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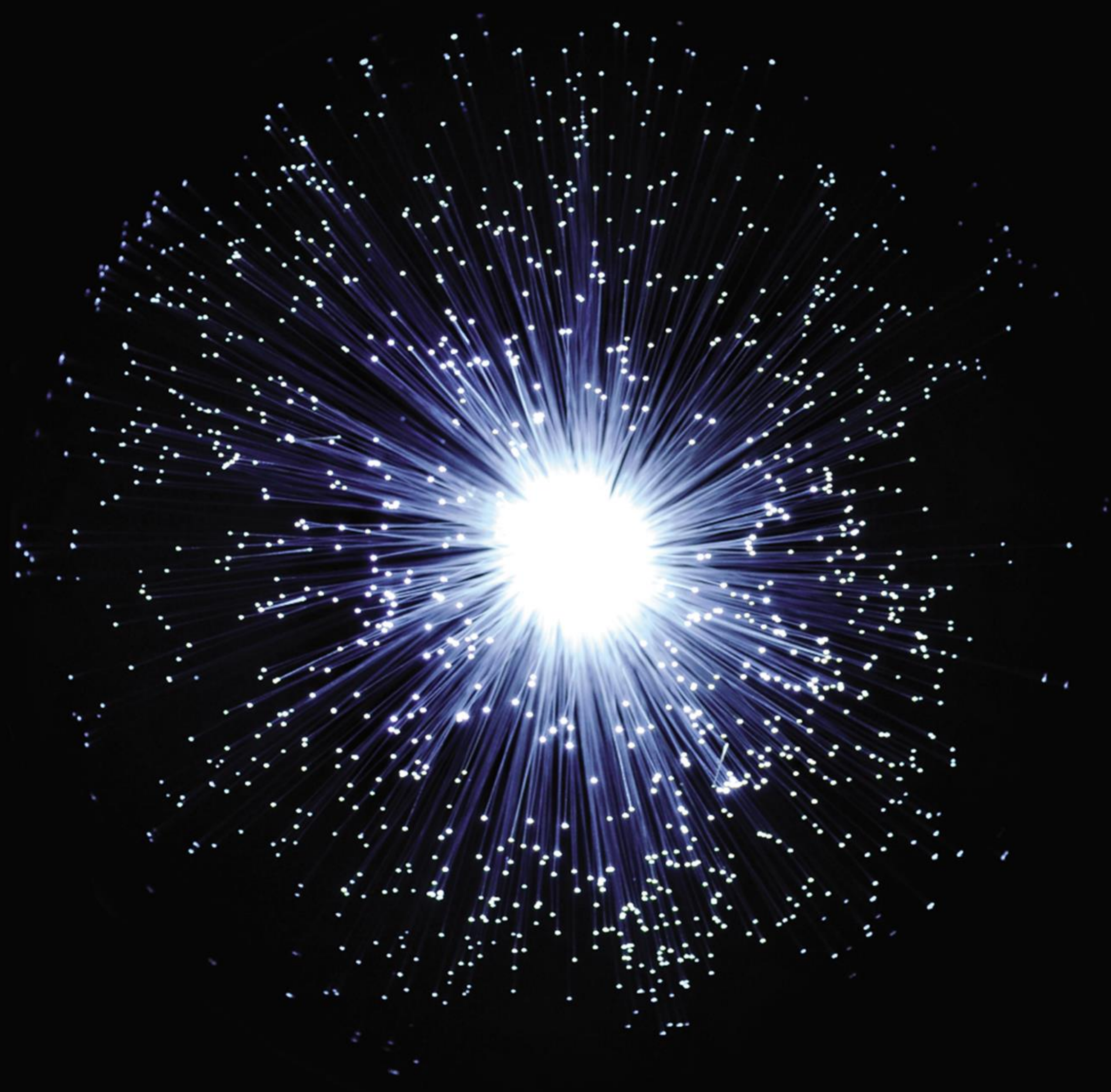

Global Tax Developments Quarterly
Accounting for Income Taxes

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

October 1, 2019 – December 31, 2019
January 30, 2020
Issue 2019-4

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Introduction

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Unless otherwise indicated, the content in this document is based on information available as of January 1, 2020. 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: October 1, 2019 to December 31, 2019

The following section includes a summary of major international income tax law changes enacted during the period October 1, 2019 to December 31, 2019.

