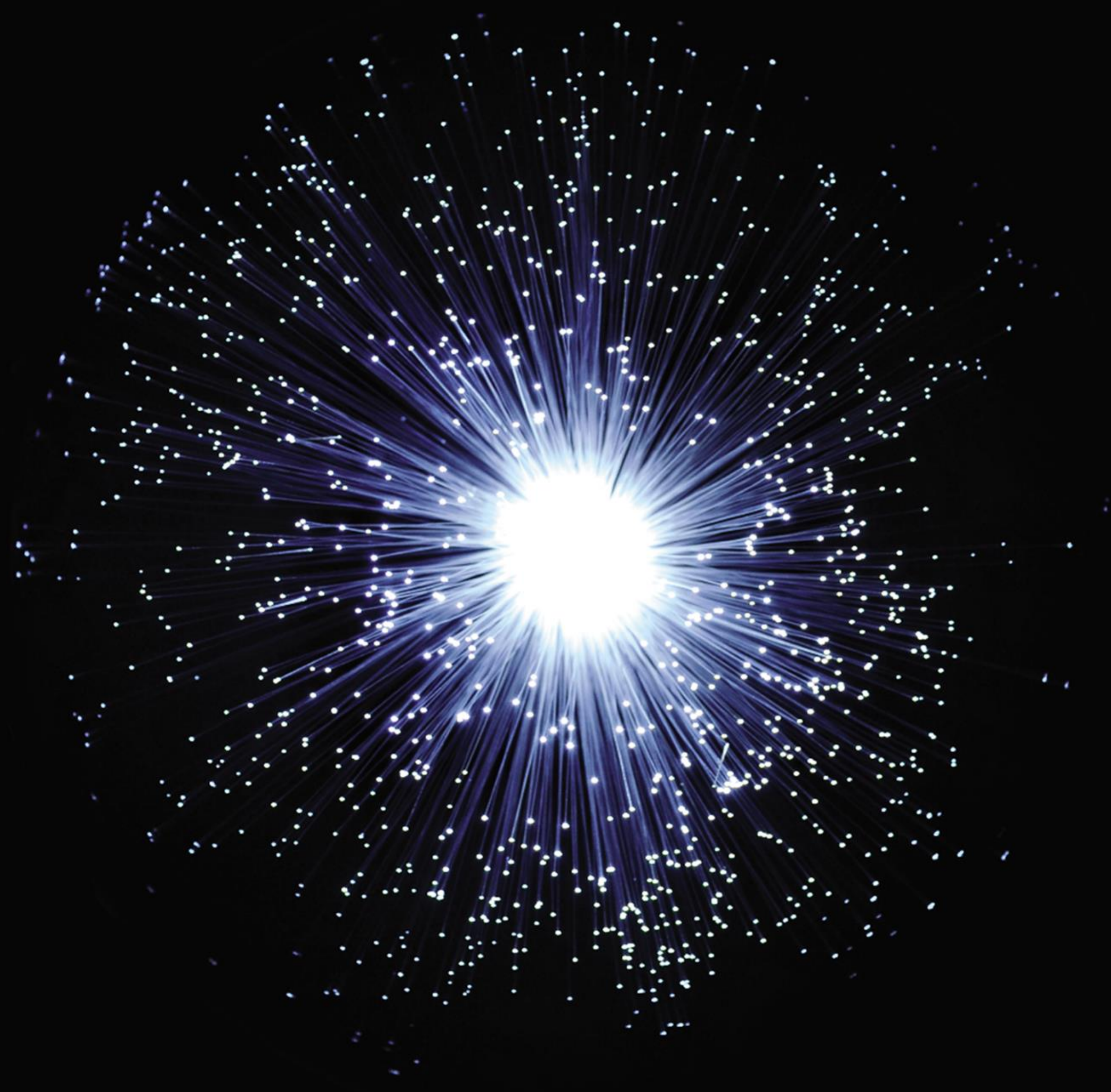

Global Tax Developments Quarterly
Accounting for Income Taxes

Summary of recent international tax developments that may have implications on accounting for income taxes under US GAAP

April 1, 2018 – June 30, 2018
July 18, 2018
Issue 2018-2

Contents

Introduction

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Unless otherwise indicated, the content in this document is based on information available as of June 30, 2018. Accordingly, certain aspects of this document may be updated as new information becomes available. Financial statement preparers and other users of this document should take actions to remain abreast of and carefully evaluate additional events that may be relevant to accounting for income taxes matters.

