NOVEMBER 2018

GLOBAL DESK INSighT

International Mobility Updates

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Mercer Legal Excellence International Mobility

Mercer's Global Desk (GD) team offers integrated solution to address the legal aspects of international mobility

AMERICA

ARGENTINA

New Application Process for 90-Day Work Permit¡

The National Immigration Office has implemented changes to the 90-day work permit application process. It is expected that these changes will also apply to temporary and permanent residence visas.

To support this application, an Argentine criminal record certificate is required and the application and uploading of documentation may be done online (RADEX).

BRAZIL

New Visa for receiving Technical Training

Resolution 35/2018 regulates the issuance of temporary visa and residence authorization for receiving training formations related to the operations or other products produced in Brazil.

This resolution, published on 26 October 2018, allows staying for up to 90 days. The applicants have to submit evidence of the purchase by a foreign company of machinery, equipment or other goods produced in Brazil, and proof of their connection with the foreign company. Information about the training has to be submitted too.

CANADA

Social Security contribution rates set for 2019

The social security contribution rates for 2019 have been approved:

- CAD 57,400 is the maximum pensionable earnings under the Canada Pension Plan (CPP) for 2019 (previously CAD 55,900).
- Contributions on earnings in excess of the ceiling amount are not permitted or required.
- The basic exemption amount for 2019 will remain CAD 3,500.
- Those individuals earning less than the basic amount are not required to make CPP contributions.
- Employee and employer contribution rates for 2019 will increase to 5.1% (previously 4.95%), and the self-employed contribution rate will increase to 10.2% (previously 9.9%).
- The maximum employee contribution to the plan will be CAD 2,748.90, and the maximum self-employed contribution will be CAD 5,497.80.
- CAD 53,100 is the maximum earnings set for 2019, for which premiums for Employment Insurance (EI) will be required (previously CAD 51,700).
- The employee contribution rate will decrease to 1.62 (previously 1.66%) for a maximum contribution of CAD 860.22.
- The employer contribution rate will increase to 2.268% for a maximum contribution of CAD 1,204.
- The 2019 EI premium rates for Quebec are CAD 1.25 for employees and CAD 1.75 for employers. Quebec finances its own parental benefits; this causes lower premium rates in comparison with the rest of Canada.

ECUADOR

Ecuador- Catalogue of taxpayers' rights issued

On 15 October 2018, Ecuador published an Administrative Resolution that

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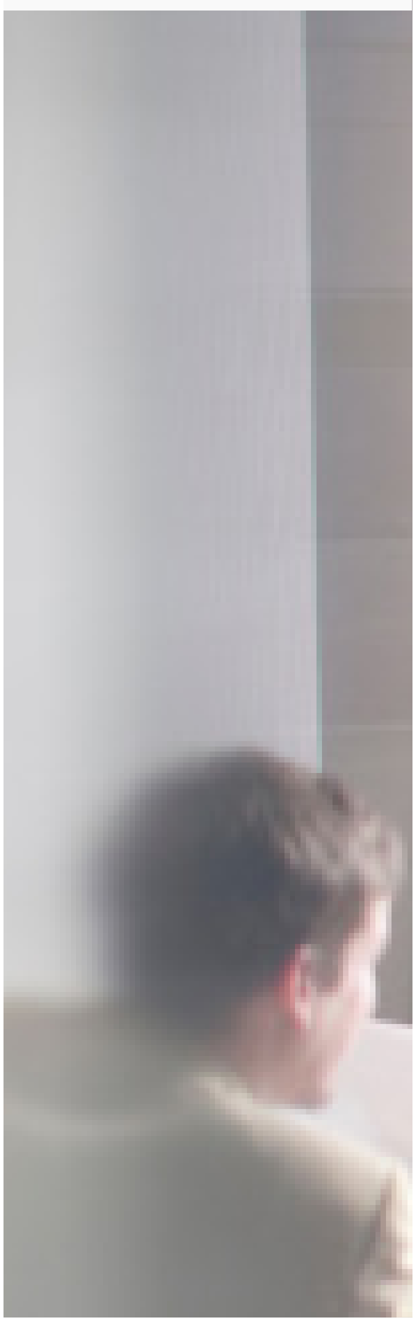

abrogates the former resolutions on taxpayers' rights.

