



**MAZARS
CENTRAL AND EASTERN
EUROPEAN TAX GUIDE
2019**

TAX | LAW | AUDIT | OUTSOURCING

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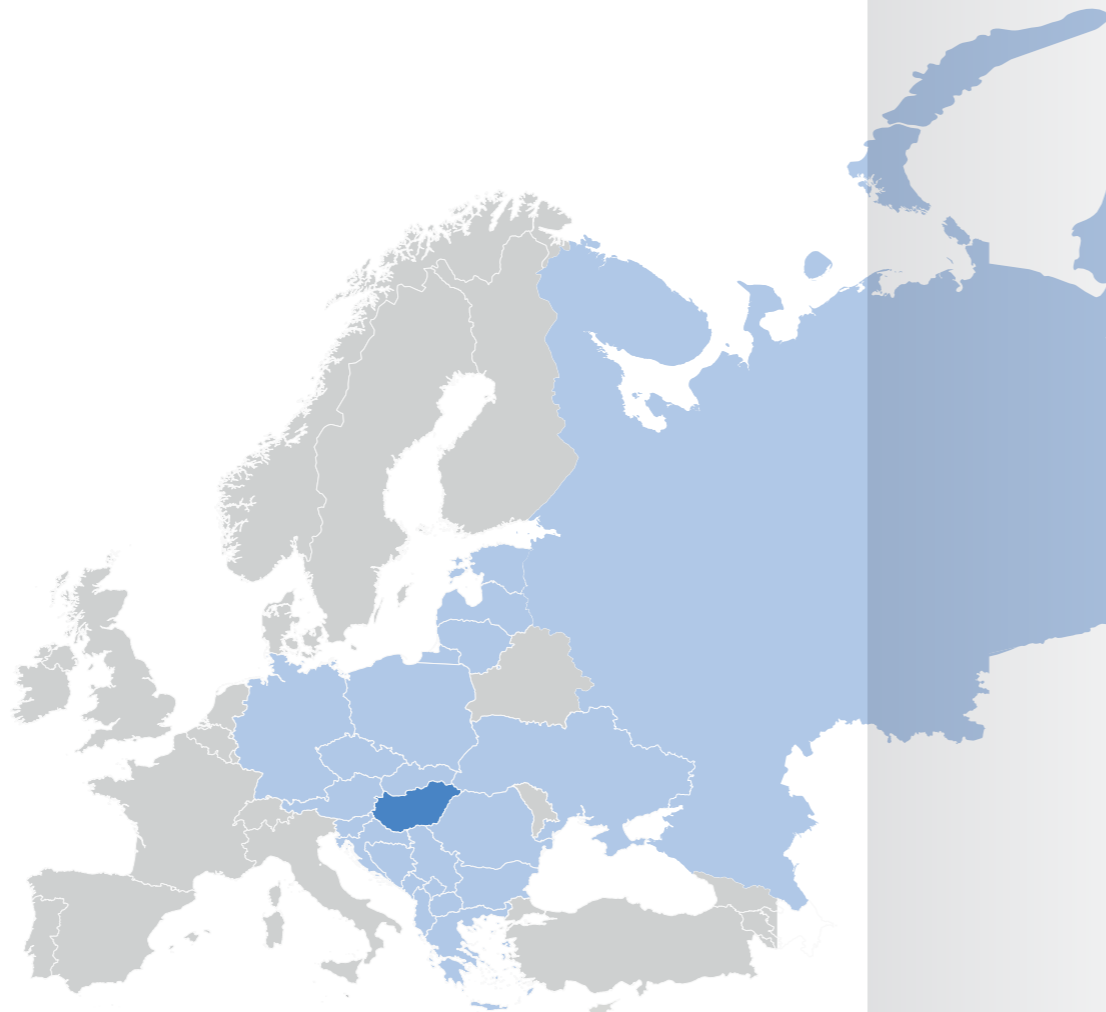
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WELCOME TO THE CEE TAX GUIDE 2019

Welcome to Mazars' seventh annual Central and Eastern European (CEE) tax guide. The main purpose of this guide is to provide you with an overview of the tax systems in the CEE region. As always, this publication strives to help investors understand the complexities of the various CEE tax regimes. In the first section, the tax systems of the CEE region are presented country-by-country, based on data provided by the relevant Mazars offices. At the end of this guide you will find summary tables that allow side-by-side comparisons of the relevant tax environments.

This year's issue already covers 22 CEE countries. The primary aim of the publication is to allow for comparisons to be made between the fundamental factors of competitiveness in the region. What are these factors? They primarily include the extent of the taxes and contributions on employment, the rates and special features of turnover taxes, as well as the corporate income tax system. In this year's publication, we prepared a separate table summarizing key characteristic, like allowances for research and development (R&D) activities, or loss carry forward regulations.

The above information will help investors interested in the region in gaining a comprehensive overview of the taxation conditions in the Central and Eastern European region. In addition, the textual summaries discussing the taxation of the individual countries also highlight the latest developments and trends characterizing the tax regime of the given country.

In the following, we provide a brief summary of the tendencies in the CEE region as a whole.

Before making any strategic business decision further discussion and detailed analysis is always required. To that end, we have included direct contact information for our offices and experts. Please feel free to get in touch with the relevant people with any questions or clarifications you might have.

We hope you find this guide useful.



Sándor Szmicsek
Partner
Tax and Legal Services
Mazars Hungary

2019: THE YEAR IN TAXES

TRACKING TRENDS IN CEE REGIMES

Thanks to the cooperation between the Mazars offices of the Central and Eastern European region, our publication presenting the current taxation-related information of the countries in the region now appears for the seventh time.

Taxes on employment

On the whole, the proportion of taxes and contributions on employment continues to decrease. At the same time, the flat-rate personal income tax was discontinued in two countries, and a multi-rate, progressive tax was introduced instead (in Macedonia), which meant an increase in the tax burdens of private individuals. On the other hand, there is also an example for the limit of the lower tax rate to be significantly increased (Croatia), which is favourable news for employees. The total wage cost of employers in the region is still approximately 160% of the net wages. In this respect, in 2018-2018 Hungary was only able to slightly improve its very bad indicator. During the same time, the system of social contribution payments

was overhauled from 2018 in Romania and from 2019 in Lithuania in such a way that, while the total combined amount of the tax burdens remained the same, technically the employer now pays the largest part of the contributions.

Value-added tax

Governments currently put an increasingly large role on turnover-type taxes when planning fiscal revenues. Accordingly, perhaps one of the most important sources of income for national budgets is value added tax (VAT). As a result of the EU regulations, the majority of the rules are harmonized, and several non-EU countries are also striving to align their rules with those of the Community. The tax rate applied, however, vary widely across the region. The average of normal VAT-rates is around 21%; in 2019, only Russia increased the rate by 2 percentage points. The 25% and 27% rates in effect in Croatia and Hungary, respectively, therefore, are still particularly high. It is noteworthy that a decrease of 1 percentage point is expected from next year in Croatia.

If we examine the preferential tax rates, we find that the situation is even more varied. In all of the countries examined,

there is at least one lower VAT rate, and several countries use the maximum of two preferential tax rates permitted by Council Directive 2006/112/EC (VAT Directive).

If the significance of the taxes related to consumption increases, efficient tax collection is also given more attention in a parallel way. Since it is in this area that the danger of tax evasion is the largest, governments step up their efforts against violations using the tools provided by digital technology. The aim is the full-scale monitoring of sales activities, exposing untaxed transactions, and reducing tax fraud. An effective tool for the "whitening" of the shadow economy may be the introduction of on-line cash registers or the increased attention given to monitoring transactions involving the transport of goods. Invoicing software in Hungary had to be connected to the tax authority's system last year in such a way that they automatically supply data when invoices are issued. The first experiences are fundamentally positive, and so the spread of similar solutions is expected also in the future. In Romania, for example, the use of electronic cash registers is mandatory since November of last year.

"The long-awaited tax package came into effect on 1 April 2019. The most important part of it was the implementation the EU Anti-Tax Avoidance Directive into Czech tax laws. The amendment also introduces a new obligation to report payments abroad that are subject to withholding tax even if these payments are exempt from tax or not liable to tax. One of the fundamental principles of tax administration - the abuse of right concept, was expressly incorporated in the Czech Tax Procedure Code in relation to ATAD implementation. In the view of the fact that a new register of beneficial owners has been introduced in the Czech Republic in 2018, it is apparent that Czech tax administrators has recently gained several new tools and sources of information that should help them to effectively fight against international tax fraud in the corporate tax area."

Pavel Klein/ Leading Partner of Tax Department /Czech Republic

"Ukraine is currently implementing a BEPS action plan, aiming to decrease the possibilities to apply tax optimisation schemes. Also, the latest news envisage a potential introduction of an exit tax system, which could replace the current corporate profit tax and withholding tax, so that that retained earnings may enjoy deferred taxation. This change is expected from 1 January 2020, but still should be adopted by the Parliament."