Applicable US GAAP guidance

Under US GAAP, the effects of new legislation are recognized upon enactment. More specifically, the effect of a change in tax laws or rates on a deferred tax liability or asset is recognized as a discrete item in the interim period that includes the enactment date. The tax effects of a change in tax laws or rates on taxes currently payable or refundable for the current year are reflected in the computation of the annual effective tax rate after the effective dates prescribed in the statutes, beginning no earlier than the first interim period that includes the enactment date of the new legislation. However, any effect of tax law or rate changes on taxes payable or refundable for a prior year, such as when the change has retroactive effects, is recognized upon enactment as a discrete item of tax expense or benefit for the current year. While there is no specific guidance as to what constitutes "enactment" under US GAAP, it is commonly accepted that enactment takes place on the date the last step in the legislative process required to promulgate the law is complete (e.g. a law is published in an official gazette, signed by a president, or receives Royal Assent).

Enacted Tax Law Changes: April 1, 2018 to June 30, 2018

The following section includes a summary of major international income tax law changes enacted during the period April 1, 2018 to June 30, 2018.

Brazil

Restrictions imposed on offsetting tax credits against advance payments of CIT

Date of Enactment: May 30, 2018
Effective Dates: To be determined
The Brazilian government enacted a law on May 30, 2018 that restricts the ability of taxpayers that have elected to be taxed under the annual actual income tax regime to offset federal tax credits against the advance payment of corporate income tax and the corporate tax on net profits.

See also tax@hand – June 12, 2018

Hong Kong

Profits tax deductions for purchase of IP rights expanded

Date of Enactment: June 29, 2018
Effective Dates: Assessment year 2018/2019
Hong Kong's Inland Revenue (Amendment) (No. 5) Ordinance 2018, which expands the scope of the profits tax deduction for capital expenditure incurred on the purchase of intellectual property rights, was passed by the Legislative Council on June 20, 2018 and enacted on June 29, 2018. These provisions apply to expenditure incurred in the year of assessment 2018/19 and thereafter.

See also tax@hand – July 6, 2018

Indonesia

Tax holiday regime enhanced

Date of Enactment: April 3, 2018
Effective Date: April 4, 2018
New regulations issued by Indonesia’s Ministry of Finance on April 3, 2018 and that apply from April 4, 2018 revoke regulations dating from 2015 concerning corporate income tax reductions and tax holidays.

See also World Tax Advisor – May 25, 2018

Mexico

New rules aim to prevent erosion of corporate income tax liability

Date of Enactment: June 1, 2018
Effective Date: June 2, 2018
A law published in Mexico's official gazette on June 1, 2018 and that applies as of June 2, 2018 includes rules to prevent taxpayers from engaging in practices that reduce their corporate income tax liability through the transfer of net operating losses. The rules allow the Mexican tax authorities to presume the existence of a "harmful" transfer of net operating losses in certain situations.

See also World Tax Advisor – June 8, 2018

Enacted Tax Law Changes That Are Now Effective: April 1, 2018 to June 30, 2018

The following section includes a brief summary of major international income tax law changes enacted before April 1, 2018, but are first effective in the period April 1, 2018 to June 30, 2018.

China

SAT updates guidance on interpretation of tax treaties

Date of Enactment: February 12, 2018
Effective Date: April 1, 2018
Guidance was issued by China's State Administration of Taxation (SAT) on February 12, 2018, effective from April 1, 2018, that updates and modernizes 2010 guidance on the interpretation of the provisions in China's tax treaties. The new guidance contains changes to the interpretation of the following articles in China's treaties: permanent establishment; shipping and air transport; entertainers (artistes) and sportspersons; and eligibility of partnerships for treaty benefits.

