Withholdings is a figure through which part of what is declared is kept, in order to deliver the amount withheld to the Treasury. Withholdings can be attributed to the payment of income tax and can also be used as a tax credit. These will have effects on the financial status of the company.

WHT might be avoided or refunded due to applicable double tax treaties, European Directives or national tax law.

WHT may also be credited to the taxpayer's corporate or individual income tax.

Income	Taxpayers	Tax rates	Effective tax rates (incl. solidarity surcharge)
Dividends			
National companies and trusts are not subject to withholding of dividends distributed. Withholding tax from 22 to 25% is applied to the rest of the taxpayers, depending on the place of the non-resident.	Resident companies/escrow	0%	0%
	Non-resident companies/ individuals; Individual resident	0 % - 25 %	0 % - 25 %
Interest			
Interest from exempt financial institutions, such as interest on savings accounts, does not have income tax withholding. Interest from the public sector or from which income taxed, a 2% rent is applied. To non-residents, regardless of the source of the interest, the 25% withholding is applied.	Resident companies/individuals	25%	25%
	Taxed financial interest	2%	2%
	Exempt financial interests	0%	0%
	Non-resident companies/ individuals	0 % - 25 %	0 % - 25 %
Royalties			
National franchiseroyaltiesare subject to an 8% withholding tax on the source of the tax. In the case of non-residents, a withholding of 25 or 35% is applied, depending on whether the non-resident's country is a tax haven.	Resident companies/individuals	8%	8%
	Non-resident companies/ individuals	25 % - 35 %	25 % - 35 %
Wages			
There is a contribution to social security for employees, but this does not constitute a tax. 10% withholding is applied to the official professional services.	Professional services	10	10

Germany

Explanation

Withholding taxes (WHT) are a form of income tax levied on certain types of income, which are retained by the paying agent at the place and time of accrual and transferred to the tax authorities. In Germany, especially wage tax and capital gains tax are withheld as withholding tax. The withheld taxes are regularly credited against the income tax liability. The withholding tax on investment income has a final effect.

WHT might be avoided or refunded due to applicable double tax treaties, European Directives or national tax law.

WHT may also be credited to the tax payer's corporate or individual income tax, if assessed in Germany.

The German international tax law includes regulations with the aim of avoiding treaty or EU Directive shopping. In German double taxation agreements, the state of residence credits withholding tax.

Income	Taxpayers	Tax rates	Effective tax rates (incl. solidarity surcharge)
Dividends			
The final WHT rate of 25.825 % may apply to corporate shareholders resident abroad. Shareholders resident in another EU country may be exempt subject to the EU-Parent-Subsidiary-Directive. A WHT exemption or reduced WHT rate occurs from the applicable double tax treaty or domestic tax law.	Resident companies/individuals	25%	26.375 %
	Non-resident companies/individuals	0 % - 25 %	0 % - 26.375 %
Interest			
The WHT rate depends on the conditions of the interest arrangement or on the person of the creditor (e.g. no WHT applies to shareholder loans). Payments to creditors resident in another EU country may be subject to the EU-Interest-Royalties Directive resulting in a WHT rate of 0 %. This exemption claims also for Swiss residents. A WHT exemption or reduced WHT rate may occur from the applicable double tax treaty.	Resident companies/individuals	25%	26.375 %
	Non-resident companies/individuals	0 % - 25 %	0 % - 26.375 %
Royalties			
Payments to creditors resident in another EU country may be subject to the EU-Interest-Royalties Directive resulting in a WHT rate of 0 %. This exemption claims also for Swiss residents. A WHT exemption or reduced WHT rate may occur from the applicable double tax treaty.	Resident companies/individuals	0%	0%
	Non-resident companies/individuals	0 % - 15 %	0 % - 15.825 %

Germany

Wages			
Wages are subject to wage tax in Germany on a progressive scale from 14.770 % to 47.475 % depending on the amount of the monthly income. No wage tax applies if the monthly income is below a twelfth of the annual personal allowance. Wage tax applies in six different classes of taxpayers depending on the taxpayer's marital status and respective option rights.	Employees	14 % - 45 %	14.770 % - 47.475 %



Barnbrook GMBH
www.barnbrook.tax/

India

Explanation

Withholding tax is an obligation on the part of the payer of income (Income must be chargeable to tax under the provisions of Income tax act) to withhold tax when certain specified payments are credited and/or paid. Withholding taxes are the government's way of ensuring that proper taxes are paid on item by way of either withholding or deducting the relevant tax amount from the income of an individual or an enterprise.