Gregoire Dattee/ Managing Partner/ Ukraine

Corporate income taxes

It is still apparent that the various countries place very different emphases on taxing the profits of enterprises: the difference between the lowest and the highest corporate income tax rates exceeds 20 percentage points. The rate is the highest in Germany (33%) and the lowest in Hungary and Montenegro (9%). Gradually, however, the limits of tax competition also become apparent. On the one hand, we can only find a single country where the corporate income tax rate was reduced from 2019. This country is Greece, where the tax rate increased drastically to 29% in the crisis period of 2016 was now reduced to 28%. It should be mentioned here that Poland also introduced a preferential rate of 9%; however, this is only applicable to small taxpayers. Overall, the average corporate income tax rate in the CEE region is around 17% (calculating with the highest rate in case of countries where several rates are used).

On the other hand, the European Union imposes conscious restrictions on tax competition, and is striving to introduce more or less unified rules for corporate income taxes, or at least to prevent harmful tax avoidance techniques. An important tool of the above is the provision of law that has come to be known as the Anti-Tax Avoidance Directive (ATAD), officially Council Directive (EU) 2016/1164. Most provisions of this directive are mandatory in EU member states from 1 January 2019. Therefore, one of the biggest challenges in the recent period was the transposition of the EU provisions. The rules of interest limitation should be underlined from among these. Of course, the decisive majority of the countries examined already used some kind of an interest limitation rule in the past, which determined what part of the interests paid to corporate loans can be deducted from the income tax base. In the opinion of the European Union, however, it was only the rules of Greece, Slovenia and Slovakia that proved to be efficient enough to allow for a later introduction of the new regime. In the other EU member states, therefore, the earlier thin capitalization rules are increasingly replaced by the method

"Croatia started with a tax reform two years ago with the main goal to reduce tax rates in order to position Croatia as a tax attractive destination for investment. However, the process was accompanied with transfer of administration and additional compliance for taxpayers where a numerous new forms and returns are required. Non-compliance with these new regulations is commonly seen as one of the indicators for the tax audit procedures so number of tax audits has been increased in the last two years."

Kristijan Cinotti/ Partner/ Croatia

used for the EBITDA-based calculation that is required by ATAD. It is interesting to see, however, how the different member states interpret the frameworks provided by the Directive differently. In some places the most lenient restrictions possible are used (Hungary), while elsewhere the local rules go beyond the minimum restrictions imposed by the ATAD (Poland). The creation of uniform rules applicable to off-shores (controlled foreign companies) can also be traced back to the ATAD. The next step in many places will be the transposition of exit taxation. All of the CEE countries with traditional income tax schemes allow losses generated in previous years to be carried forward and used against the positive tax base of subsequent years. Generally, this amount can only be used for a limited period of time, usually 5 to 7 years, but in some countries only for 3-4 years. Only 6 countries allow losses to be carried forward without a limitation of time.

States in the region have a penchant for imposing withholding taxes on payments of interest, dividends and royalties (at rates of 15%, or even 19-20%). Naturally, these may be applied with attention to the provisions of the relevant tax treaties. At the same time, Lithuania, Estonia and Hungary still do not impose a withholding tax on capital gains. Albania significantly reduced the extent of the withholding tax on dividends from 2019. In two-thirds of the region, taxpayers are already allowed to prepare IFRS-based separate financial statements and to use these also for taxation purposes. The tax systems of more than half of the coun-

tries surveyed support research and development (R&D) activities in some form. In the recent period, Slovakia, Serbia and Poland all took steps in this direction.

Finally, it should be mentioned that from 2019, the setting up of tax groups, previously only available in Austria, Poland and Bosnia-Herzegovina, will also be possible in Hungary. By contrast, it is also just now that the possibility of setting up consolidated tax groups is discontinued in Russia.

Transfer pricing

The BEPS ("Base Erosion and Profit Shifting") initiative of the OECD called attention to the fact that it is worthwhile for tax authorities to concentrate more on intra-group or cross-border transactions. Transfer pricing already appeared in the tax regimes of almost all countries in the region, with the exception of Montenegro and Macedonia (while in Bulgaria, the TP documentation must only be prepared at the specific request of the tax authority). The related documentation obligation was recently changed. The fundamental aim of the "country-by-country reporting" (CBC-R) required by the OECD is to improve transparency by way of providing local tax authorities with the information necessary for assessing tax risks. In the past one year, taxpayers in the CEE region also had to actively participate in launching the CBC reporting system.

ALBANIA

CORPORATE TAXES AND OTHER DIRECT TAXES

Resident companies are subject to corporate income tax on their worldwide income, while non-resident companies are taxed only on their income derived from sources in Albania. Resident companies and sole traders having an annual turnover above ALL 8,000,000 (EUR 64,000) are subject to corporate income tax. Capital gains, dividends, interests, and royalties are included in the income of companies and are taxed as part of corporate income tax. Income tax is assessed on a current-year basis at the rate of:

- 15% for annual turnover over ALL 14,000,000 and
- 5% for an annual turnover up to ALL 14,000,000,
- 5% for the entities which operate in software and IT development.
- 5% for entities who perform their activity in line with the law of "Entities of agriculture collaboration"
- 5% for entities who operate in agritourism industry, for their first 10 year of activity
- Exempted from CIT for the first 10 years of their activity any entity who operate in 4-5-star brand name hotels, that have gained the status of special investor as of December 2024.

The assessment of CIT is based on the FS prepared in accordance with the National Accounting Standards or IFRS, subject to certain adjustments for tax purposes as specified in the Albanian Tax Laws and other supplementary legal acts. Fiscal losses may be carried forward up to three consecutive years. The law does not provide for consolidated tax returns. Each company forming part of a group must file a separate tax return.

The gross amount of interest, royalties, dividends, and shares of partnerships' profits paid to non-resident companies is subject to a withholding tax of 15%, unless a Double Tax Treaty (DTT) provides for a lower rate. Albania has established agreements with 41 countries for avoiding double taxation. 39 of them are ratified and currently in force.

Tax on dividend starting from 2019 has been decreased from 15 to 8%

VAT AND OTHER INDIRECT TAXES

The new law of VAT entered in force in January 1, 2015 has been harmonized with the "acquis communautaire" in almost all respects. Any person (entity or individual) that makes supplies in the course of the person's independent economic activity is required to pay VAT. For domestic supplies and for services subject to the reverse-charge mechanism. The obligation to register for VAT purposes and charge VAT is triggered when annual turnover exceeds ALL 2 million (approx. EUR 15,800) Persons involved in import or export activities and taxpayers supplying professional services must register for VAT regardless of the amount of turnover. The applicable VAT regime are: exempted; zero; 6% and 20%.

Customs duty in the Republic of Albania is applied by the custom authorities on the import of goods. The liability to pay the duty is always on the importer of goods, but it is added to the cost of goods and in this way, it is finally transferred to the consumers. The customs duty rates range between 0% and 15%, depending on the type of goods and the country of the origin.

Local taxes consist of different categories of taxes

Exchange rate ALL/EUR	135
TRANSFER PRICING IN ALBANIA	
Arm's length principle	✓ since 1998
Documentation liability	✓ since 2014
APA	✓ since 2014
Country-by-Country liability	No
Master file-local file (OECD BEPS 13) applicable	No
Penalty	
lack of documentation	✓ ~ Documentation submitted on delay -EUR 70 / for each month of delay
tax shortage	✓ 0.06% on daily bases (not more than 365 days) on tax underpayment + late payment interest
Related parties	50% < direct or indirect control or common managing director
Safe harbours	✓ Rational value added service from 5% to 15% mark up
Level of attention paid by Tax Authority	
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VAT OPTIONS IN ALBANIA	Applicable / limits
Distance selling	N/A
Call-off stock	N/A
VAT group registration	N/A
Cash accounting	N/A
Import VAT deferment	N/A
Local reverse charge	for all services from non resident entities that are subject to VAT in their country
Option for taxation	
letting of real estate	✓
supply of used real estate	N/A
VAT registration threshold*	EUR 15,800/year**

* Persons involved in import or export activities and taxpayers who supply professional services must register for VAT regardless of the amount of turnover.



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PERSONAL INCOME TAX / SOCIAL SECURITY SYSTEM

Mandatory social security and health insurance contributions are due on employment income. The social security contribution is calculated on a monthly gross salary, from a minimum amount of ALL 26,000 (approximately EUR 210) to a maximum amount of ALL 114,670 (approximately EUR 910). Social contribution payable by the employer is 15%; while the rate payable by the employee is 9.5%. The health insurance contribution rate is 1.7% for both the employer and the employee.

Employed persons are subject to income tax on remuneration and all benefits received from employment. Entities are required to withhold personal income tax from the gross salaries of their employees. In Albania a progressive rate is applicable; no tax is applicable up to a monthly salary of ALL 30,000; above that 13% applies between ALL 30,000 and 150,000. Above that level ALL 15,600 plus 23% of the amount above ALL 150,000 is payable.