This resolution determines the different channels of interaction with taxpayers and other entities, and introduces the possibility for taxpayers to offer their feedback and suggestions for the improvement of the tax administration through electronic or physical means.

PANAMA

New permanent residence available to Employees for SEM

Employees of multinational headquarters ("Sedes de Empresas Multinacionales" or SEM) will be able to apply for permanent residence after five years of temporary residence, while continuing to work for the same company in Panama.

Tax incentives for call centres

On 18 October 2018, Panama published the following tax incentives for calls centres:

(a) An income tax exemption will be granted provided that the company or individual complies with the following requirements:

- Employs at least five full-time employees
- Incurs expenses within Panamanian territory representing at least 70% of the total expenses related to the provision of call centre services; and
- Files a yearly report to the Public Service National Authority containing the audited financial statements and stating the number of staff employed during the year.

(b) An exemption from all other direct and indirect taxes, contributions, national levies and administrative fees, with the exception of: (i) dividend tax, (ii) annual tax on the business licence, (iii) immovable property transfer tax (ITT), (iv) excise duty on certain goods and services, (v) social security contributions, and (vi) real estate tax.

(c) As from taxable year 2019, related parties performing transactions with companies with a call centre permit will be subject to the transfer pricing regime.

URUGUAY

Suggested amendments to Social Security contributions regime

An amendment to the social security contributions regime is currently being discussed by the Uruguayan parliament.

In particular, the suggested amendments are:

- Undeclared income must be considered liquid for purposes of calculating the social security contributions under the interpretation of article 153 of the Social Security Law.

- Amendment of article 148 of the Social Security Law establishing that social security contributions will be calculated on an accrual basis.

VENEZUELA

Increasing times for immigration procedures

As a consequence of the changes of internal systems, processing times cannot be anticipated or guaranteed for the following immigration processes:

- VISA renewal stamping;

- Applying for ID card (cédula) approval for a first-time applicant;

- ID card printing (new and renewal); and

- Issuance of re-entry permits.

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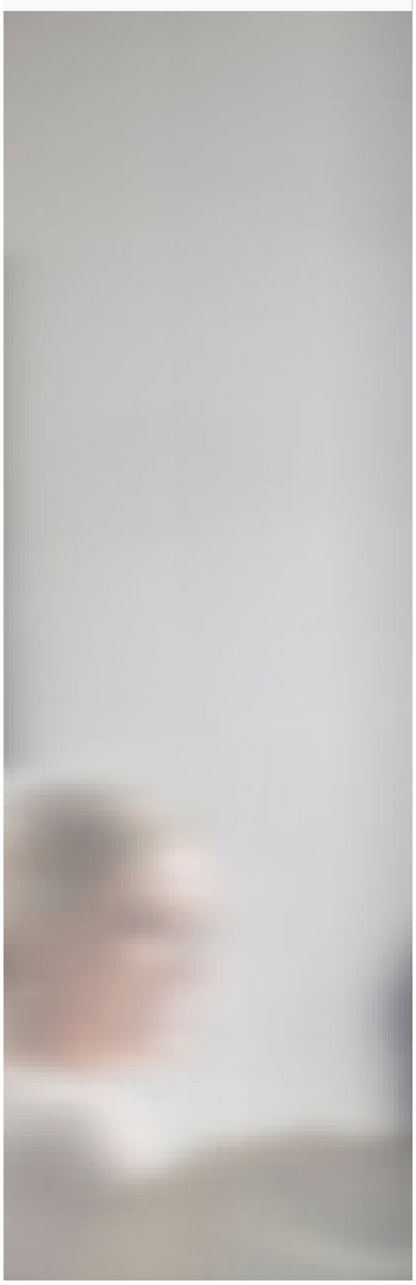

ASIA-PACIFIC

CHINA

New Online Application Service for Shanghai 144-Hour Transit Visa Exemption

The Government of Shanghai has implemented a new application system for foreign nationals who apply for the 144-hour transit visa exemption, arriving to any airport in Shanghai.

The system has been operating since 1 November 2018; consequently, the number of foreign nationals visiting Shanghai has increased during the first week of November.

INDIA

Exit Clearance requirement extended to all Indian nationals

All Indian nationals moving to any of 18 notified countries for work reasons are required to register with the eMigrate portal of the Ministry of External Affairs (MEA) at least 24 hours prior to travel.