Where a taxpayer believes that its total income justifies withholding of tax at a lower rate, it can apply to the assessing officer for a certificate of withholding tax at a lower/ NIL rate.

Income	Taxpayers	Tax rates	Effective tax rates (Incl. Surcharge and cess)
Dividends			
Finance Act 2020 has abolished Dividend Distribution Tax and, with effect from April 1 2020, dividends declared by Indian companies would be taxable in the hands of shareholders. <ul style="list-style-type: none"> For resident shareholders, dividends would be taxed in their hands based on tax rates they are governed with. For non-resident shareholders--foreign shareholders, portfolio and institutional investors and even individuals (including NRIs)--the said dividend would be taxable in India either at the rates prescribed under the Indian tax laws or relevant tax treaties, whichever is more beneficial to the taxpayer. 	Residents	10%	10%
	Non-resident corporates	20%^	21.22% - 21.84%^
	Non-resident all other cases except corporates	20%^	22.88% - 28.50%^

^However, the tax treaties provide for lower rates, in the 5% -25%, depending on the shareholding percentage and country of the investor.

^ Rate of surcharge vary depending on the range of income.

Interest			
Interest paid to a non-resident on a foreign currency borrowing or debt generally is subject to a 20% withholding tax, plus the applicable surcharge and cess. 5% withholding tax, plus the applicable surcharge and cess, applies to certain types of interest paid to a non resident, including interest paid on specific borrowings in foreign currency and interest on investments made by a foreign institutional investor or a qualified foreign investor in a rupee-denominated bond of an Indian company, or in a government security.	Residents	10%~	10%~
	Non-resident companies/FII/ QFI/individuals	5% - 20%*	5.30% - 28.50%*

~ if the amount of such interest paid or credited OR is likely to be paid or credited in a financial year, exceed the specified amount in the act.

* Depending upon the range of income, legal status of the recipient, etc.

India

Royalties			
As per section 115A of Income tax act,1961 where the total income of a non-resident (not being a company) or a foreign company, includes any income by way of royalty received from Government or an Indian concern in pursuance of an agreement made by the foreign company with Government or the Indian concern after the 31st day of March, 1976, and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy, then, - the amount of income-tax calculated on the income by way of royalty shall be at the rate of 10%	Non-Resident (not being a company) or Foreign Company	10%	10.61%-14.25%^

^^Depending on the range of income.

Wages/Salary			
The employer is responsible for withholding tax on salary income. Salary income is subject to income tax on a progressive scale from 5% to 30% depending on the amount of the income.	Employees	Average rate of income tax**	Average rate of income tax**

**Average rate of income tax =Total Income tax payable (calculated using slab rates) on estimated income of the employee for the financial year divided by the Number of months.



Valuecent

Valuecent
www.valuecent.in

Israel

Explanation

Withholding taxes (WHT) are a form of income tax levied on certain types of income, which are retained by the paying agent at the place and time of accrual and transferred to the tax authorities. In Israel, withholding tax can be found commonly in the following cases:

Taxation of salaries and wages, Capital gains, Payments from suppliers and customers (depending on the scope of the activity and several other parameters).

In most cases, the withholding tax is only a down payment on the final tax expense, which comes from the same transaction or tax event.

The tax collected is available to the company or individual and will usually be adjusted or will be taken into account in the annual report of that tax year in which the business activity was performed.

In international transactions, the provisions set out in the Double tax treaties will be prioritized concerning the withholding rate.

In cases of anticipation of being exempt from withholding tax, or in cases of reduced withholding rate, we recommend contacting the tax authorities in advance to obtain a special "withholding deduction" under the terms of the transaction and the Double tax treaties.