WAGE-RELATED TAXES IN ALBANIA	Minimum wage		Average wage in private sector	
Exchange rate ALL / EUR	124			
	in EUR	in ALL	in EUR	in ALL
TOTAL WAGE COST	245	116.70%	518	116.70%
Social Contribution tax	31	15.00%	67	15.00%
Health Insurance Contribution	4	1.70%	8	1.70%
GROSS SALARY	210	100.00%	444	100.00%
Personal income tax*	-	0.00%	26	13.00%
Employees' Social contributions	20	9.50%	42	9.50%
Employees' Health contributions	4	1.70%	8	1.70%
NET SALARY	186	88.80%	368	82.89%

*Salary 0 -30,000 ALL PIT rate 0%.
Salary 30,001 -150,000 ALL PIT rate 13% of the amount over 50,000 ALL.
Salary over 150,001 ALL PIT 15,600 ALL + 23% of the amount over 150,000 ALL.



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AUSTRIA

CORPORATE TAX AND OTHER DIRECT TAXES

The Austrian corporate income tax is flat with a rate of 25%. The Austrian Corporation Tax Act defines the tax framework for corporations, setting an annual minimum tax of EUR 3,500 for public companies (AG) and a minimum tax per year of EUR 1,750 for limited liability companies (GmbH). These minimums are to be considered as a tax in advance, and as such, the amounts can be set off against any future corporate tax obligation. The company's profits are computed by summing up the income generated by business activities performed, the passive income and the capital gains. In principle, all expenses linked to the conduct of the business are deductible. Losses can be carried forward indefinitely (but only 75% of one year's profit can be offset), carry back is not permitted. Incentives concerning R&D are provided in the form of a 14% premium in cash for certain types of expenditure. An expert report from the FFG ("Forschungsförderungsgesellschaft") is compulsory to request this tax incentive.

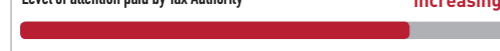
Thin capitalization is not subject to any specific regulations. However, in order to avoid insolvency, the reorganization law stipulates guidelines. The standard tax rate on capital gains is 27.5%. Dividends paid out from resident companies to the resident shareholder (not individuals) in Austria are exempt regardless of the participation percentage. Several important exemptions exist, such as an international participation exemption for dividends from non-resident companies. These dividends are tax free if a minimum of 10% direct or indirect shareholding has existed for at least one year (applicable also for less than 10% shareholding if extensive mutual assistance exists with such countries). Royalties and interests are also subject to exemptions in accordance with tax treaties and EU directives; otherwise the standard tax rate is 20%. Austria, with 90 tax treaties, offers double taxation conventions with a large number of countries. Austria has a group taxation regime: profits and losses of the group members are attributed to the group holder and the aggregated balance is subject to taxation. Losses from

nonresident companies can be used in Austria (again, the 75% limitation is applicable and the foreign losses have to be calculated by applying Austrian accounting rules if extensive mutual assistance exists. These losses can be subject to a recapture in cases of liquidation or if they are used abroad.

VAT AND OTHER INDIRECT TAXES

The general rate is 20% for the sale of goods and services. A reduced rate of 10% is used for agricultural products and rentals with a residential purpose (in certain cases 13% for entertainment, art). Exemptions are in place for banking transactions, and no VAT is levied on exports. Entrepreneurs with annual sales below EUR 30,000 are exempted from VAT obligations. Non-residents trading in Austria are also subject to registration. Monthly returns are electronically recorded, and annual returns are to be completed by 30 June of the following year. Companies represented by a tax advisor can have the deadline substantially extended.

TRANSFER PRICING IN AUSTRIA

Arm's length principle	✓	since 1988
Documentation liability	✓	since 1988 / 2016
APA	✓	since 2011
Penalty		
lack of documentation	✓	CbCR not provided up to KEUR 50
tax shortage	✓	late payment interest if fraud: fiscal penal code
Related parties	20% <	direct or indirect ownership
Safe harbours	No	
Level of attention paid by Tax Authority		increasing
		8/10

VAT OPTIONS IN AUSTRIA	Applicable / limits
Distance selling	EUR 35,000/year
Call-off stock	✓
VAT group registration	✓
Cash accounting*	EUR 700,000/year
Import VAT deferment	✓
Local reverse charge	gas, electricity, heating, emission quotas, mobile phones, game consoles, construction services, scrap, compulsory auction of immovable property
Option for taxation	
letting of real estate	✓
supply of used real estate	✓
VAT registration threshold	EUR 30,000/year

* Not applicable for capital companies

PERSONAL INCOME TAX / SOCIAL SECURITY SYSTEM

The Austrian income tax rate is progressive (maximum of 55%). The personal income tax progression adds up as follows:

- annual income up to EUR 11,000 is not taxed,
- from the 11,001st to the 18,000th Euro earned, the marginal tax rate is 25%
- from the 18,001st to the 31,000th Euro earned, the marginal tax rate is 35%,
- from the 31,001st to the 60,000th Euro earned, the marginal tax rate is 42%,
- from the 60,001st to the 90,000th Euro earned, the marginal tax rate is 48%,
- from the 90,001st Euro earned, the marginal tax rate is 50%,
- part of the earnings which exceeds 1 mio. Euros is taxed with 55%.

Concerning capital gains, a 27.5% tax rate is applied to all capital income from both Austrian and foreign sources.

In Austria a statutory compulsory social security system is in use. All employees are subject to this system. The two most important schemes are the Austrian General Social Insurance Act ("ASVG"), which is used for dependent employees (blue and white-collar workers) and the Austrian Commercial Social Insurance Act ("GSVG") which is used for the self-employed.

WAGE RELATED TAXES IN AUSTRIA	Minimum wage		Average wage in private sector	
	in EUR		in EUR	
	1 806,7*		2 295**	
TOTAL WAGE COST	2,746	130.27%	3,487	130.24%
Employer's SS and other contributions***	638	30.27%	810	30.24%
GROSS SALARY****	2,108	100.00%	2,678	100.00%
Personal income tax	41	1.95%	256	9.54%
Employees' contributions	379	17.98%	481	17.98%
NET SALARY	1,688	80.07%	1,941	72.48%

* Payroll accountant in Austria, 2nd professional year

** Average monthly salary of full time employed persons in Austria in 2017.

*** In addition to SSC contribution to family equalization fund, surcharge, severance pay and community tax is also payable

**** Monthly gross salary (12 months)



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1. Salaried employees:

Social security contributions are partly paid by the employee and partly paid by the employer. The base is the monthly gross salary and special payments. Generally, a maximum contribution base is in use (2019: EUR 5,220 per month, EUR 10,440 per year for special payments.) Based on the maximum contribution base the social security contribution amounts to 39.50% (18.12% employee and 21.38% employer). Additionally employers are obliged to pay various other payroll-related costs such as a contribution of 1.53% to the employee pension provision fund ("BVK"), a contribution of 3.9% to the family allowance fund ("DB"), a surcharge of approx. 0.40% to contribute to the family allowance fund ("DZ"), and a municipal tax of 3%.

2. Self-employed persons:

For self-employed persons also a maximum contribution base is in use (2019: EUR 6,090 per month and EUR 73,080 per year). Based on the maximum contribution base the social security contribution amounts to 26.15%. This insurance covers health insurance, pension insurance and accident insurance. For the first 3 years lower contributions can be paid.

Minimum wages depend on the sector's collective agreement. Therefore, no standard minimum wage exists.



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BOSNIA AND HERZEGOVINA

CORPORATE TAX AND OTHER DIRECT TAXES

It is important to note that Bosnia and Herzegovina (BiH) is divided into three tax jurisdictions: the Federation of BiH (FBiH), the Republika Srpska (RS) and Brčko District (BD). For the sake of simplicity we will focus on the RS and FBiH. The CIT rate is flat and amounts to 10%. A company in FBiH/RS is resident if it is registered as legal entity in the relevant jurisdiction, or in other case its activities in BiH qualify as PE (PE requirements are similar to those defined by OECD Model treaty). In all tax jurisdictions, losses can be carried forward for up to 5 years. Loss carry-back is not permitted. There are no special limitations in case of M&A transactions. In FBiH, interest expenses taken from related parties are tax deductible in debt / equity ratio of 4: 1 (thin cap rule). In RS, interest expenses are not recognized for the amount of net interest expenses exceeding 30% of the tax base (without financial items). In the RS, R&D costs are recognized in line with IAS. In FBiH and BD, R&D costs are recognized.

Dividends profit is not included in the calculation of the tax base. In the FBiH, taxpayers who make investments from its own resources in production equipment worth more than 50% of the profit of the current tax period, reduces liabilities of corporate income tax for 30% of the amount in the year of investment. The taxpayer who invests more than 20 million BAM (10,2 million EU) in five consecutive years (minimum investment in first year equals to 4 million BAM (2,04 million EUR), reduces its CIT liability for 50% of the investment in each of 5 years.