See also World Tax Advisor – April 27, 2018

India

Finance Act 2018 enacted

Date of Enactment: March 29, 2018
Effective Date: April 1, 2018
India's Finance Bill 2018 received presidential assent on March 29, 2018 and is now enacted law, following changes made by the lower house of parliament on March 15. The parliament clarified some measures, including the rules relating to country-by-country reporting and the requirement to obtain a permanent account number. Most of the provisions in what is now the Finance Act 2018, including the reduction in the corporate tax rate from 30% to 25% (plus the applicable surcharge and cess) for domestic companies whose total turnover or gross receipts during FY 2016-17 did not exceed INR 2.5 billion, are effective on April 1, 2018.

See also tax@hand – March 30, 2018

Enacted Tax Law Changes That Are Effective Beginning July 1, 2018

The following section includes a summary of major international income tax law changes enacted before April 1, 2018, but effective beginning July 1, 2018.

Per a review of the jurisdictions that are generally monitored in this publication, there were no major international income tax law changes enacted before April 1, 2018, but that are first effective beginning July 1, 2018.

On the horizon

The following developments had not yet been enacted as of June 30, 2018, but may be enacted and become effective in the near future. Please follow up with your U.S. or local country tax advisor for more information.

Australia

Budget 2018-19 presented

Australia's budget for 2018-19, presented on May 8, 2018, includes proposed tax measures that would require entities to align the value of their assets for thin capitalization purposes with the value included in their financial statements, for income years beginning on or after July 1, 2019, and would broaden the definition of a "significant global entity" for income years beginning on or after July 1, 2018, to include members of groups headed by private companies, trusts, partnerships and investment entities. It also was announced that the benefits under the R&D tax incentive regime would be narrowed. The proposed changes will take effect for income years commencing on or after July 1, 2018.

See also tax@hand – May 8, 2018

Austria

Draft bill includes measures to transpose EU ATAD into domestic law

On April 9, 2018, Austria's Ministry of Finance issued a draft bill for the Annual Tax Act 2018 that contains measures that would make changes to the tax treatment of corporations, and includes new controlled foreign company rules and amendments to the existing general anti-avoidance rule that would transpose the relevant provisions in the EU anti-tax avoidance directive into Austrian law. The draft bill still may be subject to changes as it progresses through the legislative process, and it is unclear when a final version will be announced.

See also World Tax Advisor – May 11, 2018

Czech Republic

Measures proposed to implement EU ATAD into domestic law

Proposed amendments to the Income Taxes Act would implement the EU anti-tax avoidance directives (ATAD 1 and ATAD 2) into domestic law, by revising the deductibility of interest expense and introducing controlled foreign company rules, exit taxation rules, rules on hybrid mismatches and a new general anti-abuse rule. There also is a proposal to introduce a new reporting requirement for payers of certain income that is exempt from withholding tax.

See also tax@hand – May 15 2018

Denmark

Proposed changes would bring thin capitalization rules in line with CJEU decision

A bill presented to the Danish parliament on May 2, 2018 contains proposed changes to the thin capitalization rules to bring them in line with a 2016 decision of the Court of Justice of the European Union, in which the court held that Denmark's rules on the tax treatment of interest income are incompatible with the EU freedom of establishment principle. The draft bill would extend the exclusion from taxable income for interest income that has been disallowed as a deduction for the debtor (payer) under Denmark's thin capitalization rules to apply to interest income that has been disallowed as a deduction under the thin capitalization rules of another EU member state. If approved, the changes would be effective as of July 1, 2018 and would first apply for the 2018 income year.

See also World Tax Advisor – June 8, 2018

Finland

Changes proposed to interest deduction limitation rules

The Finnish government published a draft proposal on January 19, 2018 that would revise the domestic rules governing the deductibility of interest expense. The proposed amendments are based on the EU anti-tax avoidance directive and would substantially broaden the scope of the interest deduction limitation rules and further limit the deductibility of interest expense. If approved, the rules would be applicable for financial years ending on or after January 1, 2019.