In Israel, there are internal tax deduction laws, but these laws are subject to double taxation treaties. In the event of a discrepancy, Israel follows the OECD guidelines as well as BEPS guidelines and interpretations.

Income	Taxpayers	Tax rates
Dividends		
A withholding tax on dividend is a final tax, except in cases of tax savings under the Double taxation treaties or in the case of receiving a tax deduction for a charge deducted abroad. Credit also may be received in cases where there is no tax avoidance treaty under an individual calculation and specific documentation.	Resident companies to a resident companies	0%
	Resident companies to a resident individuals	25% - 30%
	Non-resident companies/individuals	0% - 30%
Under local law, transfer of profits from an Israeli company branch to the head office located outside of Israel is not considered a dividend and, therefore, no tax deduction on dividends.	Branch of a company in Israel to the head office	-
Interest		
The WHT rate depends on the conditions of the interest arrangement or the person of the creditor, under various sections of the local tax laws. A WHT exemption or reduced WHT rate may occur from the applicable double tax treaty. In some cases, it is also subject to VAT.	Individuals	10% - 25%
	Companies (Corporate tax)	23%

Israel

Royalties		
Royalty taxation varies according to a large number of criteria, and accordingly, the withholding tax deducted. Criteria that will change the tax, including among others: <ul style="list-style-type: none"> • Are the royalties a fruitful income or a capital income. • Are the royalties for tangible or intangible assets? • Are the royalties for copyright, patents, crafts, and more...? A WHT exemption or reduced WHT rate may occur from the applicable double tax treaty. In some cases, it is also subject to VAT.	Individuals	~10% - 47%
	Companies (Corporate tax)	~23%
Wages		
Wages are subject to salary income tax in Israel on a progressive scale, depending on the amount of the annual income. Monthly tax payment, deducted at source by the employer from the employee. The calculation of the WHT can also include additional credits for eligible employees. There may be cases where the actual tax will reach zero.	Employees	10% - 47%
Comments		
Individuals with high incomes will have an additional 3% tax on all their income above the ceiling set by law.		
There are several WHT that depend on the type of business, industry, and activity, and are affected by the volume of business revenue. For example: <ul style="list-style-type: none"> • Some Rent, Real Estate 35% • Some Services or Assets 30% • Some Construction and Transport 30% • Some Metal Works, Electrical and Electronics 30% • Certain types of salary: artists, lecturers, service providers and directors - progressive scale 		



Auren Israel
www.auren.com

Italy

Explanation

Withholding tax (WHT) is a method of collection of taxes implemented by the Italian law. The lender of a sum (so called substitute tax), in the cases provided for by law, must withhold ("retain") the tax on the sums paid and pay it to the Italian government in place of the real taxpayer (so called recipient). There are two types of WHT:

- Withholding tax as a definitive payment: if the amount withheld by the substitute tax is definitive. In this case, the recipient of the sums no longer has to pay anything to the Italian government.
- Withholdings as a down payment: in this case the amount withheld by the substitute tax is a kind of advanced payment of the taxes actually due by the recipient who must pay any difference due to the Italian government. The adjustment of the taxes due is generally made with the annual tax return. The main types of payments subject to withholding tax are as follows:

- 1) Income from self-employment;
- 2) Employee income;
- 3) Income from capital (i.e. interests, dividends)

Income	Recipient	Tax rates	Type of WHT
Income from self-employment			
Fees for self-employment services paid, in any capacity, to artists and professionals are subject to withholding tax in Italy.	Resident individuals	20%	Withholding tax as a down payment
	Non-resident individuals	30% or the tax rate foreseen by the International Conventions	Withholding tax as a definitive payment
Employee income			
Employers who pay salaried and assimilated income must operate, upon payment, a withholding tax on personal income tax payable by employees, with an obligation of recourse. On an annual basis, the employer must make the adjustment between the amount of withholdings made on the sums and values paid in each month and the tax due on the overall amount of the sums and values paid during the year, taking into account the deductions .	Employees	progressive tax rates for income brackets (from 23% to 43%)	Withholding tax as a down payment