Withholdings rate is 10%, for dividends amounts to 5% in FBiH unless an DTT applies (currently, around 30 active DTT's). Interests, royalties and technical fees paid by a BiH company to a foreign company are subject to withholdings at the rate of 10%. In RS there is a flat rate withholding tax (10%) on all payments to foreign legal person in which there is an obligation to pay withholding tax.

The group taxation concept is allowed in BiH for a group of resident companies with a minimum of 90% (FBiH). Moreover, mother company and its subsidiaries constitute a group of companies if among them there is direct or indirect control over 50% of the shares or stakes.

In case of acquiring real estate in the FBiH, the transfer is taxable at cantonal level. In the RS, there is no transfer tax, but the owner of the real estate has to pay property tax up to 0,20% of the market value. (decreased rules for production RE applies).

VAT AND OTHER INDIRECT TAXES

The general rate is 17%. There are no reduced rates beside the 0% rate (mainly for the export of goods). VAT-exempt services are mainly banking services, insurance, healthcare, etc. Export exemption as well as exemption for deliveries to free zones apply. Certain thresholds are as follows.

Other indirect tax types in BiH are custom duties and excise duties on goods imported into BiH.

VAT OPTIONS IN BOSNIA AND HERZEGOVINA	Applicable / limits
Distance selling	No
Call-off stock	✓
VAT group registration	No
Cash accounting	No
Import VAT deferment	No
Local reverse charge	Yes
Option for taxation	
letting of real estate	No
supply of used real estate	No
VAT registration threshold	approx. EUR 25,560/year

TRANSFER PRICING IN BOSNIA AND HERZEGOVINA	
Arm's length principle	✓ since 1998
Documentation liability	✓ It is necessary. It is prescribed the content of transfer pricing documentation.
APA	No
Country-by-Country liability	✓ prescribed both by FB&H Rulebook on transfer pricing as the RS since 2016 (Applies to MNEs with annual consolidated group revenue equal to or exceeding €750 million in the previous year)
Master file-local file (OECD BEPS 13) applicable	✓ First fiscal year and penalties are the same as for CbCR. -MF needs to be prepared contemporaneously by the tax return submission date. Transfer pricing documentation needs to be submitted 45FBiH/30RS days from the request made by the tax administration
Penalty	-Filing requirements, language and penalties are the same of as for the MF
lack of documentation	✓ RS: 10.226,00 EUR-30.678,00 EUR for legal person and 2.556,00 EUR-7.669,00 EUR for responsible person. FBiH: 1.534,00 EUR-51.130,00 EUR for legal person and 1.278,00 EUR-5.113,00 EUR for responsible person.
tax shortage	No There is no interest rates defined by Governmental Rulebook
Related parties	25% (25%) < direct or indirect control (25% for FBiH, 25% for RS) or common managing director or significant influence on decisions. One person is connected with another when that person participates directly or indirectly in the management, control or capital of that other person or where the same person or the same persons participate directly or indirectly in the management, control or capital of both persons.
Safe harbours	Yes In FB&H, safe harbour rate for support services is 5%. Support services include: IT maintenance services, accounting and auditing, administration, legal services, HR management, employees training and education and tax advisory services.
Level of attention paid by Tax Authority	7/10





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PERSONAL INCOME TAX / SOCIAL SECURITY SYSTEM

Personal income is taxed at a flat rate of 10%, and it is applicable on the active (e.g. employment, assignment fee) and passive income (interest, real estate rental, etc.). Dividends are not taxable in BiH.

In the RS, the employee contributes 33% of the gross salary. In the FBiH, the employer contributes 10.5%, and employee contributes 31,5 % of the gross salary.

In FBiH, the lowest hourly wage cannot be less than 1,75 BAM (0,895 EUR) net, or 2,96 BAM gross (1,51 EUR). In RS, the lowest salary is determined as a net amount in the amount of 440 BAM (201,96 EUR).

2019 IN FBiH AND RS	Minimum wage in FBiH		Minimum wage in the RS		
Exchange rate BAM/ EUR	1,96	in EUR	in BAM	in EUR	in BAM
		267	524	224	440
TOTAL WAGE COST		295	110.50%	224	100.00%
Employer's SS and other contributions		28	10.50%	-	0.00%
GROSS SALARY		267	100.00%	224	100.00%
Employees' contributions		83	31.00%	74	33.00%
Personal income tax*		3	1.17%	5	2.14%
NET SALARY		181	67.83%	145	64.73%

2019 IN FBiH AND RS	Average wage in FBiH		Average wage in the RS		
Exchange rate BAM/ EUR	1,96	in EUR	in BAM	in EUR	in BAM
		712	1,395	700	1,372
TOTAL WAGE COST		786	110.50%	700	100.00%
Employer's SS and other contributions		75	10.50%	-	0.00%
GROSS SALARY		712	100.00%	700	100.00%
Employees' contributions		221	31.00%	231	33.00%
Personal income tax*		34	4.75%	37	5.24%
NET SALARY		457	64.25%	432	62.97%

*Tax base differs from the gross salary, deductions apply.



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BULGARIA

CORPORATE TAX AND OTHER DIRECT TAXES

Bulgaria has a flat corporate income tax rate of 10% applied on the annual tax profit. The tax profit may be also deducted by tax losses to be carried forward within five subsequent financial years. Bulgaria applies thin capitalization rules to interest expenses from loans provided or guaranteed by related parties.

The financial result of collective investment schemes and enterprises with special purposes are not taxable with corporate income tax. Advance tax payments should be made each month or quarter, based on the estimated tax profit for the current year. Withholding tax rates are 5% for dividends and 10% for interests, royalties and other [Double tax treaties between Bulgaria and other countries could also be applied in order the withholding tax rate to be decreased]. There is no withholding tax if the dividends, interests and royalties are paid in favor of EU member state parent company.

Social, representative expenses and the expenses for vehicles are also taxable with 10% tax rate.

There is also tax for operating of ships. It applies for entities, which fulfill specific conditions.

The tax rate is 10% and it is applied to the calculated base for all ships - the ship's net tonnage, by law amounts for each type of ship and the days in exploitation of the ship. Local taxes are determined by each municipality in ranges, stated in Local taxes and fees Law. Local taxes and fees include:

- real estate tax – its ratio is in the range between 0.1 and 4.5‰. Base for taxation for non-living real estates of companies is the highest of book value or calculated by municipality tax valuation. Base for taxation of all living real estates is the municipality's tax valuation.;
- transportation vehicle tax – determined as exact amount, depending on vehicle type, and power;
- tourist tax – applicable for each overnight in place of accommodation. The range of tax is between 0.20 and 3 BGN for overnight;
- gift tax – applied for gifts of all kind, with very limited exemptions. Applies also for forgiven payables. There are the two rate ranges applicable – between 0.4 and 0.8% for gifts between brothers and sisters and their children; and between 3.3 and 6.6% for all remaining;

- tax on the acquisition of property for a consideration – applies for real estates, vehicles and limited real estate rights, acquired for a consideration. The tax rate range is between 0.1 and 3% of the value of the property, or of the value of the more expensive property in case of exchange;
- inheritance tax - exempt in a limited extent (family members);
- tax on the carriage of passengers by taxi – fixed amount between 300 and 1 000 BGN for each car, used for providing taxi services;
- patent tax – it's applied for micro entities or individuals, which activities are small services like tailoring, very small stores, carpentry, etc. There are fixed amounts, determined by each municipality;
- garbage fee – fee collected from municipalities for maintaining of waste disposal, and cleaning the public areas (parks, streets, sidewalks, etc.);
- wide range of other fees, usually imposed for specific services, like social services, technical and other services, rent of plots for sale at market places, sidewalks, etc.

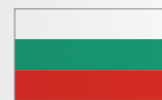
TRANSFER PRICING IN BULGARIA

Arm's length principle	✓	since 1989
Documentation liability	No	
APA	No	
Penalty		
lack of documentation	No	
tax shortage	No	late payment interest
Related parties	50% <	direct or indirect control or personally related
Safe harbours	No	
Level of attention paid by Tax Authority	5/10	

VAT OPTIONS IN BULGARIA

Distance selling	approx. EUR 35,790/year
Call-off stock	No
VAT group registration	
Cash accounting*	500,000 EUR/last 12 months
Import VAT deferment	No
Local reverse charge	all types of waste (construction, household, production, hazardous); services related to waste processing; different types of agricultural production (seeds and grain)
Option for taxation	
Letting of real estate	✓
Supply of used real estate**	✓
VAT registration threshold	approx. EUR 25,565/last 12 months

* If specific conditions are fulfilled and after permitment from tax authorities
** 5 years time test



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VAT AND OTHER INDIRECT TAXES

For year 2019, the standard VAT rate is 20%, while the reduced rate is 9% (applicable for accommodation, provided by hotels and similar places for accommodation, including holiday accommodation and renting of places for caravans and camping). VAT-exempt services include financial and insurance services, the transfer of buildings and some land plots, and rights related to them, rent of real estate to individuals for housing, post services and post stamps, education services, gambling, supplies, related to culture, religion, medical and social care services and, also supplies, for which no tax credit has been used.