Colombia

Amended tax reform legislation enacted

Date of Enactment: December 27, 2019
Effective date: December 27, 2019

The Colombian president signed a law on December 27, 2019, following approval by Congress. The legislation—which is effective as from that date—contains many of the provisions originally contained in the 2018 tax reform law that was declared unconstitutional by the Constitutional Court on October 16, 2019.

See also tax@hand – January 14, 2020

Ecuador

Tax Simplicity and Progressivity Law enacted

Date of Enactment: December 31, 2019
Effective date: January 1, 2020

On December 30, 2019, Ecuador's National Assembly enacted the "Tax Simplicity and Progressivity Law," which was published in the official gazette on December 31, 2019 and generally is effective as from January 1, 2020. The law contains numerous direct tax reform measures to simplify the tax system and raise tax revenue, including measures that affect the deductibility of interest expense, impose a temporary additional tax on companies with high taxable revenue, and eliminate the requirement for companies to make advance payments of income tax.

See also tax@hand – January 9, 2020

France

Finance Law for 2020 enacted

Date of Enactment: December 28, 2019
Effective date: December 30, 2019

The Finance Law for 2020 includes measures designed to ensure that French tax rules for enterprises are in line with OECD and EU initiatives, as well as EU case law. The main measures in the law include the following:

- Change to the planned corporate income rate reduction for companies/groups with a revenue of EUR 250 million or more;
- Adoption of the hybrid mismatch provisions in the EU anti-tax avoidance directive (ATAD) 2;
- Adjustments of previously adopted rules in the ATAD 1 (e.g. interest deduction limitation, exit tax, nexus in the context of the patent box); and
- Changes to the R&D tax credit rules.

These measures are not affected by the Constitutional Court decision of December 27, 2019.

See also tax@hand - December 23, 2019

Germany

Update on abolition of solidarity surcharge

Date of Enactment: December 12, 2019

Effective Date: January 1, 2021

Germany's solidarity surcharge, introduced in 1995 as a temporary supplementary tax to finance the costs of the reunification, is no longer payable by every income taxpayer. A proposal to abolish the solidarity surcharge for most German individual taxpayers as from 2021 was enacted and published in the federal gazette on December 12, 2019. The abolition of the surcharge applies only to individual taxpayers—it does not apply to corporate taxpayers.

See also tax@hand – October 4, 2019

Greece

Laws to attract strategic investments and encourage development revised

Date of Enactment: October 24, 2019

Effective Date: October 30, 2019

The Greek parliament passed a law on October 24, 2019 that revises the law to attract strategic investments and the development law. The changes apply as from October 30, 2019.

See also tax@hand – November 1, 2019

India

Concessional tax rates reduced

Date of Enactment: December 12, 2019

Effective Date: April 1, 2019

India's Taxation Laws (Amendment) Act, 2019, enacted on December 12, 2019, gives permanent legislative effect to the provisions of the Taxation Law (Amendment) Ordinance, 2019 promulgated by the president on September 20, 2019, subject to certain amendments. The ordinance provides for a significant reduction in the corporate income tax rates for domestic companies, along with other tax reliefs to promote growth and investments. Unless otherwise stated, the provisions are applicable as from September 20, 2019.