See also World Tax Advisor – January 26, 2018

Luxembourg

Draft bill to implement ATAD I presented to parliament

The draft bill that would implement the EU Anti-Tax Avoidance Directive (ATAD I) into Luxembourg law, as well as some unrelated measures, was published on June 20, 2018. The bill contains proposed measures in the following areas addressed under the ATAD I: controlled foreign companies, interest expense deductibility, hybrid mismatches, exit taxation and a general anti-abuse rule. In addition, the bill includes measures to repeal a domestic rule that allows a bondholder to convert a loan into shares in a tax-neutral manner, and to amend an existing rule to allow the Luxembourg tax authorities to require a Luxembourg taxpayer with a permanent establishment (PE) in a foreign country to produce confirmation from the tax authorities in the country of the PE that the PE exists. Notably, the bill does not cover the hybrid mismatch provisions of the 2017 ATAD II. The Luxembourg parliament will debate, possibly amend and ultimately vote on the proposed measures. If enacted, the measures would apply beginning in fiscal years starting on or after January 1, 2019, except for the proposed exit taxation rules, which would apply beginning in fiscal years starting on or after January 1, 2020.

See also tax@hand – June 27, 2018

Netherlands

Changes proposed to fiscal unity regime

On June 6, 2018, the Netherlands Ministry of Finance published a legislative proposal that contains measures to bring the fiscal unity regime in line with the "per element" approach taken by the Court of Justice of the European Union in its decision issued on February 22, 2018. According to the proposed measures, certain tax rules would be applied ignoring the existence of a Dutch fiscal unity. Most provisions are intended to apply retroactively from October 25, 2017.

See also tax@hand – June 6, 2018

New Zealand

Proposed details of R&D tax incentive released

On April 19, 2018, the New Zealand government released a discussion paper entitled "Fuelling innovation to transform our economy – a discussion paper on a Research and Development Tax Incentive for New Zealand." The release was a joint affair between the Ministry of Business, Innovation and Employment, Inland Revenue and Callaghan Innovation and seeks public feedback on proposals for implementing an R&D tax incentive to encourage businesses to invest more into R&D.

See also tax@hand – April 19, 2018

Puerto Rico

Draft tax reform bill includes reduction in corporate income tax rate

On April 16, 2018, the governor of Puerto Rico presented a draft bill that would introduce tax changes for corporations and partnerships as set forth under the administration's proposed new tax model, which is based on best practices identified from other jurisdictions and aims to simplify tax compliance and incentivize economic growth. The draft bill includes measures that would (i) reduce the corporate income tax rate from 20% to 19%; (ii) reduce the maximum rate of the corporate surtax from 19% to 12% (but lower the threshold at which the maximum rate would apply); (iii) reduce the alternative minimum tax rate from 30% to 19% (or 23% for corporations with turnover of USD 3 million or more) and set new limitations for allowable expenses for calculating alternative minimum taxable income; and (iv) increase the net operating loss deduction limitation from 80% to 90% of taxable income.

See also World Tax Advisor – April 27, 2018

Singapore

Elimination of intellectual property income from existing tax incentives

Concessionary tax treatment for income derived from intellectual property rights will be removed from the scope of existing incentives offered by Singapore (i.e. the Pioneer Services Companies Incentive (PC-S) and the Development and Expansion Incentive (DEI)) for awards approved on or after July 1, 2018. As a replacement, a new IP development incentive will be introduced to provide concessionary tax treatment for IP income in the form of a patent box regime that will incorporate the BEPS-compliant modified nexus approach. The relevant legislation is expected to be enacted toward the end of 2018 and will apply retroactively to July 1, 2018.

See also tax@hand – May 8, 2018

Spain

Digital services tax to be introduced

On April 27, 2018, Spain's Cabinet of Ministers passed the Stability Program and Budgetary Plan Update 2018 (2018-2021) (SP&BPU), which subsequently was submitted to the European Commission on April 30, 2018, as required by the EU Stability and Growth Pact. The SP&BPU envisages an increase in revenue collection through the imposition of new taxes, specifically a digital services tax, which is expected to generate annual revenue of at least EUR 600 million.

See also tax@hand – May 10, 2018

Changes proposed to patent box regime

Spain's bill for the fiscal year 2018 state budget, published on April 5, 2018, proposes amendments to the patent box regime, under which 60% of qualifying income derived from the licensing or transfer of qualifying intangible assets is not subject to corporate income tax. Under the proposals, which would apply for tax periods beginning on or after January 1, 2018, qualifying intangible assets would be restricted to patents, utility models, supplementary protection certificates for medical purposes, models and designs and registered software that is the product of R&D projects.