VAT payers are obliged to submit VAT returns, sales and purchase registers, VIES and Intrastat declarations on monthly basis.

Other indirect taxes include excise duties (on mineral oils, spirits, beer, wine, tobacco and tobacco products, gas, electricity and solid fuels).

WAGE RELATED TAXES IN BULGARIA

	Minimum wage		Average wage in private sector	
	in EUR	in BGN	in EUR	in BGN
Exchange rate BGN/EUR	1,95583			
	286	560	574	1,122
TOTAL WAGE COST	340	119%	683	119%
Social security contribution - employer	40	14,12%	81	14,12%
Health insurance - employer	14	4,80%	28	4,80%
GROSS SALARY	286	100%	574	100%
Employees' contribution	39	13,78%	79	13,78%
Calculated personal income tax after employees' contributions	25	10,00%	50	10,00%
NET SALARY	222	78%	445	78%

PERSONAL INCOME TAX / SOCIAL SECURITY SYSTEM

Personal income tax is applied at a flat rate of 10% on most of the incomes. Income from employment and self-employment is subject to social security and health insurance contributions. In case of employment, the employee's contribution amounts to 13.78% (10.58% social security and 3.2% health insurance). For the employer, the contributions are 18.92% (14.12% and 4.8% respectively). For specific positions, with higher risk (miners, pilots, workers in chemical and other harmful production facilities, etc.) there are different rates for contributions. There is minimal basis for social and health contributions for each

position (mostly divided by sectors of economy). The maximum assessment base for social and health insurance contributions is BGN 3 000 BGN (app. EUR 1 534), increased with BGN 400 (EUR 205) compared to 2018. Tax rate for dividends or liquidation shares paid in favor of natural person is 5%.

Tax rate applicable to the gross amount of interests, received from bank accounts, is 8%.

Tax rate for amounts received after expiry of Life insurance, if its duration was more than 15 years, is 7%



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CROATIA

CORPORATE TAX AND OTHER DIRECT TAXES

From 2017 onwards, CIT rates are 18% or 12% for enterprises with annual revenues below HRK 3 million for taxable periods which ends after 1.1.2017. The tax base is accounting profit modified by several increasing and decreasing items. Enterprises with annual revenues below HRK 3 million have the option of determining the profit tax base by cash flow principle. Losses can be carried forward within 5 years but special limitations are applicable in case of M&A transactions. Capital gains are included in the annual corporate profits tax return. Croatia uses thin capitalization (4:1), but thin capitalization does not apply if shareholders are financial institutions, CIT payers in Croatia or PIT payers in Croatia. There is a range of tax allowances for new investments and R&D (up to 150% of qualified costs), the education of employees, etc. A withholding tax of 15% is applied on interest, royalty and business consultancy

services paid by a Croatian company to a foreign company. Exceptionally, WHT on dividends and profit shares are taxed at the rate of 12%. However, Croatia has more than 60 active DTT treaties used to avoid withholding tax. A withholding tax of 20% is applied on all payments to offshore companies for the services not mentioned in Law. The EU Directives on withholding tax apply.

Real estate transfer tax (RETT) is applied on the transfer of immovable property at the rate 3%. The taxable base is the market value of a real estate at the moment when the tax liability is incurred and the taxable person is the buyer. The acquisition of newly built real estate that is taxed according to the VAT Law is not considered the transfer of real estate.

Other taxes include contribution to the Croatian Commercial Chamber (fixed monthly fee), forestry tax (annual percentage) and tourist tax (for certain activities).

VAT AND OTHER INDIRECT TAXES

The tax rate is 25%; a reduced rate of 13% applies to tourist accommodation services, newspapers, specific input for agricultural production, delivery of electrical energy, etc., while a reduced rate of 5% applies on milk, books, etc. VAT-exempt services are mainly banking services, insurance, investment-related services, educational services (under certain conditions), games of luck, certain services provided by medical doctors and dentists, and certain other activities which are tax exempt with regard to their public interest or their special character. Tax is deductible on food donation to non-profit humanitarian legal entities up to 2 percent of total revenues of previous year. From 2019 the HRK 400,000 threshold for the deduction upon purchase or lease of passenger cars is abolished so the taxpayers can deduct 50% of VAT charged on purchase or lease of passenger cars and related goods or services, irrespective of the car's purchase value. Small enterprises that exceed the threshold of HRK 300,000 have to register for VAT immediately and not from 1 January of next year as it had been prescribed earlier. From 1 January 2020, the standard rate will be reduced from 25% to 24%.

Other indirect tax types in Croatia are excise duty and insurance tax.

TRANSFER PRICING IN CROATIA

Arm's length principle	✓	since 2004
Documentation liability	Yes	Deliver to Tax Administration upon request. Along with submission of tax return, taxpayers have to deliver Report on business transactions with related parties (PD-IPO form) (deadline is 30 April)
APA	Yes	APA is available as from January 1, 2017. The application fee will be charged.
Country-by-Country liability	✓	from FY 2017
Master file-local file (OECD BEPS 13) applicable	No	The tax authorities have not yet issued any guidance on the implementation of the Master File, but is expected and recognised in practice
Penalty		
lack of documentation	No	Not specifically stated, general rules apply (up to HRK 200,000 for a company and HRK 20,000 for the responsible individual)
tax shortage	Yes	Additional tax charged and 100% of that tax is not deductible
Related parties	50% (25%) <	direct or indirect control (25% is commonly used by tax authority and advisors) or joint control functions
Safe harbours	✓	Interest on IC loans is determined by the Minister of Finance and for 2019 interest rate amounts to 3,96% (for FY18 4,55%)
Level of attention paid by Tax Authority		<div style="width: 70%;"></div> 7/10

VAT OPTIONS IN CROATIA	Applicable / limits
Distance selling	EUR 36,000/year
Call-off stock	✓
VAT group registration	No
Cash accounting	EUR 400,000/year
Import VAT deferment	Only in specific cases
Local reverse charge	construction work, the supply of used material, the transfer of allowances to emit greenhouse gas, the supply of immovable property in certain conditions
Option for taxation	
letting of real estate	No
supply of used real estate	✓
VAT registration threshold	EUR 40,000/year



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PERSONAL INCOME TAX / SOCIAL SECURITY CONTRIBUTIONS

Personal income tax rates are 24% (monthly tax base up to HRK 30,000) and 36% (above HRK30,000), while 12% rate is withheld from certain types of income, e.g. dividends, capital gains, lease of the real estate etc.. Active incomes fall under the scope of the SSC system: individual pension social contributions equal 20% (employee contribution) and health and unemployment contributions of 16,5% represent employer contribution. For the person under 30 on undetermined

period, there is no contributions on salary (16.5) for the period of 5 years. Passive incomes are generally subject only to taxes. Based on the amendments to the Personal Income Tax Regulations, a performance award (e.g. bonuses) can be paid up to HRK 5,000 per employee per annum as a non-taxable receipt. The provision regulating the payment of annual non-taxable payments in the amount up to HRK 2,500 such

as Christmas bonus, Easter bonus, holiday allowance, etc. has remained unchanged.

The examples below show the cost of the employer and the employee in case of minimum and average wage level in the private sector. Basic personal allowance amounts to HRK 3,800 and surtax is determined by municipality/city and amounts from 0% to 18%.

2019 IN CROATIA	Minimum wage		Average wage in private sector	
	in EUR	in HRK	in EUR	in HRK
Exchange rate HRK/EUR 7.43				
	505	3,750	1,136	8,444
TOTAL WAGE COST	588	116.50%	1,324	116.50%
Employer's contribution	83	16.50%	188	16.50%
GROSS SALARY	505	100.00%	1,136	100.00%
Employees' contributions	101	20.00%	227	20.00%
Tax and surtax*	-	0.00%	113	9.91%
NET SALARY	404	80.00%	797	70.09%

*Tax base differs from the gross salary, deductions apply.



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CZECH REPUBLIC

CORPORATE TAX AND OTHER DIRECT TAXES

The Czech Republic has a flat corporate income tax rate of 19% applied on a general tax base. Basically, the tax base is represented by an accounting profit or loss modified by certain increasing and decreasing items. The tax base may be deducted by tax losses to be carried forward within five subsequent taxable periods. The Czech Republic applies thin capitalization rules to loans provided by related parties (generally 4:1). The Czech Republic provides tax exemption for holding structures: dividends and capital gains are tax exempted, provided certain conditions are fulfilled. Moreover, under certain specific conditions, an exemption may also be granted to royalties or interest from credit and loans. A withholding tax of 15% applies to dividends, royalties, interest and generally to income received in the Czech Republic, if the conditions for tax exemptions are not fulfilled and a relevant double tax treaty states otherwise. The Czech Republic has a wide international treaty network with more than 80 double tax treaties concluded. If the payments are realized to third countries without a double tax treaty (or a valid international agreement on

exchange of information on tax matters), the withholding tax amounts to 35%. Road motor vehicles used in connection with business, as well as trucks with a maximum gross weight exceeding 3.5 tonnes regardless of their use, are subject to a road tax if registered in the Czech Republic. A real estate tax is to be applied in relation to land and buildings, with tax rates generally depending on the type of the property, while the final amount of tax may also be influenced by local ratios (as applied by local authorities). A real estate transfer tax is to be applied at a rate of 4%. Inheritance tax and gift tax are incorporated into the income tax, with the application of standard income tax rates (15% for individuals, 19% for legal persons). Gratuitous income from inheritance is fully exempt. Gratuitous income from giving is exempt in a limited extent (e.g. gifts within family).