The 18 countries are Afghanistan, Bahrain, Indonesia, Iraq, Jordan, Kuwait, Lebanon, Libya, Malaysia, Oman, Qatar, Saudi Arabia, Sudan, South Sudan, Syria, Thailand, United Arab Emirates and Yemen.

In force 1 January 2019, Indian nationals travelling from India to the mentioned countries, will not be able to fly if they do not register first.

TURKEY

Tax amnesty

Presidential Decree No. 140 was published in the Official Gazette of 2 October 2018. It extends the deadline for the first instalment payment of public receivables under the tax amnesty law from 1 October to 15 October 2018.

UNITED ARAB EMIRATES

New Visa Rules Bring Positive Changes

UAE cabinet has introduced new visa rules providing several benefits to different visa categories such as tourists, retirees, divorcees, students etc.

Tourist Visas may be extended

- Foreign nationals entering the UAE on Tourist Visas are allowed to renew their permits twice so the permanence in the country is extended to 60 days from the 30 days limit stablished before.

Visas Now Available for Newly Widowed or Divorced Women with Children

- Aiming to protect the resident rights of foreign national women when they are widowed or divorced with children, the government will grant one-year residence visa without need of a sponsor.

New Visa for Graduating Students and New Adults

- Sponsored children for the dependent visas by their parents, are now able to extend their residence period upon graduation from a college or high school or upon turning age 18 years of age.

New Five-Year Expat Retiree Visa Coming

- A five-year visa will be introduced for foreign nationals over the age of 55 years who retire in the UAE. The visa will specify the qualifying criteria of investment property, savings, or monthly income. More details will be released before implementing the visa at some point in 2019.

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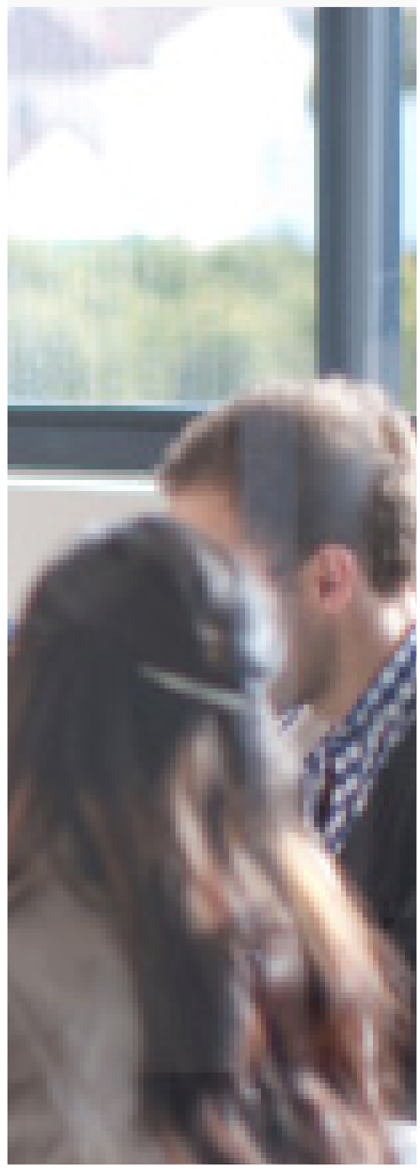

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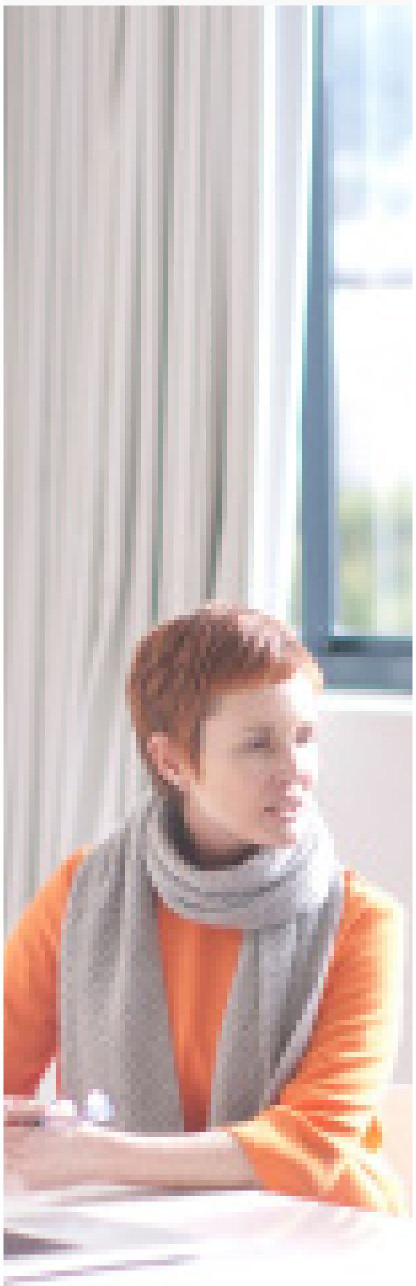