See also tax@hand – January 7, 2020 and September 25, 2019

Italy

2020 budget law enacted

Date of Enactment: December 30, 2019

Effective Date: January 1, 2020

Italy's budget law for 2020, published in the official gazette on December 30, 2019 and generally applicable as from January 1, 2020, includes the following measures:

- Reinstatement of the notional interest deduction, which was repealed by the 2019 budget law (1.3% for FYs as 2019);
- Repeal of the lower corporate tax rate (15%) on retained earnings that was provided by law decree no. 34 of April 30, 2019 (it never became effective);
- Replacement of the digital services tax with a new 3% tax (the prior version in the 2019 budget law never became effective);

- Introduction of a new window for Italian companies to step-up the inside basis of their business assets, tangible and intangible assets (except for immovable property held by real estate companies), as well as for qualifying shareholdings, in the 2019 financial statements for book and tax purposes, provided the assets were included in the prior year (2018) financial statements; and
- Introduction of a new tax credit for investments concerning certain assets that previously benefited from "super-depreciation" and "hyper depreciation."

See also tax@hand – January 8, 2020

Luxembourg

ATAD 2 implemented into domestic law

Date of Enactment: December 23, 2019
Effective Date: Taxable years starting on or after January 1, 2020 and January 1, 2022

The law implementing the hybrid mismatch measures in the EU ATAD 2 into Luxembourg's domestic law was approved by the parliament and published on December 23, 2019. The law covers hybrid mismatches not previously covered by Luxembourg's anti-hybrid provisions, such as imported mismatches, hybrid transfers, tax residence mismatches, and reverse hybrid mismatches. Most provisions in the new law apply as from fiscal years starting on or after January 1, 2020, except for the provision targeting reverse hybrid mismatches, which will apply as from fiscal years closing in 2022.

See also tax@hand – January 3, 2020

Pre-2015 advance tax decisions cease to have effect from end of 2019 tax year

Date of Enactment: December 23, 2019
Effective Date: January 1, 2020

Luxembourg's 2020 budget law, approved by the parliament and published on December 23, 2019, includes a provision that limits the validity period of pre-2015 advance tax decisions (ATAs) issued by the Luxembourg tax authorities to the end of fiscal year 2019. As a result, ATAs granted by the tax authorities before 1 January 2015 cannot be relied on by taxpayers as from fiscal year 2020. Taxpayers affected by the proposed change that wish to receive an advance decision covering tax years after 2019 should submit a new application.

See also tax@hand – January 3, 2020

Mexico

Final 2020 tax reform package approved by Senate

Date of Enactment: January 1, 2020
Effective Date: January 1, 2020

On October 30, 2019, Mexico's Senate approved the final 2020 tax reform package, which includes most of the proposals initially presented to Congress by the President on September 8, with some modifications that were made during the congressional review process. The reform does not make any changes to the existing tax rates (i.e. corporate, VAT or personal tax rates), but there are various measures to tackle tax avoidance and/or evasion. The measures apply as from January 1, 2020.

See also tax@hand – November 1, 2019

Enacted Tax Law Changes That Are Now Effective: October 1, 2019 to December 31, 2019

The following section includes a brief summary of major international income tax law changes enacted before October 1, 2019 but are first effective in the period October 1, 2019 to December 31, 2019.

Per a review of jurisdictions that are generally monitored in this publication, there were no major international income tax law changes enacted before October 1, 2019, but that are effective in the period October 1, 2019 to December 31, 2019.

Enacted Tax Law Changes That Are Effective Beginning January 1, 2020

The following section includes a summary of major international income tax law changes enacted before October 1, 2019, but effective beginning January 1, 2020.

Czech Republic

EU ATAD measures transposed into domestic law

Date of Enactment: March 27, 2019
Effective Date: January 1, 2020

A tax package published on March 27, 2019 includes measures that implement the EU ATAD into Czech domestic tax law. There are new rules restricting the deductibility of "excess" borrowing costs, the introduction of controlled foreign company rules and an exit tax, and limits on the use of cross-border hybrid arrangements. While the measures generally apply from January 1, 2019, the hybrid mismatch rules and the exit tax apply for tax periods beginning January 1, 2020. However, it should be noted that the lower house of parliament is debating changes to the Income Taxes Act that include modifications related to the implementation of the EU ATAD into domestic law, including changes to the tax treatment of interest income arising from bonds issued before January 1, 2013. These changes still must be approved by the parliament and signed by the president before they become effective.