See also World Tax Advisor – May 11, 2018

Sweden

Proposal to restrict deductions of interest expense revised

On March 21, 2018, the Swedish government presented a revised proposal to restrict the deduction of interest expense and reduce the corporate tax rate. The revisions follow a consultation launched in 2017 that recommended changes to the original proposal. The proposed measures would implement the EU anti-tax avoidance directive (ATAD I and II) and the relevant recommendations under the OECD BEPS project into Swedish law.

See also tax@hand – April 27, 2018

Switzerland

Senate approves revised version of STR-17

On June 7, 2018, the Senate passed the revised Swiss Corporate Tax Reform 17 (STR 17) bill following the recommendations of the Ways and Means Committee. If the bill is approved by the House of Representatives in the fall of 2018 and there is no referendum, some elements of the reform could become effective as soon as the first quarter of 2019, with the bulk of the reform being effective as of January 1, 2021.

See also tax@hand – June 7, 2018

United Arab Emirates

Foreign ownership restrictions to be relaxed

The UAE cabinet announced on May 20, 2018 that foreign ownership restrictions will be relaxed by the end of 2018. Currently, foreign investors can hold only up to 49% of companies established in the UAE (free zone companies can be 100% foreign-owned but must restrict their business activities to the UAE mainland). Specific details are expected to be released later this year. Previous announcements have suggested that a selective and gradual opening of the market focusing on certain sectors, coupled with conditions as adopted in other Gulf Cooperation Council member states, could be a possible approach.

See also World Tax Advisor – June 8, 2018

Did you know

The following section contains information that may be relevant at the date of publication.

Australia

ATO changes interpretation of tax residence

Date of Enactment: June 21, 2018
Effective Dates: March 15, 2017
On June 21, 2018, the Australian Taxation Office (ATO) released guidance documents in relation to the central management and control (CMAC) test for determining corporate residence that set out a new approach on the CMAC test (which overturns the previous approach taken by the ATO). If a company has its CMAC in Australia and it carries on business, whether in Australia or not, it will be deemed to carry on business in Australia as a result of its CMAC being in Australia. The ATO considers that it is no longer necessary for any part of the actual trading or investment operations to take place in Australia, since the CMAC activities themselves are part of the carrying on the business.

See also tax@hand – June 21, 2018

Legislation to reduce corporate tax rate deferred

Legislation that would reduce Australia's corporate tax rate for all business to 25% by FY 2027 has been deferred. Different corporate tax rates currently apply for small (27.5%) and large (30%) business. The proposals would progressively raise the threshold for what is considered a small business before removing the distinction and then progressively reducing the tax rate to 25% for all businesses over four years.

See also World Tax Advisor - April 27, 2018

Germany

BFH questions constitutionality of 6% interest rate on tax payments

In a decision dated April 25, 2018 and published on May 14, 2018, Germany's Federal Tax Court expressed doubts about the constitutionality of the annual 6% interest rate on tax payments. The BFH granted a suspension of the execution of a tax assessment notice concerning interest in the amount of EUR 240,000 on additional tax payments calculated for the years 2015-2017 until the Constitutional Court rules on the issue.

See also tax@hand – May 18, 2018

Taxation of investment fund income revised

Date of Enactment: July 19, 2016
Effective Date: January 1, 2018
Changes made to Germany's Investment Tax Act that apply from January 1, 2018 significantly revised the taxation of investment fund income to simplify the taxation of investment income and harmonize the tax treatment of domestic and foreign investment funds.

See also tax@hand – May 21, 2018

Malta

Budget Measures for 2018 enacted

Date of Enactment: March 29, 2018
Effective Date: January 1, 2018

Malta's Budget Measures Implementation Act 2018 was enacted on March 29, 2018, implementing the proposals announced by the Minister of Finance during his October 9 budget speech. The key measures include a change to the definition of a "participating holding" for purposes of the participation exemption, which grants qualifying companies registered in Malta a full tax exemption on certain income or gains derived from qualifying equity investments. The minimum equity holding required to qualify as a participating holding is reduced from 10% to 5%. Qualifying investments now also include equity holdings in partnerships or "European economic interest groupings" that have not elected to be treated as companies for purposes of Malta's Income Tax Act. The amendment applies retroactively as of January 1, 2018.