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EUROPE

FRANCE

Draft social security finance bill for 2019

The draft Social Security Finance Bill for 2019 (projet de loi de financement de la sécurité sociale pour 2019) was adopted by the National Assembly, on 5 November 2018. The bill comprises the measures, that will take effect from 1 January 2019, summarized below:

- Introduction of an exemption for overtime contributions (article 7). The overtime will not be subject to the old age insurance contribution withheld on the salary for all kinds of employees.

- Implementation of employees' savings schemes (épargne salariale). The normal rate of the generalized social contribution (contribution sociale généralisée, CSG), amounting to 8.3%, will be applicable (in place of the reduced rate of 3.8%) only where a taxpayer has exceeded the threshold for 2 consecutive years.

- In order to take into account the ECJ judgment in De Ruyter (case C-623/13) (article 19), social security contributions on capital income are reallocated to the state budget. In addition, the National Assembly adopted an amendment providing for the exemption from generalized social contributions and the social security debt contributions (contribution au remboursement de la dette sociale, CRDS) for resident and non-resident taxpayers who are affiliated with the social security system of an EEA country or Switzerland, but not in France. Nonetheless, such taxpayers will remain subject to the solidarity tax at the new rate of 7.5%.

GERMANY

Draft bill on reduction of contribution to compulsory unemployment insurance

On 30 November 2018, the lower house of the parliament (Bundestag) adopted a draft bill providing, among other things, a reduction of the contribution to the compulsory unemployment insurance by 0.5% (from currently 3% to 2.5%) with effect from 1 January 2019. The reduction consists of a permanent reduction of the contribution by 0.4% and a temporary reduction of 0.1% until 2022.

Social security contributions – thresholds for 2019 approved by Federal Council

On 23 November 2018, the Federal Council (Bundesrat) approved the regulation concerning the thresholds for social security contributions for

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2019, which had been previously approved by the Federal Cabinet (Bundesregierung) on 10 October 2018.

From 1 January 2019, the monthly rates for social security contributions will be applicable to the actual monthly income with a maximum income basis for the year of EUR 80,400 (EUR 6,700 per month) in the old Federal States (West) and EUR 73,800 (EUR 6,150 per month) in the new Federal States (East) for the purpose of the pension and unemployment insurance.

The maximum income base for health insurance and nursing insurance for disability and old age will be EUR 54,450 (EUR 4,537.50 per month) in all Federal States.

Federal Council adopts bill on relief of individuals from contributions to compulsory health insurance

The Federal Council (Bundesrat) approved a bill on the relief of individuals from contributions to the health insurance under the compulsory social security system on 23 November 2018. This bill, previously approved by the lower house of the parliament (Bundestag) on 18 October 2018, provides that the additional contribution borne by the employees (average for 2019: 0.9%) will be shared between the employee and the employer as from 1 January 2019.

Federal Council adopts bill on increase of contribution to compulsory disability and old age insurance

With effect 2019, a bill which increases the contribution to the compulsory disability and old age insurance by 0.5% from currently 2.55% to 3.05% was approved by the Federal Council (Bundesrat) on 23 November 2018. The bill had been previously approved by the Federal Cabinet (Bundesregierung) on 10 October 2018

GREECE

Draft bill amending social security legislation

On 22 November 2018, the draft bill amending the social security legislation was adopted by the parliament.

The most important provisions of the draft bill are summarized below.