See also tax@hand – April 3, 2019 and tax@hand – October 23, 2019

Luxembourg

Exit tax provisions of ATAD 1 in effect

Date of Enactment: December 21, 2018
Effective date: January 1, 2020

On December 21, 2018 Luxembourg passed the law implementing Anti-Tax Avoidance Directive 1 (ATAD 1) (2016/1164) into Luxembourg domestic legislation. The law modifies rules on exit taxation to include all the cases foreseen by ATAD 1 and to provide for a payment of tax in installments over five years. The updated exit tax provisions should apply to transfers occurring during tax years starting on or after January 1, 2020. Existing tax deferrals granted before January 1, 2020 are unaffected by the amendments.

See also tax@hand – December 12, 2018

Switzerland

Principal companies and finance branch regimes withdrawn

Date of Enactment: May 24, 2019
Effective Date: January 1, 2020

On May 24, 2019, the Swiss Federal Tax Administration (SFTA) published an official statement that withdraws the principal company and finance branch regimes as from December 31, 2019. The principal company and finance branch regimes were originally established by SFTA circulars as interpretations of existing law. The latest SFTA statement withdraws these circular letters. Accordingly, for ASC 740 purposes, the circular should be viewed as new information rather than a change in tax law and entities should reflect any change in their income tax accounts that result from the new interpretations in the Circular in the period in which those new interpretations become available (i.e., May 24, 2019).

See also tax@hand – November 20, 2019

Tax reform bill passed

Federal Date of Enactment: August 6, 2019
Cantonal Date of Enactment: Depends on canton
Effective Date: January 1, 2020

On May 19, 2019, Swiss voters voted in favor of the tax reform and AHV financing bill. While the federal reform package mainly functions as a framework law for the cantons, the implementation laws at the cantonal level will have a tax accounting impact due to the parallel change in tax rates and other measures implemented. The tax accounting impact must be analyzed on a case-by-case basis. The federal tax law was enacted on August 6, 2019 and some cantons enacted their tax laws in Q3 and Q4/2019; however, other cantons will enact new laws during 2020, but once a new law is enacted, the changes and rate reduction will apply retroactively as from January 1, 2020.

See also tax@hand – May 22, 2019

On the Horizon

The following developments had not yet been enacted as of December 31, 2019, but may, in certain cases, be enacted and become effective in the near future. Please follow-up with your U.S. or local country tax advisor for more information.

Japan

2020 tax reform proposals include changes to tax consolidation regime

Proposals for the 2020 tax reform announced by Japan's Liberal Democratic Party (LDP) and the New Komeito Party on December 12, 2019 include changes to the tax consolidation system, which is expected to be replaced with a group aggregation system, an anti-avoidance provision to prevent companies from inappropriately creating capital losses and new incentives to encourage investment in start-ups.

See also Japan Inbound Tax & Legal Newsletter - December 2019

Malaysia

Budget 2020 includes measures to promote investment and support SMEs

Malaysia's Finance Minister unveiled budget 2020 on October 11, 2019, and the Finance Bill 2019, which includes some of the tax measures from the budget and some additional tax measures, was tabled in parliament on October 15, 2019. The tax-related proposals include changes to further support the growth of small and medium-sized enterprises and tax incentives to attract investment and encourage the development of intellectual property.

See also tax@hand – October 22, 2019

Norway

Budget 2020 amends interest expense deduction limitation rules, R&D incentives

Norway's budget for 2020, presented by the Ministry of Finance on October 7, 2019, include two key proposals related to amendments to the interest expense deduction limitation rules and the Norwegian research and development incentive scheme.

See also tax@hand – October 10, 2019

United Kingdom

Government intends to cancel enacted corporation tax rate reduction to 17% as from April 1, 2020

Following the UK general election on December 12, 2019 in which a Conservative majority government was elected, the party leader, Boris Johnson, reiterated the intention to postpone the previously enacted cut of the UK corporation tax rate from 19% to 17% currently scheduled for April 1, 2020. The current expectation is for this change to be legislated following the UK Budget set to take place on March 11, 2020.