See also World Tax Advisor – May 11, 2018

Taiwan

Guidance issued on goodwill recognition in M&A

On March 30, 2018, Taiwan's Ministry of Finance issued an explanatory decree that sets out the conditions under which goodwill acquired by a company in a business merger/consolidation or acquisition may be recognized for tax purposes.

See also tax@hand – April 2, 2018

Example disclosures

The following section contains example financial statement disclosures that may be considered relevant, in part or in whole, at the date of publication.

FASB Accounting Standards Codification (ASC or the "Codification") Topic 740, Income Taxes states that deferred tax liabilities and assets should be adjusted for the effect of changes in tax laws or rates in the period that includes the enactment date. Before enactment, financial statement preparers should consider whether potential changes represent an uncertainty that management reasonably expects will have a material effect on the results of operations, liquidity or capital resources. If so, financial statement preparers should consider disclosing information about the scope and nature of any potential material effects of the changes. After enactment, when material, financial statement preparers should consider disclosing in Management's Discussion & Analysis (MD&A) the anticipated current and future impact on their results of operations, liquidity, and capital resources. In addition, financial statement preparers should consider disclosures in the critical accounting estimates section of MD&A, the footnotes to the financial statements, or both, to the extent that the changes could materially impact existing assumptions used in making estimates of tax-related balances.

Certain legislation that has been discussed in other sections of this document may lead to an adjustment to the deferred tax balances and current taxes payable recorded on an entity's books and, if material, may need to be disclosed in the company's financial statements. In addition, proposals to change tax laws, rules, regulations, and interpretations could impact an entity's accounting for income taxes in the future. In preparation for possible impacts of the changes in tax laws, companies should consider including disclosure of the impacts of these proposed changes in their financial statements or in MD&A.

The link below provides sample disclosures with respect to issues including but not limited to the US tax reform, indefinite reinvestment, and intra-entity transfers.

See Roadmap to Accounting for Income Tax and Deloitte financial reporting alert 18-1 – updated June 20, 2018

Quick Reference Guide for Income Tax Rates

The following section includes a summary of combined tax rates applicable in key jurisdictions, the related dates of enactment, for US GAAP purposes, of certain income tax rate changes, and supplemental information with respect to certain jurisdictions.

Jurisdiction	Combined national/ local rate (incl. surcharges, etc.)		Date the combined national/local rate enacted	Notes
	2017	2018	National and Local	
Australia	30%	30%	N/A	The corporate tax rate is 27.5% for companies with aggregate annual turnover of less than AUD 25 million (increased from AUD 10 million) for the 2017-18 income year. The relevant threshold increases to AUD 50 million beginning in the 2018-19 income year.
Brazil	34%	34%	N/A	The corporate income tax base rate is 15%. The additional 10% surtax and 9% social contribution (20% for financial institutions) yield an effective tax rate of 34% (45% for financial institutions).
China	25%	25%	Mar 16, 2007 Dec 26, 2007	Entities qualifying as small-scale taxpayers are subject to a 20% rate, and entities qualifying as new and high-tech enterprises or technology advanced service enterprises are subject to a 15% rate. Entities incorporated in the western region of China are subject to a 15% tax rate if they operate in certain industries.
France	33.33% – 34.43%	33.33% – 34.43% 28% - 28.92% for SMEs up to EUR 75K (see Note 1)	Dec 30, 2013 (See Note 1 for 2017 and Note 2 for the new rates applicable for FYs opened as of Jan 1, 2018). Dec 31, 2016	According to the 2017 Finance Law that became effective on December 31, 2016, the corporate income tax rate is 33.33% (see Note 1). The Finance Law for 2018 enacted on December 20, 2017 accelerates the reduction of the corporate tax rate (see Note 2). These rates do not include the impact of the CVAE, an annual local business tax that is considered an income tax under US GAAP. The 3% dividend tax that was declared unconstitutional on October 8, 217 is abolished under finance law 2018.
Germany	30%–33%	30%–33%	Aug 17, 2007	The corporate rate is 15%. The municipal trade tax rate typically ranges between 14% and 17%. A 5.5% solidarity surcharge is levied on corporate income tax. The effective