- The social security contribution for the main pension of freelancers is reduced from 33.3% to 13.33% (from 1 January 2019).

- The social security contribution for the main pension of farmers is reduced from 33.3% to 12% (for 2019), and subsequently adjusted to 12.67% (for 2020), 13% (for 2021) and 13.33% (from 2022 onwards).

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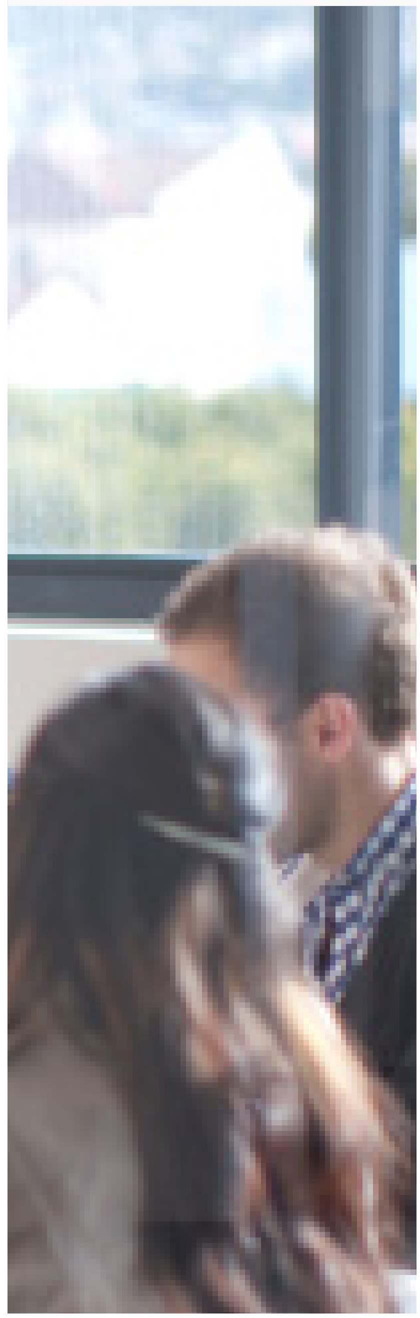

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- The social security contribution for the main pension of new scientists is reduced to 13.33% (from 1 January 2019).

- The social security contribution for the supplementary pension of engineers, lawyers and doctors is computed based on the minimum income threshold (irrespective of the income actually earned). This will apply retrospectively as from 1 January 2017.

NETHERLANDS

Rates and maximum premium amount for health insurance

The Official Gazette of 21 November 2018, sets the rates and maximum premium amount for health insurance (Ziekteverzekeringswet) for 2019.

The rates are:

- 6.95% (6.90% in 2018) for employees. These contributions are paid by the employer; and

- 5.70% (5.65% for 2018) for self-employed.

The maximum taxable income on which the contribution is levied is EUR 55,927 (EUR 54,614 for 2018).

POLAND

New solidarity tax

On 14 November 2018, the President signed into law a bill on the Solidarity Fund to Support the Disabled (Ustawa z dnia 23 października 2018 r. o Solidarnościowym Funduszu Wsparcia Osób Niepełnosprawnych), which, among other things, introduces a new solidarity tax. The law will come into force on 1 January 2019.

2019 tax package

On 14 November 2018, the President signed into law a bill (Ustawa z dnia 23 października 2018 r. o zmianie ustawy o podatku dochodowym od osób fizycznych, ustawy o podatku dochodowym od osób prawnych, ustawy – Ordynacja podatkowa oraz niektórych innych ustaw) introducing changes to, among other laws, the Corporate Income Tax Law (Ustawa o Podatku Dochodowym od Osób Prawnych), Individual Income Tax Law (Ustawa o Podatku Dochodowym od Osób Fizycznych) and the Administrative Tax Code (Ordynacja Podatkowa). The provisions of the law come into force on 1 January 2019.

New pension savings vehicle to be introduced

On 4 October 2018, the parliament adopted a Bill on Occupational Pension Schemes that introduces a new vehicle of systematic savings for employees' pensions. According to the Bill, an employer will be required to set up an occupational pension scheme (pracowniczy plan kapitałowy, PPK) for its employees, unless the employer has an occupational pension plan (pracowniczy program emerytalny, PPE) in place that qualifies for the release from this obligation, or is a micro-enterprise. Saving in the PPK will be available to all employees; but an employee may opt out from joining the PPK. Employers, on the other hand, will be obliged to extend the plan to all employees below the age of 55. For employees aged between 55 and 70, joining the PPK will be at their discretion.