VAT AND OTHER INDIRECT TAXES

For 2019, the standard VAT rate is 21%, while the reduced rates are 15% (applicable, for example, on foodstuff, non-alcoholic beverage, heat, cold, accommodation and selected medical / sanitary goods and food-serving services)

and 10% (applicable, for example, on baby formula and children's food, certain pharmaceuticals, certain printed books, children's picture books, newspapers, magazines, music sheets and food for gluten-intolerant persons and since February 2019 also on public transport). Significant change in VAT rates is highly probably come into effect in the second half of 2019. The 10% VAT rate (instead of 15%) will be newly applied on e.g. catering services including non-alcoholic beverages and draft beer, water supply and sewage and certain crafts and professional services, including the services of hairdressers, repairs of bicycles, shoes and textile for households and housekeeping services. VAT-exempt services include financial and insurance services, the transfer of buildings/flats/non-residential premises (after 5 years following the building approval), rent of real estate, post services, radio and TV services, education services and medical and social care services. VAT payers are obliged to submit VAT returns, EC Sales Lists and Control Statements (evidence which reports detail on the selected transactions). All reports may be submitted on monthly or quarterly basis (depends on the subject who submits the report). The following options/limits based on the EU Directive are presented within VAT legislation:

TRANSFER PRICING IN CZECH REPUBLIC

Arm's length principle	✓	since 1993
Documentation liability	✓	since 2006 (scope of Documentation is only recommended)
Country-by-Country liability	✓	from FY 2016
Master file-local file (OECD BEPS 13) applicable	✓	the recommended scope of the TP documentation in the Czech Republic corresponds to the general principles included in the OECD Guidelines and the Code of Conduct on Transfer Pricing Documentation for Associated Enterprises in the EU.
APA	✓	since 2006
Penalty		
lack of documentation	No	
tax shortage	✓	20% on tax underpayment + late payment interest
Related parties	25% <	direct or indirect control or personally related
Safe harbours	✓	Low value added services: 3-7% mark-up

Level of attention paid by Tax Authority

9/10

VAT OPTIONS IN CZECH REPUBLIC	Applicable / limits
Distance selling	approx. EUR 44,300/year
Call-off stock	✓
VAT group registration*	✓
Cash accounting	✓
Import VAT deferment	✓
Local reverse charge	supply of construction works, waste, gold and intermediary service related to supply of gold, supply of emission permits, selected cereals and industrial crops, mobile phones, integrated circuits, portable devices for the automated processing of data (e.g. notebooks and tablets), videogame consoles, real estate (when VAT payer voluntarily applies VAT on the sale which should be generally VAT exempt), supply of gas, electricity to trader, provision of telecommunication services to trader, outplacement of construction and assembly workers, supply of immovable property in forced insolvency sale, supply of goods originally provided as guarantee, supply of goods after assignment of reservation of ownership
Option for taxation	
letting of real estate**	✓
supply of used real estate***	✓
VAT registration threshold****	approx. EUR 38,900/year

* related parties, only for Czech legal entities

** only when let to VAT payer for performing of his economic activity

*** 5 years time test

**** only for Czech based legal entities

Other indirect taxes include excise duties (on mineral oils, spirits, beer, wine and tobacco) and an energy taxes (on gas, electricity or solid fuels). A 'contribution' from electricity produced via solar facilities applies to such electricity producers.



PERSONAL INCOME TAX / SOCIAL SECURITY SYSTEM

Personal income tax is applied at a flat rate of 15% on active (employment, self-employment) and passive income (e.g. capital gains, dividends, interests). The employees' tax base is increased by health insurance/social security contributions paid by the employer, thus the effective tax rate amounts to approximately 20%. A "solidarity" increase of tax at the rate of 7% is applied for the part of the gross income

from an employment/tax base from self-employment exceeding 48 times the amount of the average wage (for 2019 it is CZK 1,569,552). Income from employment and self-employment is subject to social security and health insurance contributions. In case of employment, the employee's contribution amounts to 6.5% (social security) and 4.5% (health insurance). For the employer, these amount to 25% and 9% respectively.

The social security contributions are not paid on the income exceeding the maximum assessment base (for 2019 it is CZK 1,569,552.). The maximum assessment base for the health insurance contributions has been cancelled as of 2013. The example below shows the employer's and the employee's costs in case of minimum wage and average wage in the private sector.

WAGE-RELATED TAXES IN CZECH REPUBLIC	Minimum wage	Average wage in private sector	
	in EUR	in CZK	in CZK
Exchange rate CZK/EUR	25.725		
	519	13,350	1,225
TOTAL WAGE COST ("SUPER GROSS" SALARY)	695	134.00%	1,642
Social security contribution - employer	130	25.00%	306
Health insurance - employer	47	9.00%	110
GROSS SALARY	519	100.00%	1,225
Calculated personal income tax without standard tax deduction*	104	15.00%	246
Personal income tax after standard tax deduction**	24		166
Employees' contributions	57	11.00%	135
NET SALARY	438	84.32%	924

* 15% tax rate is applied on "super gross" salary, the effective tax rate is approximately 20%
 ** Each individual is entitled to deduct a lump sum of CZK 2,070 (app. EUR 80) per month from his tax liability (called "standard tax deduction")



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ESTONIA

CORPORATE TAXES AND OTHER DIRECT TAXES

In Estonia there is no traditional corporate income tax, which means that retained profits enjoy deferred taxation, which is considered as the most attractive tax incentive for companies to invest in Estonia. Corporate profits are subject to income tax upon distribution i.e. dividend payments, liquidation proceeds, etc.

In addition, certain payments, such as fringe benefits, gifts, donations, costs of entertaining guests, expenses and payments that are not business-related are also identified as profit distributions for income tax purposes. Expenses related to business are not taxable if they have been incurred for the purposes of deriving income from a taxable business or are necessary or appropriate for maintaining or developing such business and it is clearly justified that the expenses are business-related. Also, no income tax is charged on business gifts, gifts and donations to specified non-profit associations and costs of entertaining guests not exceeding limits set by law. The corporate tax rate is fixed as 20/80 on the net amount of the payment, which means that net distribution/payment is grossed up first and then subject to a

tax rate of 20%. A calculation example in case the net payment is 1,000 EUR: the tax base is $1000 / 80\% = 1,250$ EUR, and the corporate income tax is $1,250 \text{ EUR} \times 20\% = 250$ EUR. There are no rules regarding how losses can be carried forward because only distributed profits are subject to income tax.

There is no withholding tax on dividends, interest and royalty paid by an Estonian company to either an Estonian or foreign company, provided that certain criteria are met. Also, there is no corporate income tax applied in case of pass-through dividends corresponding to certain rules. Income tax is withheld from rent from a commercial or residential lease (20%), payments to a non-resident for services provided in Estonia (10%), and payments to a legal person located in a low-tax-rate territory for services provided to an Estonian resident (20%). Estonia has a wide international treaty network with 63 double tax treaties. Other direct taxes include a gambling tax and a land tax applicable in specific cases. Also, there is a social tax, which is described under the social security system below.

VAT AND OTHER INDIRECT TAXES

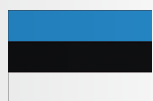
The general rate is 20%, while the reduced rate is 9% (e.g. books and workbooks used as learning materials, particular medicinal products, particular periodic publications, certain accommodation services). Exportation is zero-rated. VAT is not imposed on certain goods and services of social nature. Other VAT-exempt goods and services include insurance services, leasing or letting of immovable properties, the sale of immovable properties or parts thereof before their first use, securities and financial services. The options/limits based on the EU Directive are presented within the VAT legislation:

At the end of 2014 Estonia introduced an additional reporting form that companies need to submit together with their VAT returns for reporting all transactions exceeding 1,000 EUR with a single partner in a calendar month. Also, in 2014 new rules were introduced regarding vehicle-related VAT-deductions, which in general (with one specific exception) restrict more than 50% of total input-VAT deduction related with vehicle costs (purchase of car, fuel, repair, etc.). Other indirect tax types in Estonia include excise duty and customs duty.