Jurisdiction	Combined national/ local rate (incl. surcharges, etc.)		Date the combined national/local rate enacted	Notes
	2017	2018	National and Local	
				corporate tax rate (including the solidarity surcharge and trade tax) typically ranges between 30% and 33%.
Hong Kong	16.5%	8.25%/ 16.5%	Mar 29, 2018	As of year of assessment 2018/19, a two-tiered profits tax applies: 8.25% for corporations (7.5% for unincorporated businesses) on the first HKD 2 million of assessable profits, and 16.5% for corporations (15% for unincorporated businesses) on the remainder of assessable profits.
India	30%	25%/40%	Mar 29, 2018	As of April 1, 2018, the standard corporate tax rate is reduced from 30% to 25% (plus the applicable surcharge and cess) for domestic companies whose total turnover or gross receipts during FY 2016-17 did not exceed INR 2.5 billion (approximately USD 40 million). The standard corporate tax rate for other Indian companies remains 30% (plus the applicable surcharge and cess) and is 40% (plus the applicable surcharge and cess) for foreign companies.
Italy	27.9%	27.9%	Jan 1, 2017	The general corporate tax rate is 24% (27.5% for banks and other financial institutions and 34.5% for "non-operating" entities). In addition to the corporate tax rate, IRAP, the regional tax on productive activities, with an average rate of 3.9% is levied (4.65% for banks and 5.9% for insurance companies). Each region can increase or decrease the base IRAP rate up to 0.92%.
Japan	29.97% – 30.86% or 33.8% – 34.81% (for FYs beginning on or after Apr 1, 2016)	29.74% – 30.62% or 33.59% – 34.59% (for FYs beginning on or after Apr 1, 2018)	Mar 29, 2016 (for 2017 and 2018)	The national corporate tax rate is 23.4% for fiscal years beginning on or after April 1, 2016, and is reduced to 23.2% for fiscal years beginning on or after April 1, 2018. Japanese corporations and foreign corporations carrying on a business through a PE in Japan also are subject to a local inhabitants tax, a local enterprise tax and a local corporate tax. Inhabitants and enterprise tax rates vary depending on certain factors. The local enterprise tax, including the special local corporate tax, generally is levied on taxable income at a rate between 3.6% and 10.1%, depending on the amount of capital and the location of the corporation. The inhabitants tax generally is levied on taxable income at a rate of 12.9% or 16.3% of the national corporate tax rate, depending on the location of the corporation. The local enterprise tax is deductible for national corporate tax, local inhabitants tax and local enterprise tax purposes when it is paid. The local corporate tax generally is levied on taxable income at a rate of 4.4% of the national corporate tax rate. The top effective tax rate ranges are for corporations with stated capital exceeding JPY 100 million and the bottom effective tax rate ranges are for corporations with stated capital of JPY 100 million or less.
Luxembourg	~27.08%	~26.01%	Dec 23, 2016	The corporate income tax rate reduced from 19% to 18% on January 1, 2018. As a result, the effective combined income tax rate for a company in Luxembourg City is 26.01% for 2018 (including the corporate income tax,

Jurisdiction	Combined national/ local rate (incl. surcharges, etc.)		Date the combined national/local rate enacted	Notes
	2017	2018	National and Local	
				municipal business tax and the contribution for the unemployment fund). Rates for residents of other municipalities may vary.
Mexico	30%	30%	Dec 11, 2013	
Netherlands	25%	25%	N/A	A 20% rate applies to income below EUR 200,000.
Russia	20%	20%	Nov 26, 2008	The standard tax rate is 20%, except for certain types of income. In 2017-2020, the inter-budgetary distribution is 17% to the regional budget and 3% to the federal budget. The 20% tax rate can be reduced to 15.5% (12.5% regional and 3% federal) by the regional governments. In some regions, profit tax may be reduced to zero due to special tax regimes. The regional authorities in special economic zones (SEZ) may grant a reduction of the regional tax rate to as low as 0%, leaving only the 3% federal portion. The maximum profit tax rate may be reduced depending on the type of SEZ and its location, from 20% to: • 3% for manufacturing and port SEZ; • 0% for technology and innovation and tourism and recreation SEZ. Qualifying investors in certain regions in the far eastern part of Russia and Siberia are entitled to a profits tax rate of 0% to 10% for the first five years of income generation, and from 10% to 18% for the following five years. Companies providing educational or medical services and agricultural goods producers are subject to a 0% profits tax rate if certain criteria are fulfilled. Residents of the Skolkovo Innovation Centre are entitled to a 10-year exemption from profits tax.
Switzerland	11.5%–24.5%	11.5%–24.5%	N/A	The tax rate includes federal and cantonal/communal taxes for an ordinarily taxed legal entity. The rate at the cantonal/communal level depends on the canton/municipality in which the company is located.
United Kingdom	19%	19%	Nov 18, 2015	The 20% reduced to 19% on April 1, 2017 and will further drop to 17% on April 1, 2020.
United States	35%	21%	Dec 22, 2017	The graduated corporate rate structure has been replaced with a flat 21% rate, effective in 2018, and the corporate alternative minimum tax has been repealed.
Other Jurisdictions	See [2018 Global Tax Rates]			