See also tax@hand – November 20, 2019

Did you know

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

Belgium

CJEU upholds Belgian notional interest deduction

On October 17, 2019, the Court of Justice of the European Union (CJEU) issued a decision upholding the Belgian allowance for corporate equity (notional interest deduction or NID). The CJEU concluded that the measure does not lead to the disadvantageous treatment of Belgian companies with foreign permanent establishments, even though different calculation methods apply to calculate the NID for those companies and companies that operate domestically.

See also tax@hand – October 23, 2019

India

ITAT rules expenditure attributable to issue of bonus shares is revenue in nature

On October 23, 2019, the Mumbai Income Tax Appellate Tribunal ruled that expenditure incurred in connection with an increase in authorized share capital attributable to the issue of bonus shares is revenue in nature since the bonus issue does not result in an expansion of the capital base or a benefit of an enduring nature.

See also tax@hand – November 7, 2019

Italy

Financial transactions tax not contrary to EU law

On November 28, 2019, Advocate General (AG) Hogan of the Court of Justice of the European Union delivered his opinion in a case involving the compatibility of the Italian financial transactions tax with EU law. The AG opined that the financial transactions tax is not contrary to EU law.

See also tax@hand – December 10, 2019

United Kingdom

Update to EU exit charge provisions

To comply with ATAD, the EU exit charge provisions within UK tax legislation were amended with effect from January 1, 2020. The options available to taxpayers to defer payments of tax to HM Revenue & Customs following the triggering of an exit change following a transfer from the UK to an EU or a relevant EEA state have changed. If such an exit charge payment plan is entered into, the tax will be due to be paid in instalments over a maximum of five years. (An alternative method, based on the timing of the subsequent realization of assets, was previously available).

Provisions have also been amended in respect of assets coming within the charge to UK corporation tax. Where there is an EU exit charge in the relevant EU state on the transfer of that asset based on the market value at the time of transfer, this value is now to be used as the base cost for computing any gain or loss on a subsequent realization of the asset in the UK.

United States

Final and proposed BEAT regulations released

On December 2, 2019, the US Treasury and Internal Revenue Service released final and proposed base erosion and anti-abuse tax (BEAT) regulations. The BEAT, which applies in addition to a taxpayer's regular tax liability, is designed to prevent the reduction of tax liability by certain large corporate taxpayers through certain payments made to foreign related parties and certain tax credits.

See also tax@hand – December 2, 2019

IRS issues final and proposed foreign tax credit regulations

The US Treasury Department and Internal Revenue Service (IRS) released final foreign tax credit regulations on December 2, 2019. The regulations relate to changes made to the applicable law by the 2017 Tax Cuts and Jobs Act and finalizes the proposed regulations published on December 7, 2018. The final regulations also finalize proposed regulations on overall foreign losses that were published on June 25, 2012 and certain portions of proposed regulations published on November 7, 2007, relating to a US taxpayer's obligation to notify the IRS of a foreign tax redetermination.

See also tax@hand – December 2, 2019

Final ownership attribution regulations issued under section 954

On November 18, 2019, the US Treasury and Internal Revenue Service issued, without change from the proposed regulations, final regulations under section 954 of the Internal Revenue Code.