The basic mandatory contribution by a PPK participant will be 2%; it may be higher, but no more than 4% of his remuneration. The employer's mandatory contribution will be set at1.5%, but may be higher up to 4% of the employee's remuneration. PPKs will additionally be financed from public funds.

The employers' contributions to the PPKs will constitute taxable income for employees. Benefits paid out from the PPKs at the retirement age (60 years for both women and men) will not be taxable at the time of their receipt.

It is planned that, for employers with a minimum of 250 employees, the PPKs will be mandatory from 1 July 2019; for employers with a minimum of 50 employees, they will be mandatory from 1 January 2020; for employers with a minimum of 20 employees, from 1 July 2021; and for employers with 1 to 19 employees, from 1 January 2021.

Occupational pension schemes

On 19 November 2018, the President signed into law a bill on occupational pension schemes (Ustawa z dnia 4 października 2018 r. o pracowniczych planach kapitałowych) that introduces a new vehicle of systematic savings to secure future pensions of employees. The law comes into force on 1 January 2019 but its provisions will be applicable gradually from 1 July 2019, 1 January 2020, 1 July 2020 or 1 January 2021 depending on the company size of the employer.

RUSSIA

Deregistration of foreign nationals

The Russian government has introduced deregistration of foreign nationals on demand. Therefore, this procedure applies to cases where the foreign national moves to another place and ceases any connection with his or her host. If the individual exits Russia or registers at a new address, there is no need to notify the departure.

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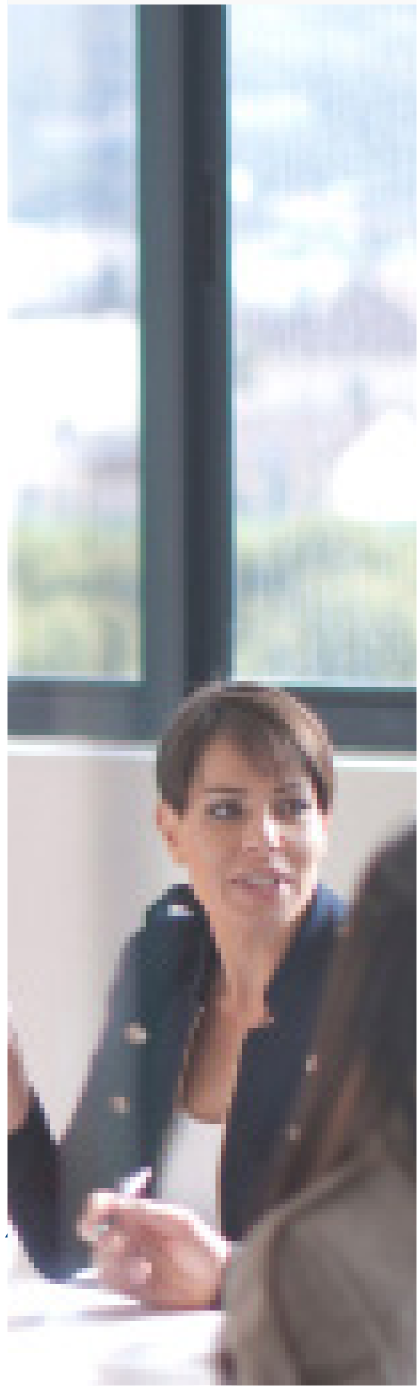
Coordination of home-host taxation and legal aspects across five continents