Italy

Dividend			
<p>With reference to the non - resident companies, the Italian investee company must applied:</p> <ul style="list-style-type: none"> ordinarily, the withholding tax of 26%; the minor withholding tax envisaged by the international double taxation conventions (generally not exceeding 15%), if the recipient meets the requirements to qualify for it; no withholding tax, if the requirements of art. 27-bis of the Presidential Decree n. 600/73, regulation implementing EU directive no. 2011/96 / UE called "parent-subsidiary directive" are met; if the exemption cannot be applied, the 1.20% withholding tax applies to profits paid to companies and entities subject to corporate income tax in the Member States of the European Union and in the States adhering to the Agreement on the European Economic Area that cannot be classified as tax havens. 	Resident individuals	26%	Withholding tax as a definitive payment
	Resident companies	0%	n/a
	Non-resident individuals	26% or the tax rate foreseen by the International Conventions	Withholding tax as a definitive payment
	Non-resident companies	from 0% to 26%	Withholding tax as a definitive payment
Interests			
<p>With reference to the non - resident companies, the Italian substitute tax must applied:</p> <ul style="list-style-type: none"> ordinarily, the withholding tax of 26%; the minor withholding tax envisaged by the international double taxation conventions, if the recipient meets the requirements to qualify for it; no withholding tax, if the requirements of art. 26-quater of the Presidential Decree n. 600/73, regulation implementing EU directive no. 2003/49/CE called "interest and royalties directive" are met. This exemption claims also for Swiss residents. 	Resident individuals	26%	Withholding tax as a definitive payment
	Resident companies	26%	Withholding tax as a down payment
	Non-resident individuals	26% or the tax rate foreseen by the International Conventions	Withholding tax as a definitive payment
	Non-resident companies	from 0% to 26%	Withholding tax as a definitive payment

Italy

Royalties			
<p>With reference to the non - resident companies, the Italian substitute tax must applied:</p> <ul style="list-style-type: none"> ordinarily, the withholding tax of 30%; the minor withholding tax envisaged by the international double taxation conventions, if the recipient meets the requirements to qualify for it; no withholding tax, if the requirements of art. 26-quater of the Presidential Decree n. 600/73, regulation implementing EU directive no. 2003/49/CE called "interest and royalties directive" are met. This exemption claims also for Swiss residents. 	Resident individuals	20%	Withholding tax as a down payment
	Non-resident individuals	30% or the tax rate foreseen by the International Conventions	Withholding tax as a definitive payment
	Non-resident companies	from 0% to 30%	Withholding tax as a definitive payment



STUDIO TRIBUTARIO
BALDAZZI ZATTERA
 & ASSOCIATI

Baldazzi Zattera
www.tributarioassociato.it

Malta

Explanation

Withholding taxes(WHT) are a form of income tax levied on certain types of income, which are retained by the paying agent at the place and time of accrual and transferred to the tax authorities. In Malta, taxes arising from rental income, bank interest and dividends, and also capital gains tax are withheld as withholding tax. The withheld taxes are generally treated as final withholding taxes, hence no further taxation will be due, however if the tax payer would declare the income in his tax return, then s/he can have these withholding taxes as credits against the income tax liability. The withholding tax on investment and rental income has a final effect.

WHT might be avoided or refunded due to applicable double tax treaties, European Directives or national tax law.

WHT may also be credited to the tax payer's corporate or individual income tax, if assessed in Malta. The Malta international tax law is based on the OECD Model and includes regulations with the aim of avoiding treaty or EU Directive shopping. In Malta through all the double taxation treaty that it has in place with various countries, the state of residence will credits withholding tax.