See also tax@hand – November 18, 2019

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 August 30, 2018

Quick Reference Guide for Income Tax Rates

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

For other jurisdictions see 2019 Global Tax Rates

Jurisdiction	Combined national/ local rate (incl. surcharges, etc.)		Date the combined national/local rate enacted	Notes
	2018	2019	National and Local	
Australia	30%	30%	N/A	The tax rate for eligible businesses with turnover of less than AUD 50 million is 27.5% for the 2017-19 and 2019-20 income years. The rate will drop to 26% in the 2020-21 income year and to 25% in the 2021-22 income year.
Brazil	34%	34%	N/A	The corporate income tax base rate is 15%. Taking into account the additional 10% surtax on income in excess of BRL 240,000 per year and the 9% social contribution (20% for financial institutions), the effective tax rate is 34% (45% for financial institutions).
China	25%	25%	Mar 16, 2007 Dec 26, 2007	The general enterprise income tax rate is 25%. 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 and operating in certain industries also are subject to a 15% rate.
Colombia	33% + 4% surcharge (combined rate of 37%)	33%	Dec 28, 2018	A law enacted on December 28, 2018 introduced a progressive reduction of the corporate income tax rate from 33% for taxable year 2019, to 32% for 2020, 31% for 2021 and 30% for taxable year 2022 and thereafter. A reduced rate of 20% applies to companies located in free trade zones. This legislation was declared unconstitutional by the Constitutional Court on October 16, 2019, but new legislation enacted on December 27, 2019 includes many of the provisions in the 2018 law, such as the corporate income tax rate reduction.

Jurisdiction	Combined national/ local rate (incl. surcharges, etc.)		Date the combined national/local rate enacted	Notes
	2018	2019	National and Local	
				The 4% surcharge, which was abolished for 2019, was applicable when the taxpayer's income was equal or exceeded COP 800 million (approximately USD 266,000).
France	33.33% – 34.43%	31% or 33.33% - See Notes (28% for the first EUR 500K) – 32% or 34.43% including the 3.3% surtax For SMEs up to EUR 75K (see Note 1)	Dec 30, 2013 (See Note 1 for reduced rate for SMEs and Note 2 for the new rates applicable for FYs opened as of Jan 1, 2018). Dec 31, 2016	The Finance Law for 2018 enacted on December 20, 2017 accelerated the reduction of the corporate tax rate. The rate in 2019 was 31% (see Note 2). A law adopted in July 2019 maintained the 33.33% corporate tax rate in 2019 for French entities/French tax groups with revenue of EUR 250 million or more. In 2019, the 31% rate remains applicable to entities/tax groups with revenue below EUR 250 million. These rates do not include the impact of the CVAE, an annual local business tax that is considered an income tax under US GAAP.
Germany	30%–33%	30%–33%	Aug 17, 2007	The corporate rate is 15% and the municipal trade tax rate typically ranges between 14% and 17%. A 5.5% solidarity surcharge is levied on corporate income tax. The effective corporate tax rate (including the solidarity surcharge and trade tax) typically ranges between 30% and 33%.
Hong Kong	8.25%/ 16.5%	8.25%/ 16.5%	Mar 29, 2018	A two-tiered profits tax applies as from year of assessment 2018/19: 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	25%/30%	25%/40%	Sep 20, 2019	The following tax rates apply for domestic companies: (a) 22% for companies that forego claiming specified income tax exemptions or incentives; (b) 25% for companies (not covered by (a)) whose total turnover or gross receipts during the FY 2017-18 does not exceed INR 4 billion (USD 60 million); (c) 30% for companies (not covered by (a) and (b); and (d) Certain manufacturing companies incorporated on or after March 1, 2016 (that forego claiming specified income tax exemptions or incentives) may elect a 25% rate, while certain manufacturing companies incorporated on or after October 1, 2019 (that forego claiming specified income tax exemptions or incentives) and commencing production on or before March 31, 2023 can elect a concessional tax rate of 15%.