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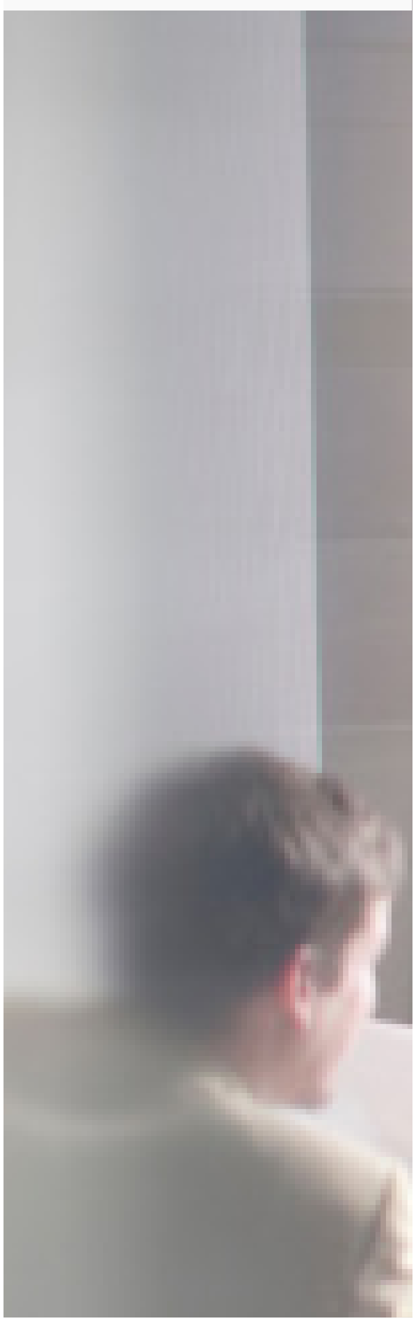


The host party is able to submit the notification of the foreign national departure from their place of registration. The rules for notifications and submissions will be approved when the Ministry of Internal Affairs (MIA) of Russia has enacted a relevant order. Right now, there is available a temporary form at migration offices.

SWITZERLAND

Switzerland determines the interest rate for tax arrears and tax refunds and maximum deductions fur supplementary pension contributions for 2019

The tax administration in Switzerland has determined that the interest rate for tax arrears and refunds in 2019 will be 3%, while the interest compensation rate for advance payments will be 0%.

In addition, it has determined the maximum deductions for supplementary pension contributions relating to old age, surviving dependents and disability pension (CHF 6,826 for employees; and CHF 34,128 for self-employed people).

UNITED KINGDOM

Brexit

This month, UK and EU officials have agreed the draft text of a Brexit agreement after months of negotiations. After the 27 leaders approved this Sunday the definitive text, now Theresa May needs to convince the UK parliament to support the deal.

The Parliament will vote the deal likely 12 December, however, the premier will face a divided parliament where she needs a simple majority which would be 320 votes.

If the Parliament rejects the agreement, there would not be a transition period and we will face a huge uncertainty situation on the future relations between the Uk and the EU.

DOUBLE TAXATION AGREEMENTS

Austria & United Kingdom: The Austria - United Kingdom Income Tax Treaty (2018) was signed in Vienna on 23 October 2018. Once in force and effective, the new treaty will replace the Austria - United Kingdom Income Tax Treaty (1969), as amended by the 1977, 1993 and 2009 protocols.

China & India: On 26 November 2018, China (People's Rep.) and India signed a protocol of amendment to update the China - India Income Tax Treaty in New Delhi. The protocol updates, inter alia, the existing provisions for the exchange of information with the most recent international standards and incorporates the necessary changes to implement the minimum standards related to treaties in the framework of the Action Reports of the Project on Baseline Erosion and Transfer of Benefits.

China & Singapore: On November 12, 2018, China (People's Rep.) and Singapore signed a protocol of amendment to update the 2008 free trade agreement (FTA) between the two countries in Singapore.

China & Spain: On 23rd November 2018 the Spanish Council of Ministers authorised the signing of an income tax treaty with China. Once signed, in force and in force, the new treaty will replace the Treaty on Income and Wealth Tax between China and Spain.

Denmark & Japan: On 21 November 2018, Denmark ratified Denmark - Japan Income Tax Treaty (2017), by way of Law No. 1292, as published in the Official Gazette of 22 November 2018.

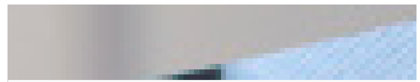
Ecuador & Russia: The Ecuador - Russia Income Tax Treaty (2016) has been approved by the Russian State Duma and the Russian Federation Council and is now pending its ratification by the President.

Ghana & Switzerland: On 29 October 2018, the amending protocol to the Ghana - Switzerland Income and Capital Tax Treaty (2008) entered into force. It will generally apply from 1 January 2019.