Income	Taxpayers	Tax rates	Effective tax rates
Dividends			
The WHT rate of 35 % will apply to corporate shareholders resident in Malta and abroad. However, the shareholders resident abroad will be able to claim back a tax refund on such of 6/7th of the 35%, hence resulting to a NET effective tax rate of 5%. Corporate Shareholders resident in another EU country may be exempt subject to the EU- Parent-Subsidiary-Directive. A WHT exemption or reduced WHT rate occurs from the applicable double tax treaty or domestic tax law.	Resident companies/ individuals	35%	35%
	Non-resident companies/ individuals	35%	5%
Interest			
The WHT rate depends on the conditions of the interest arrangement or on the person of the creditor (e.g. no WHT applies to shareholder loans). Payments of interest from Bank or Financial institution to creditors resident in Malta will be subject to 15% FWT and if to creditors resident in another EU country may be subject to the EU-Interest-Royalties Directive resulting in a WHT rate of 0 %. A WHT exemption or reduced WHT rate may occur from the applicable double tax treaty.	Resident companies/ individuals	15%	15%
	Non-resident companies/ individuals	0 % - 15 %	0 % - 15 %
Royalties			
Payments to creditors resident in Malta, will have to declare them in their Maltese tax return, hence subject to Maltese taxation. Payments to creditors resident in another EU country may be subject to the EU-Interest-Royalties Directive resulting in a WHT rate of 0 %. A WHT exemption or reduced WHT rate may occur from the applicable double tax treaty."	Resident companies/ individuals	0%	0%
	Non-resident companies/ individuals	0 % - 10 %	0 % - 10 %

Malta

Rental Income			
Tax payers receiving rental income from Maltese property will be eligible to a 15% FWT	Resident companies/ individuals	15%	15%
	Non-resident companies/ individuals	15%	15%



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México

Explanation

Withholding taxes(WHT) are a form of income tax levied on certain types of income, which are retained by the paying agent at the place and time of payment or when obligation of payment arises and later transferred to the tax authorities. In México, the paying agent is subsidiary responsible of payment towards the tax authority. The withheld taxes in México will be regularly creditable against Income tax liability in the payee country.

WHT apply in México for both, domestic or abroad operations. This note refers only to abroad operations

WHT might be reduced or exempted by means of double taxation treaties application and after accomplishing specific ruling. In some cases, reimbursement might be obtained in the payee country. The Mexican Income Tax Law (ITL) includes regulations aim to avoiding treaty shopping. 2020 Tax Reform bill included many OECD recommendations regarding anti-abuse tax rules, effective beneficiary, and Limitation on benefits rules (LOB). Mexico has a big network of Tax Treaties with more than 70 for avoiding double taxation.

Income	Taxpayers	Tax rates
Dividends		
The WHT rate of 10 % might apply to corporate shareholders resident abroad on profits from 2014 and onwards. A WHT exemption or rate reduction might occur from the application of double taxation treaties.	Non-resident companies/individuals	0% - 10%
Interest		
The WHT rate depends on the person lending : <ul style="list-style-type: none"> Investment funds, pension funds, financial entities Credit titles offered through open markets (only when Double taxation treaty exists) REASEGURADORAS any other conditions of the interest arrangement or on the person of the creditor. A WHT exemption or reduced WHT rate may occur from application of double taxation treaties.	Non-resident companies/individuals	4.9% - 25%
Royalties		
WHT general rate as per the law is 25% WHT rate might be 35% on patents, trademarks, and advertising Different rates or even exemptions apply as per double taxation treaties	Non-resident companies/individuals	25% - 35%
Capital Gains		
WHT general rate as per the law is 25% WHT rate might be 35% about profit Different rates or even exemptions apply as per double taxation treaties	Non-resident companies/individuals	25%-35%
Fee		
WHT general rate as per the law is 25%. Different rates or even exemptions apply as per double taxation treaties	Non-resident companies/individuals	25%

Portugal

Explanation

Withholding taxes(WHT) are a form of income tax levied on certain types of income, which are retained by the paying agent at the place and time of accrual and transferred to the tax authorities. In Portugal, especially wage tax and capital gains tax are withheld as withholding tax. The withheld taxes are regularly credited against the income tax liability. The withholding tax on investment income has a final effect.

WHT might be avoided or refunded due to applicable double tax treaties, European Directives or national tax law.

WHT may also be credited to the tax payer's corporate or individual income tax, if assessed in Portugal.

The Portuguese international tax law includes regulations with the aim of avoiding treaty or EU Directive shopping. In Portugal double taxation agreements, the state of residence credits withholding tax.