Note 1:

Under the Finance Law for 2017, enacted on December 29, 2017, the corporate tax rate for FY 2017 is 33.33% (plus a surtax of 3.3% when the corporate income tax liability exceeds EUR 763,000), resulting in an effective tax rate of 34.43%). A reduced rate of 28% applies to SMEs (i.e. micro, small and medium-sized entreprises with revenue below EUR 50 million) on the first EUR 75,000 of taxable income; above that threshold, the 33.33% applies.

The amended finance law for 2017 created a "one-time exceptional surtax" for certain entities closing their FY between December 31, 2017 and December 30, 2018. The surtax has the effect of increasing the corporate income tax due for one fiscal year (FY 2017 for companies with a closing date in line with the calendar year) and, for most affected companies, gave rise to a 95% surtax installment due by December 20, 2017 (companies closing their FY as of February 20, 2018 must pay the 95% installment in 2018). The rate of the surtax depends on the company's turnover:

- Companies with turnover above EUR 1 billion, but below EUR 3 billion: 15% on the amount of the corporate income tax liability; and
- Companies whose turnover equals or exceeds EUR 3 billion: 30% since these companies are subject to an additional surtax equal to 15% of their corporate income tax liability.

The maximum effective tax rate, therefore is 39.4% and 44.4%, respectively.

Note 2:

The Finance law for 2018, enacted on December 29, 2017, provides for a progressive reduction of the corporate tax rate according to the following timetable:

- FY opened as of January 1, 2018: The 28% rate applies to the first EUR 500,000 of taxable income for all companies, and 33.3% for income above this threshold (maximum effective tax rate (ETR), including the 3.3% surtax: 34.43%)
- FY opened as of January 1, 2019: The standard corporate tax rate is 31% for all companies (the 28% rate will continue to apply to the first EUR 500,000 of taxable income for all companies) (maximum ETR, including the 3.3% surtax: 32%)
- FY opened as of January 1, 2020: The standard corporate tax rate is 28% for all companies (maximum ETR, including the 3.3% surtax: 28.9%)
- FY opened as of January 1, 2021: The standard corporate tax rate is 26.5% for all companies (maximum ETR, including the 3.3% surtax: 27.4%%)
- FY opened as of January 1, 2022: The standard corporate tax rate is 25% for all companies (maximum ETR, including the 3.3% surtax: 25.8%)

Additional resources

A Roadmap to Accounting for Income Taxes—This Roadmap includes all of Deloitte's interpretive guidance on the accounting for income taxes, combining the income tax accounting rules and implementation guidance from ASC 740 with Deloitte's interpretations.

Accounting for Income Taxes—Global Tax Developments archive

Accounting for Income Taxes Hot Topics archive—A quarterly publication that highlights certain recent tax and accounting developments that may have accounting for income taxes (ASC 740) implications.
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Deloitte International Tax Source (DITS)—An online database featuring corporate, withholding and tax treaty rates and information for 66 jurisdictions worldwide.

Tax Accounting & Provisions Dbriefs Webcasts—A collection of live and archived Dbrief webcasts that give you valuable insights on important developments impacting financial reporting for taxes.

Tax Publications—Various tax publications issued by Deloitte to help clients stay informed on tax legislation and regulations and the potential impact on their businesses.

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