TRANSFER PRICING IN ESTONIA		
Arm's length principle	✓	since 1999
Documentation liability	✓	since 2007
APA	No	N/A
Penalty		
lack of documentation	✓	Up to EUR 3,200. A criminal penalty may also be imposed up to EUR 16 million.
tax shortage	✓	Daily interest of 0.06% on the tax underpayment
Related parties	25% <	share capital or voting rights; other special rules relating mutual business interest or control
Safe harbours	No	
Level of attention paid by Tax Authority		
		8/10

VAT OPTIONS IN ESTONIA	Applicable / limits
Distance selling	EUR 35,000/year
Call-off stock	-
VAT group registration*	✓
Cash accounting	turnover < 200,000 EUR
Import VAT deferment	✓
Local reverse charge	specific real estate, metal waste, gold
Option for taxation	
letting of real estate	✓
supply of used real estate	✓
VAT registration threshold**	EUR 40,000/year

* There must be an element of common control over the members of the group.
** If the trade is below the registration threshold, voluntary VAT registration might be possible.



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PERSONAL INCOME TAX / SOCIAL SECURITY SYSTEM

In Estonia there is a flat rate of PIT, which is 20%, and it is generally applicable to active (e.g. employment, assignment fee) and passive income (e.g. capital gains, dividend and interest). Resident individuals can use a monthly tax-free amount, which is maximum 500 EUR per month starting from 2018. The monthly tax-free minimum is applicable only with lower income and the application of it goes according to the following formula: 1) annual income up to 14 400 EUR gives 6000 EUR as annual basic exemption, 2) in case annual income increases from 14 400 EUR to 25 200 EUR, basic

exemption decreases according to the following formula: $6000 - 6000 \div 10\,800 \times (\text{income amount} - 14\,400)$, 3) if annual income is above 25 200 EUR, basic exemption is 0.

In addition, there a specific list of tax deductions, which can be applied via the annual tax returns e.g. deduction of housing loan interests (in certain limits), voluntary pension payments, donations and training expenses, an additional tax allowance in case more than one child, etc.

Active incomes fall under the scope of the SSC system: individual social contributions equal altogether

1.6%-3.6% depending of the type of mandatory pension subscription; the employer's contribution is altogether 33.8% (social tax 33% and unemployment insurance 0.8%). Passive incomes are in general not subject to SSC. Benefits in kind are taxed only on the level of the employer at two rates: corporate income tax (20/80 on net amount) plus social tax 33%, which is altogether approximately 60%. The examples below show the cost of the employer and employee in case of minimum wage level and the average wage in the private sector.

WAGE TAXATION IN ESTONIA	Minimum wage		Average wage in private sector	
	in EUR		in EUR	
TOTAL WAGE COST	723	133.80%	1,729	133.80%
Employer unemployment insurance	4	0.80%	10	0.80%
Social tax	178	33.00%	426	33.00%
GROSS SALARY	540	100.00%	1,292	100.00%
Personal income tax	4	20.00%	159	20.00%
Employees' unemployment insurance	9	1.60%	21	1.60%
Employees' pension insurance	11	2.00%	26	2.00%
*Minimum monthly tax deduction (for tax residents)	500	-	449	-
NET SALARY	516	95.64%	1,086	84.07%

* Annual tax deduction is 6000€ when annual income is under 14 400€.
* Formula for calculating annual tax deduction $6\,000 - 6\,000 / 10\,800 \times (\text{annual income} - 14\,400)$ when annual income between 14 400€ and 25 200€.
* Annual tax deduction is 0€ when annual income is over 25 200€.



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GERMANY

CORPORATE TAXES AND OTHER DIRECT TAXES

Companies are subject to German taxation if they have either their statutory seat in Germany or the main management decisions are taken in Germany. In this case the worldwide income is subject to German taxation. Besides, companies with a branch or permanent establishment in Germany are taxed based on the income realised in Germany. The corporate income tax rate amounts to 15% plus solidarity surcharge of 5.5%. The solidarity surcharge was introduced to finance the German reunification. Therefore, the total tax burden is 15.825%. In addition the local municipalities collect trade tax. The average trade tax burden is 15.5%.

In Germany, the determination of the taxable income is generally based on the result of the commercial profit and loss statement. However, the taxable income (which generally represents the reference base of the main taxes) tends to differ from the profit and loss disclosed in the commercial financial statements. The taxable profit is to be established from the changes in net capital employed during the financial year, from which the deposits are deducted and to which withdrawals are added. The assessment rules governing the assets and liabilities are therefore

essential when calculating the taxable profit. Capital gains on tangible assets are fully liable to corporate income tax and to trade tax. Capital losses are fully tax deductible. Some income does not have to be taken into account in the taxable income, e.g. 95% of dividends received from corporations originated in Germany or abroad by a corporation as well as capital gains from selling these (if the participation in capital amounts to at least 10% and none of few general exemptions apply). The carry-back system allows for tax losses recorded in a financial period to be offset against earlier tax profits. Losses reduced by carry-back may be carried forward without limit, whereas their offset in one year is limited to € 1 million plus 60% of the income exceeding € 1 million.

Furthermore, the tax law in Germany distinguishes between partnerships and corporations. A partnership is in general liable to trade tax. The result of a partnership will be liable to income tax, if the shareholders are individuals, and to corporate income tax, if the shareholders are corporations on the level of the shareholder. The partnership itself neither pays income nor corporate income tax.

VAT AND OTHER INDIRECT TAXES

The VAT rate is in general 19%. A reduced rate of 7% applies for certain basic foodstuffs, books, newspapers, antiques, live animals, hotel accommodation and for some other items. Banking services and insurance premiums are exempt from VAT. In addition to VAT, various excise taxes and customs duties on imported goods as well as real estate transfer tax and land tax are mentioned as so-called "indirect" taxes. If goods are exported outside the EU, the customers are not subjected to VAT. In the other hand, any related input tax may still be fully deducted from amounts payable to the tax authorities. Imports into Germany outside the EU are subject to an "import VAT" on entry. Sales within the EU are also tax-free in the B2B sector. If persons or goods are transported from or to another EU country, this carriage is subject to German VAT, unless the carrier has made the transaction subject to the VAT of another EU country.

The real estate transfer tax is levied on the sales price or other transfer value on each change of ownership in land and buildings. The basic rate of real estate transfer tax rate is 3.5%. Each federal state in Germany has the right to apply a different rate of the real estate transfer tax on his territory.

TRANSFER PRICING IN GERMANY

Arm's length principle	✓	since 1995
Documentation liability	✓	since 2003
APA	✓	since 2006
Country-by-Country liability	✓	from FY 2016
Master file-local file (OECD BEPS 13) applicable	✓	from FY 2017
Penalty		
lack of documentation	✓	bases of taxation can be estimated by the tax authorities + surcharge between 5 % and 10 % of the income adjustment maximum of 1 Million EUR
tax shortage	✓	from EUR 100,000 tax reduction - imprisonment or/and high fine
Related parties	25% <	direct or indirect control or personally related
Safe harbours	✗	
Level of attention paid by Tax Authority		<div style="width: 80%; background-color: #e91e63; height: 10px;"></div> 9/10

VAT OPTIONS IN GERMANY

Distance selling	EUR 100,000/ year
Call-off stock	✓
VAT group registration	✓
Cash accounting	✓
Import VAT deferment	✓
Local reverse charge	Construction works, emission permits, gold, cleaning of buildings, turnover covered by the Real Estate Transfer Tax Act, natural gas and electricity
Option for taxation	
letting of real estate	✓
Supply of used real estate	✓
VAT registration threshold	EUR 17,500 /year



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PERSONAL INCOME TAX / SOCIAL SECURITY SYSTEM

Taxable income of individuals can stem from the following categories: income from business, income from self-employment, income from dependent employment, investment income, agricultural and forestry income, income from real estate and other leases and other income. The rate of income tax varies according to progressive taxation brackets. There is a tax-free base allowance in accordance with the minimum subsistence level of € 9,000 for single individuals in 2018. The minimum tax rate has been 14% since 2009, whereas the maximum tax rate has been 45% since 2009. Some expenses, e.g. special expenses or exceptional expenses may be deducted to calculate taxable income. There is a second tax regime for investment income which mainly refers to dividends, interest etc. which is subject to 25% withholding tax. Individuals living in Germany may be liable to church tax. The rate varies

between 8% and 9% of the income tax and is not collected if the taxpayer declares that he has no religious faith. Furthermore, solidarity surcharge is due of 5.5% of the payable income tax. Losses can be carried back for one assessment period up to a maximum of € 1 million (married couples € 2 million) and be carried forward indefinitely. However, minimum taxation is applicable (i.e. loss carry-forward can be utilized up to € 1 million unlimited, and the exceeding income can only be offset by 60%).

Individuals who are permanently resident - independent of citizenship - in Germany and individuals who have their customary place of residence in Germany are liable to unlimited taxation for German income tax purposes. The tax liability relates to the worldwide income unless restrictions according to the Double Taxation Agreements are applicable. Individuals who are neither resident nor have their

customary place of residence in Germany are subject to limited tax liability in Germany for income they derive from German sources.