Income	Taxpayers	WH tax rates	Final tax rates (incl. solidarity surcharge)
Dividends			
The final WHT rate of 25% may apply to corporate shareholders resident abroad. Shareholders resident in another EU country may be exempt subject to the EU- Parent-Subsidiary-Directive. A WHT exemption or reduced WHT rate occurs from the applicable double tax treaty or domestic tax law.	Resident companies/ individuals	25%/28%	0% - 22,5%/26,5%
	Non-resident companies/ individuals	25%/28%	0% - 28 %
Interest			
The WHT rate depends on the conditions of the interest arrangement or on the person of the creditor (e.g. no WHT applies to shareholder loans unless previously defined). Payments to creditors resident in another EU country may be subject to the EU-Interest-Royalties Directive resulting in a WHT rate of 0 %. A WHT exemption or reduced WHT rate may occur from the applicable double tax treaty.	Resident companies/ individuals	25%/28%	0%- 22,5%/ 50,5%
	Non-resident companies/ individuals	25%/28%	0% - 28%
Royalties			
Payments to creditors resident in another EU country may be subject to the EU-Interest-Royalties Directive resulting in a WHT rate of 0 %. A WHT exemption or reduced WHT rate may occur from the applicable double tax treaty.	Resident companies/ individuals	25%/16,5%	0%- 22,5%/ 50,5%
	Non-resident companies/ individuals	25%	0% - 25%

Portugal

Wages			
Wages are subject to wage tax in Portugal on a progressive scale from 0% to 45,1% depending on the amount of the monthly income. No wage tax applies if the monthly income is below The a twelfth of the national minimum wage. Wage tax applies in nine different classes of taxpayers depending on the taxpayer's marital status, number of children and respective option rights.	Employees	0 % - 45,1 %	0% - 50,5 %



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Russia

Explanation

Withholding taxes (WHT) are a form of income tax levied on certain types of income, which are retained by the paying agent at the place and time of accrual and transferred to the tax authorities. In Russia, income earned by a foreign legal entity and not attributed to a permanent establishment (PE) in Russia is subject to WHT in Russia (to be withheld at source). Wages and some other personal incomes are subject to personal income tax which is withheld from this income.

WHT should be withheld by the tax agent and paid to the Russian budget. WHT rates may be reduced under a relevant double tax treaty (DTT), provisions of which may be applied based on confirmation of tax residency and of beneficial ownership, which need to be provided by a foreign company to the Russian tax agent prior to the payment date (no advance permission from the Russian tax authorities is required).

To eliminate double taxation of passive income Russia uses tax deduction method, it is set out in most of the DTTs with Russia.

Income	Individual Taxpayers	Individual Tax rates	Corporate Taxpayers	Corporate Tax rates
Dividends				
The WHT rate of 13 % applies to corporate or individual Russian shareholders. WHT 0% rate for Russian residents is applicable only if the period of holding the shares or interests of the company paying the dividends is equal to or exceeds 365 days (the existing participation criteria will remain in place). The final WHT rate of 15 % may apply to corporate or individual shareholders resident abroad. A WHT exemption or reduced WHT rate occurs from the applicable double tax treaty.	Resident individuals	0% - 13%	Resident companies	0% - 13%
	Non-resident individuals	5% - 15%	Non-resident companies	5 % - 15 %
Interest				
The WHT rate depends on the conditions of the interest arrangement or on the person of the creditor (e.g. no WHT applies to certain tradable bonds or Russian government securities). Resident individuals receiving some interests above limits (on certain bank deposits and on tradable bonds) are taxed with 35%. A WHT exemption or reduced WHT rate may occur from the applicable DTT.	Resident individuals	13% - 35%	Resident companies	N/A*
	Non-resident individuals	0% - 30%	Non-resident companies	0 % - 20 %
Royalties				
Royalties paid to a nonresident are subject to a 20% WHT. A WHT exemption may occur from the applicable DTT.	Resident individuals	13%	Resident companies	N/A*
	Non-resident individuals	0% - 30%	Non-resident companies	0 % - 20 %