Isle of Man & the United Kingdom: The Agreement between the Isle of Man and the UK Competent Authority on the exchange of country-by-country reports was signed on 18 December 2017.

Luxembourg & France: On 16 November 2018, Luxembourg approved the France - Luxembourg Income and Capital Tax Treaty (2018), which will replace the treaty of 1958.

Kosovo & Luxembourg: On 16 November 2018, Luxembourg approved its Income and Capital Tax Treaty (2017) with Kosovo.



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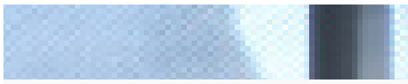

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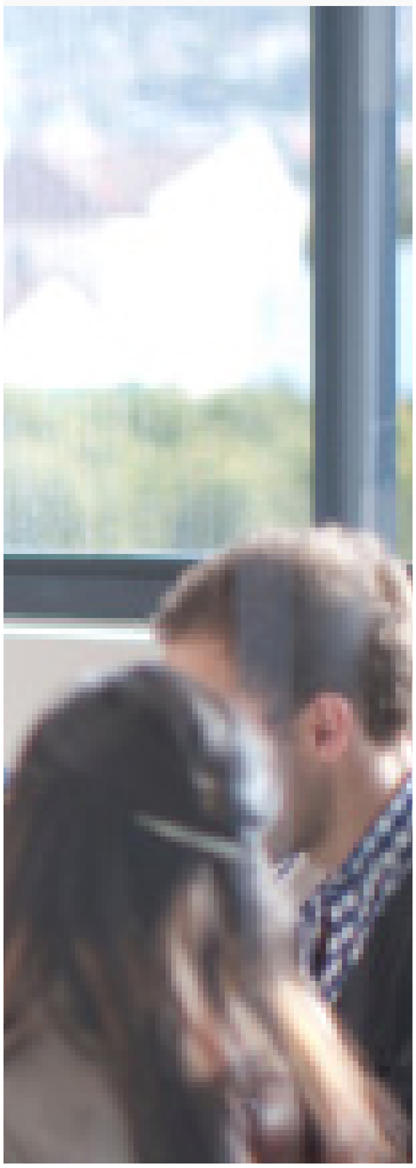

Kosovo & Switzerland: The Kosovo - Switzerland Income Tax Treaty (2017) entered into force on 10 October 2018 and will generally apply from 1 January 2019.

Paraguay & Uruguay: The Paraguay - Uruguay Income and Capital Tax Treaty (2017) was approved by the Paraguayan Senate (upper house of the National Congress) on 11 October 2018 and ratified by Uruguay on 24 October 2018.

Russia & Germany: On October 2, 2018, the Ministry of Finance clarified the deduction of advertising expenses incurred by a Russian company that is 28% owned by a German resident under the Treaty on Income Tax and Capital between Germany and Russia (1996).

SOCIAL SECURITY AGREEMENTS

Algeria & France: On 17 November 2018, Algeria ratified the amending protocol, signed on 10 April 2016, to the Algeria - France Social Security Agreement (1980), by way of Presidential Decree No. 18-287, as published in Official Gazette No. 70 of 28 November 2018.

Argentina & Korea (Rep.) : On 27 November 2018, Argentina and Korea (Rep.) signed a social security agreement in Buenos Aires.

Cape Verde & Portugal: On 21 November 2018, the revision, signed on 2 December 2012, to the Cape Verde - Portugal Social Security Agreement (2001), entered into force.

China (People's Rep.) & Japan: On 30 November 2018, the Japanese House of Councillors approved the China (People's Rep.) - Japan Social Security Agreement (2018). The Japanese House of Representatives (lower house of parliament) had previously approved the agreement on 22 November 2018.

China & Serbia: On 25 September 2018, Serbia ratified the Agreement on Social Security between the People's Republic of China and Serbia (2018), published in the Official Gazette - International Treaties of 27 September 2018.

Korea (Rep.) & Luxembourg: The Korean National Assembly ratified the Korea (Rep.) - Luxembourg Social Security Agreement (2018) on 20 September 2018.

Kosovo & Switzerland: The Kosovo - Switzerland Social Security Agreement (2018) and its administrative arrangement was ratified by Kosovo on 6 November 2018, after the approval of the National Assembly.

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