Jurisdiction	Combined national/ local rate (incl. surcharges, etc.)		Date the combined national/local rate enacted	Notes
	2018	2019	National and Local	
				The above rates are increased by a surcharge and cess. A 7% surcharge applies to domestic companies if income exceeds INR 10 million and a 12% surcharge applies if income exceeds INR 100 million. However, for (a) above, a flat 10% surcharge is added to the tax rate (irrespective of level of income) (see Note 3). An additional 4% cess is payable in all cases. The corporate tax rate is 40% for foreign companies and branches of foreign companies. A 2% surcharge applies to a foreign company if income exceeds INR 10 million, and a 5% surcharge applies if income exceeds INR 100 million. An additional 4% cess is payable in all cases. A minimum alternative tax (MAT) is imposed in certain cases. The MAT rate has been reduced to 15% from 18.5% as from FY 2019-20.
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, the IRAP (the regional tax on productive activities) is levied at an average rate of 3.9% (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	29.74% – 30.62% or 33.59% – 34.59% (for FYs beginning on or after Apr 1, 2018)	29.74% – 30.62% or 33.59% – 34.59% (29.74% – 30.62% or 33.58% – 34.59% for FYs beginning on or after Oct 1, 2019)	Mar 29, 2016 (for FYs beginning before Oct 1, 2019) Mar 29, 2016 and Mar 27, 2019 (for FYs beginning on or after Oct 1, 2019)	The national corporate tax rate is 23.2% for ordinary corporations with share capital exceeding JPY 100 million for fiscal years beginning on or after April 1, 2018 (see Note 3). 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, the rates of which vary depending on certain factors. The local enterprise tax, including the special local corporate tax (for fiscal years beginning before October 1, 2019) or special corporate enterprise tax (for fiscal years beginning on or after October 1, 2019), generally is levied on taxable income at a rate between 3.6% and 10.07%, 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% (for fiscal years beginning before October 1, 2019), or 7% or 10.4% (for fiscal years beginning on or after October 1, 2019) 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

Jurisdiction	Combined national/ local rate (incl. surcharges, etc.)		Date the combined national/local rate enacted	Notes
	2018	2019	National and Local	
				taxable income at a rate of 4.4% (for fiscal years beginning before October 1, 2019) or 10.3% (for fiscal years beginning on or after October 1, 2019) 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	~26.01%	~24.94%	Dec 23, 2016 for 2018 April 26, 2019 for 2019	The 2019 budget law reduced the corporate income tax rate from 18% to 17% and increased the income bracket affected by the minimum 15% rate from EUR 25,000 to EUR 175,000. The effective combined income tax rate for a company in Luxembourg City is 24.94% for 2019 (including the corporate income tax, municipal business tax, and the contribution for the unemployment fund). Rates in other municipalities may vary.
Mexico	30%	30%	Dec 11, 2013	The standard corporate tax rate is 30%. However, a two-year income tax credit is available for certain taxpayers located in municipalities in the northern border region.
Netherlands	25%	25%	N/A	The corporate tax rates for 2019 are 19% on the first EUR 200,000 of taxable profits (reduced from 20% as from January 1, 2019) and 25% on taxable profits exceeding EUR 200,000. The corporate tax rates for 2020 are 16.5% on the first EUR 200,000 of taxable profits (reduced from 19% as from January 1, 2019) and 25% on taxable profits exceeding EUR 200,000. As from January 1, 2021, a 15% rate will apply to the first EUR 200,000 and a 21.7% rate will apply for taxable income exceeding that amount.
Russia	20%	20%	Nov 26, 2008	The standard tax rate is 20%, except for certain types of income. 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 (SEZs) 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 SEZs; • 0% for technology and innovation and tourism and recreation SEZs. Qualifying investors in certain regions in the far eastern parts of Russia and Siberia are entitled to a profits tax rate of 0% to 10% for the first

Jurisdiction	Combined national/ local rate (incl. surcharges, etc.)		Date the combined national/local rate enacted	Notes
	2018	2019	National and Local	
				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	Tax is imposed at the federal and cantonal/communal levels. The federal tax rate is 8.5% levied on net income, with an effective rate of 7.8%; the rate at the cantonal/ communal level depends on the canton/ municipality in which the company is located. Taking into account the federal and the cantonal/communal income tax, the combined effective income tax rate typically is between 12% and 24% for companies subject to ordinary taxation, depending on the place of residence. Cantonal tax rate reductions will result in a combined ETR of approximately 11.9% to 18% as from January 1, 2020 (with the relevant ETR and enactment date depending on the canton. As of January 1, 2020, 16 of the 26 cantons have finalized the cantonal legislative process and enacted cantonal law, four cantons have legislation that will be subject to a popular vote during 2020, and six cantons have not yet concluded their internal approval procedures.
United Kingdom	19%	19%	Nov 18, 2015	Based on legislation enacted in 2016, the corporate tax rate will drop to 17% on April 1, 2020, although the reduction may be postponed following the election of a Conversative government on December 12, 2019. However, no legislation has been enacted to effect this.
United States	21%	21%	Dec 22, 2017	The graduated corporate rate structure was replaced with a flat 21% rate, effective in 2018, and the corporate alternative minimum tax was repealed.