Russia

Other passive income from Russian sources				
<p>Other incomes of Russian residents are taxed for individuals at the rates from 13% to 35% (lottery winnings, material benefits) and at the rate of 20% for companies. Income other than dividends, interests, royalties paid to Russian non-residents (according to provisions of the Article 310 of the Tax Code) and incomes of companies which are not connected with activity of permanent establishment are subject to WHT with the following tax rates:</p> <ul style="list-style-type: none"> • 10% on income from using, holding or leasing ships, planes and other mobile transport or containers in connection with international transport activities; • 20% on all other incomes. <p>Other incomes of non-resident individuals are taxed with the 30% rate. In case there is a DTT with a country, other income not mentioned in the respective DTT is free from WHT.</p>	Resident individuals	13% - 35%	Resident companies	N/A*
	Non-resident individuals	0% - 30%	Non-resident companies	0 % - 20 %
Wages				
<p>Wages are subject to personal income tax in Russia at the rate of 13% or 30% depending on tax residency of an employee. Incomes of non-residents who are considered as highly-qualified specialists (and some other categories) are also taxed at 13%. Starting from 2021, in Russia the progressive scale might be introduced for tax residents: the yearly income exceeding RUB 5 mln. will be taxed at 15% rate.</p>	Employees - residents	13%	N/A	N/A
	Employees - non-residents	13% - 30%	N/A	N/A

* Companies - Russian residents pay tax from these incomes by themselves.



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Spain

Explanation

Withholding taxes (WHT) are a form of income tax levied on certain types of income, which are retained by the paying agent at the place and time of accrual and transferred to the tax authorities. In Spain, especially wage tax and capital gains tax are withheld as withholding tax. The withheld taxes are regularly credited against the income tax liability. The withholding tax on investment income has a final effect.

WHT might be avoided or refunded due to applicable double tax treaties, European Directives or national tax law.

WHT may also be credited to the tax payer's corporate or individual income tax, if assessed in Spain. The Spanish international tax law includes regulations with the aim of avoiding treaty or EU Directive shopping. In Spanish double taxation agreements, the state of residence credits withholding tax.

Income	Taxpayers	Tax rates	Effective tax rates
Dividends			
Shareholders resident in another EU country may be exempt subject to the EU- Parent-Subsidiary-Directive. A WHT exemption or reduced WHT rate may be applicable in some double tax conventions. The domestic law foresees a WHT exemption when the shareholder owns more than a 5 % of the shares and keeps the participation a year at least."	Resident companies/ individuals	0 % - 19%	0 % - 19%
	Non-resident companies/ individuals (according to domestic law)	0 % 19 % EU 24 % Non-EU	0 % - 19 % - 24 %
Interest			
"The WHT rate depends on the conditions of the interest arrangement or on the person of the creditor (e.g. no WHT applies to loans between members of a consolidation tax group). Payments to creditors resident in another EU country may be subject to the EU-Interest-Royalties Directive resulting in a WHT rate of 0 %. A WHT exemption or reduced WHT rate may occur from the applicable double tax treaty. The domestic law establishes the exemption of Interests obtained by residents in another EU country when they do not act in Spain through a permanent establishment."	Resident companies/ individuals	0 % - 19%	0 % - 19%
	Non-resident companies/ individuals (according to domestic law)	0 % 19 % EU 24 % Non-EU	0 % 19 % EU 24 % Non-EU
Royalties			
Payments to creditors resident in another EU country may be subject to the EU-Interest-Royalties Directive resulting in a WHT rate of 0 %. A WHT exemption or reduced WHT rate may occur from the applicable double tax convention. The domestic law establishes the exemption of royalties when these are paid to a parent company resident in the EU, when the last owns at least 25 % of the shares for a minimum of a year.	Resident companies/ individuals	19%	19%
	Non-resident companies/ individuals (according to domestic law)	0 % 19 % EU 24 % Non-EU"	0 % 19 % EU 24 % Non-EU

Spain

Wages			
<p>Wages are subject to wage tax on a progressive scale from 2,00 % to 45,00 % depending on the amount of the monthly income and the personal and family circumstances. No wage tax applies if the monthly income is below certain amounts that will also depend on the personal and family situation of the employee. A fixed rate of 35 % is foreseen for directors or member of board of directors. Furthermore, a fixed rate of 24 % is also applicable to impatriates if they meet certain requirements established by the domestic law.</p>	Resident individuals	2 % - 45 %	2 % - 45 %
	Non-resident individuals	0 % 19 % EU 24 % Non-EU and impatriates	0 % 19 % EU 24 % Non-EU and impatriates



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Ukraine

Explanation

Withholding taxes(WHT) are a form of income tax levied on certain types of income, which are retained by the paying agent at the place and time of accrual and transferred to the tax authorities. The withheld taxes are regularly credited against the income tax liability.

Foreign income of residents is included in the total annual taxable income. There are international treaties to avoid double taxation between the government of Ukraine and the governments of other states. If an international treaty has been concluded between Ukraine and the state in which the resident works, it is possible to credit the amounts of taxes paid abroad when calculating the amount of tax to be paid in Ukraine.

A non-resident who stays on the territory of Ukraine for more than 183 days is a tax resident and is obliged to file a declaration of income in Ukraine. Income of non-residents received on the territory of Ukraine is taxed according to the rules and rates established for residents. A non-resident may reduce the amount of annual tax liability by the amount of taxes paid abroad. If an international treaty on the avoidance of double taxation establishes rules other than those provided for by Ukrainian tax law, the rules of the international agreement shall apply.

Income	Taxpayers	Tax rates
Dividends		
1) 5% - on income in the form of dividends on shares and corporate rights accrued by residents - payers of corporate income tax (except for income in the form of dividends on shares, investment certificates, which are paid by mutual investment institutions); 2) 9% - on income in the form of dividends on shares and / or investment certificates, corporate rights accrued by non-residents, collective investment institutions and entities that are not payers of income tax; 3) 18% - on passive income, except for income specified in clause 1 and 2. Additionally, 1,5% military tax is accrued	Resident companies/individuals	6,5% or 19,5%
	Non-resident companies/individuals	10,5%
Royalties		
The total monthly (annual) taxable income of both residents and non-residents includes passive income. Passive income includes royalties. The royalty tax rate is generally 18% and 1.5% military tax. If an international agreement establishes other rules, the rules of the international agreement shall apply	Resident companies/individuals	19,5%
	Non-resident companies/individuals	19,5%
Wages		
The income tax rate on wage is 18%, which is deducted from an employee's wage by employer at the expense of accrued revenue. Unified Social Tax is a mandatory payment to the system of compulsory state social insurance, charged in Ukraine to ensure payment of insurance by the current types of compulsory state social insurance. The amount is 22% from the wages of an employee. 1,5% - military tax	Resident employees and employers	41,5%
	Non-resident employees do not pay 22% of Unified Social Tax	19,5%



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Uruguay

Explanation

Withholding taxes (WHT) over Income Tax are a form of tax levied on certain types of income, which are retained by the paying agent at the place and time of accrual and transferred to the tax authorities.

WHT might be avoided or refunded due to applicable double tax treaties.

There are general tax rates, but for companies domiciled in low or non-tax jurisdictions (BONT entities), special tax rates apply. Uruguayan Tax Authority provides the list including the jurisdictions considered as BONT.

Income	Taxpayers	Tax rates
Dividends		
Dividends paid by local companies are subject to Income Tax.	Resident individuals	7%
	Non-resident companies/individuals	
	BONT Entities	
Interest & Royalties		
Interest and royalty payments are subject to withholding tax. WHT rate depends on who the creditor is.	Resident individuals	12%
	Non-resident companies/individuals	12%
	BONT Entities	25%
Property Lease		
Property Lease payments are subject to withholding tax. WHT rate depends on who the creditor is.	Resident individuals	10,5%
	Non-resident individuals	10,5%
	Non-resident companies	12,0%
	BONT Entities	30,25%

Uruguay

Personal Services		
The WHT rate and amount depends on the payment. Monthly payments to residents below 10.000 UI (approximately USD 1,000) are not subject to WTH.	Resident individuals	7%
	Non-resident companies/individuals	12%
	BONT Entities	25%
Wages		
Wages are subject to Wage-Income Tax in Uruguay on a progressive scale from 0 % to 36 % depending on the amount of the income. No Wage-Income Tax applies if the income is below a minimum non-taxable.	Employees	10% - 36%



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