Note 1:

A reduced rate of 15% applies to SMEs (i.e. micro, small and medium-sized companies at least 75% of which are held directly or indirectly by individuals and whose revenue is under EUR 7.63 million) on the first EUR 38,120 of taxable income.

For FY 2019, a 28% rate applied to the portion of income under EUR 500,000 and the 31% rate applies to taxable income exceeding this threshold for companies with revenue that does not exceed EUR 250 million (33.33% for companies with a revenue of EUR 250 million or more).

As from January 1, 2020, the rate is 15% where taxable income is under EUR 38,120 and the ordinary corporate rate applies above that threshold as follows:

- 28% in 2020, 26.5% in 2021, 25% in 2022 for companies with revenue of less than EUR 250 million; and
- 31% (or 28% for the first EUR 500K) in 2020, 27.5% in 2021, 25% in 2022 for companies with revenue of EUR 250 million or more.

A 3.3% surtax computed on the standard corporate income tax charge (after deduction of a lump-sum amount of EUR 763K) applies. Accordingly, the maximum aggregated corporate income tax rates reflecting the surtax should be as follows: 31% => 32.02%; 28% => 28.92%; 26.50% => 27.37%; 27.50% => 28.41%; 25% => 25.83%

Note 2:

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

- FYs opened as from January 1, 2018: The 28% rate applies to the first EUR 500,000 of taxable income for all companies, and 33.3% for income exceeding threshold (the maximum effective tax rate (ETR), including the 3.3% surtax is 34.43%);
- FYs opened as from 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) (the maximum ETR, including the 3.3% surtax, is 32%);
- FYs opened as from January 1, 2020: The standard corporate tax rate is 28% for all companies (the maximum ETR, including the 3.3% surtax is 28.9%);
- FYs opened as from January 1, 2021: The standard corporate tax rate is 26.5% for all companies (the maximum ETR, including the 3.3% surtax is 27.4%); and
- FYs opened as from January 1, 2022: The standard corporate tax rate is 25% for all companies (the maximum ETR, including the 3.3% surtax is 25.8%).

This timetable has been modified as a result of the adoption of the law of July 25, 2019 and the Finance Law for 2020. See Note 1.

Note 3:

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.

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. Click to subscribe to receive Accounting for Income Taxes Hot Topics directly via email.
Deloitte tax@hand—An app that delivers focused news and tax information. Download Deloitte Tax@hand for iOS (App Store), Android (Google play) or BlackBerry (BlackBerry World) or visit the Tax@hand website, www.taxathand.
World Tax Advisor—Biweekly bulletin of international tax developments written by professionals of the member firms of Deloitte. The newsletter focuses on analysis of cross-border tax developments that reflect the dynamic business environment faced by multinationals. Click to subscribe to receive *World Tax Advisor* directly via email.
Transfer Pricing Alerts — The latest updates in transfer pricing from around the world. Click to subscribe to receive an email when a new Transfer Pricing Alert is issued.
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.
Tax Training (registration link to follow) – Deloitte's Financial Reporting for Taxes Training is scheduled for May 18-22 in Orlando, Florida. The training featured interactive courses taught by experienced professionals who will explain applicable guidance as well as shared real-world experiences and leading practices.

Contact Us

Robert Tache
Partner, Deloitte Tax LLP
Phone: +1 305 372 3230
E-mail: rtache@deloitte.com

Ana Lam
Senior Manager, Deloitte Tax LLP
Phone: +1 305 808 2336
E-mail: walam@deloitte.com