Active incomes fall under the scope of the social security system. The German social security system is broken down into four main elements like as retirement insurance, unemployment insurance, invalidity insurance, and healthcare insurance. The social contribution is split equally between employer and employee, although childless employees over 23 are required to bear an additional 0.25% premium for the invalidity insurance. The statutory minimum for health insurance is 14.6% and is divided equally, but most health funds require a supplement of, typically 0.9% to be borne in half by the employee and half by the employer. The total of social contributions amounts to a minimum of 38.65% of an employee's gross salary.

WAGE-RELATED TAXES IN GERMANY	Minimum wage		Average wage in private sector	
EUR	in EUR		in EUR	
	1 610		3 150	
TOTAL WAGE COST	1 922	119,38%	3 774	119,81%
Employer's and other contributions*	312	19,38%	624	19,81%
GROSS SALARY	1 610	100,00%	3 150	100,00%
Employee's contributions**	198	12,30%	388	12,32%
Healthcare insurance	132	8,20%	244	7,75%
Personal income tax and solidarity surcharge***	105	6,52%	480	15,24%
NET SALARY	1 174	72,98%	2 037	64,69%

* consists of retirement insurance, unemployment insurance, invalidity insurance and healthcare insurance

** includes retirement insurance, unemployment insurance, invalidity insurance

*** calculation without church tax/ for a single 25 year old and without children



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GREECE

CORPORATE TAXES AND OTHER DIRECT TAXES

The applicable corporate income tax rate was revised to 28% from 29% for Greek businesses and foreign branches. The relative tax rate applies after the deduction of business costs, depreciations and provisions for bad debts. Major tax adjustments and non-deductible items are payments out of banking system, transfer pricing adjustments, personal consumption expenditure, bad debts without legal actions, payments to low tax rates jurisdictions (under conditions), non-paid SSC and thin cap interests to the extent that they are over 30% of EBITDA and 3M€. Losses can be carried only forward for 5 years however special limitations apply in M&A transactions. The loss from a P.E in the EU can be utilized in Greece under conditions. Greek companies are also subject to annual business tax up to 1.000€, irrespective of their profitability. Finally, Greek Companies are subject to tax prepayment equals to 100% of the tax corresponding to the revenues of the tax year for which the return is filed. For newly established companies, the prepayment is reduced to 50% for the first three years of operations. Domestic withholding tax rate for dividends distribution as of 01.01.2019 and onwards, was revised to 10% from 15%

for both individuals and legal entities shareholders, while interest's payment is subject to tax rate of 15% and the corresponding rate for royalties is 20%. In case a DTT is in force the above rates can be reduced according to the provisions of the Treaty. By adopting the EU Parent Subsidiary Directive, there is no withholding tax on dividends, interests and royalties paid on EU (including Greece) intragroup transactions, under conditions. Greece has a wide international treaty network with 57 treaties on the avoidance of double taxation. On top of the ordinary annual real estate tax (E.N.F.I.A.) generally applicable in cases of immovable property ownership, legal entities holding real estate in Greece may under certain conditions be charged furthermore with the Special Estate Tax, calculated at a rate of 15% on the value of the property in case that the beneficial owner is not known to the Greek authorities. Capital gains from shares and immovable property are taxed as normal business profits (28%) for businesses and with a flat rate of 15% for individuals. Especially for individuals and the capital gains arising from the sale of real estate the tax 15% has been postponed until the end of 2019.

OECD REGULATIONS

In order to reduce the extent of the black economy and tax evasion and defend artificial arrangements Greece gradually incorporates in the domestic legal framework, proposed international anti-abuse and anti-avoidance clauses and adopts BEPS Actions of the Organization for Economic Cooperation and Development's (OECD) by applying among others the European Union Directive called Multilateral Agreement of Principles for the Automatic Exchange of Financial Account Information, Transfer Pricing documentation liability, CbC (Country by Country) report provisions concerning the exchange of information by parent companies of large multinational groups and additionally the CFC (Controlled Foreign Companies) rules.

TAX RESIDENCY

An individual is a tax resident of Greece, provided that his permanent or principal place of residence or habitual residence or the center of his vital interests are in Greece. Furthermore, the criteria of 183 days presence in the country does also apply. For businesses, the concept of place of effective management has been incorporated in the Greek law since 2014.

TRANSFER PRICING IN GREECE

Arm's length principle	✓	since 1994
Documentation liability	✓	since 2008
APA	✓	since 2014
Hierarchy in TP methods	No	Follows OECD TP Guidelines
Penalty		
lack of documentation	✓	For inaccuracy/incompleteness; 1‰ of TP transactions (min EUR 500-EUR 2,000)
tax shortage	✓	For non submission, fine of 1‰ of TP transactions (min EUR 2,500 max. EUR 10,000). Non existence of documentation file, penalty up to 20,000
Related parties	33% <	Direct or indirect control or management dependence or exercise of decisive influence
Safe harbours	No	
Level of attention paid by Tax Authority		10/10

VAT OPTIONS IN GREECE

Distance selling	EUR 35,000/year
Call-off stock	No
VAT group registration	No
Cash accounting	Optional for small companies up to 2m turnover
Import VAT deferment	✓
Local reverse charge	sale of waste, B2B sales for laptops-tablets- cell phones under conditions
Option for taxation	
letting of real estate	optional on business rents
supply of used real estate	No
VAT registration threshold	EUR 10,000/year



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VAT AND OTHER INDIRECT TAXES

Greek VAT system is in line with the EU VAT Directives. The standard rate is 24%, while the reduced rates are 13% (e.g. agricultural services, accommodation services, certain types of food) and 6% (e.g. journals, books, medicines, plays). VAT-exempted activities are the financial and banking services, insurance, medical services, education (under conditions). The options/limits based on the EU Directive are presented within VAT legislation: Regarding to other indirect taxes, in Greece applies a flat stamp duty rate of 2,4 or 3,6% to certain transactions excluding VAT, such as rents, loans etc.

PERSONAL INCOME TAX / SOCIAL SECURITY SYSTEM

Pursuant to domestic law as employment income is considered any remuneration received by an employee for services rendered per year under an employment agreement (benefits in cash or in kind are also included e.g. the private usage of a company car, the cost of living allowance, etc.). In Greece personal income tax (dependent employment, assignment fee) is subject to a progressive tax rate which ranges from 22% to 45%. There is a flat rate of 10% for dividend income as of 01.01.2019 and onwards, 15% for interest income and a flat rate of 20% for royalties' income. Tax payable on active incomes is reduced by a family tax allowance. Additionally, personal income is subject to special solidarity levy with a progressive scale from 2,2% to 10%.

Active incomes fall under the scope of the SSC system. Vast majority of the Greek employees are covered by Social Insurance Institution called E.F.K.A. from 1/1/2017. The social security contributions are calculated on the actual salary of the employee. The applicable rates are 25,06% for employers and 16% for employees. The Social Security grants benefits in the case of unemployment, sickness, disability, retirement and death. For calculation purposes the upper limit of the social security contributions is defined to €6.500,00 gross salary. Benefits-in-kind are taxed if the total value of benefits exceeds the amount of 300 Euro per fiscal year. For individuals a progressive tax rate from real estate income is imposed as follows: <12.000 €15%, 12.001-35.000€35%, >35.001 €45%.

WAGE RELATED TAXES IN GREECE

	Minimum wage		Average wage in private sector	
	in EUR		in EUR	
TOTAL WAGE COST*	733	125.06%	1,478	125.06%
Employer's social security contribution**	147	25.06%	296	25.06%
GROSS SALARY***	586	100%	1,182	100%
Personal income tax	-	22%/29%/37%/45%	86	22%/29%/37%/45%
Special Solidarity Contribution ****		2,2%/5%/6,5%/7,5%/9%/10%		2,2%/5%/6,5%/7,5%/9%/10%
Employees' contributions	94	16.00%	189	16.00%
NET SALARY	492	84.00%	907	76.72%

* per payroll period (there are 14 payroll periods per year)

** most common social security contributions rate regarding usual employment capacities

*** the minimum gross salary is expected to increase up to 10% during 2019

**** applicable over 12.000 euro annual income



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HUNGARY

CORPORATE TAXES AND OTHER DIRECT TAXES

In Hungary, a corporate income tax rate of 9% is applicable, which is the lowest rate in the EU. The tax base is the pre-tax profit modified by several increasing and decreasing items. In Hungary, the losses can be carried forward for 5 years. The losses may be used for reducing the tax base only up to 50% of the tax base calculated without the loss carried forward. Loss carryback is only possible in the agricultural sector. Special limitations are applicable in the case of M&A transactions. Starting from 2019, the previous thin capitalization has been replaced by the interest limitation rules set out by ATAD (30 per cent of EBITDA or 3 million EUR). In addition, the already existing CFC rules has been adjusted to match the provisions of the Directive. As of 2019, group taxation is available in Hungary also for CIT purposes. This allows related parties avoid some of the transfer pricing documentation obligation. Also, profit of group members can be compensated by losses generated by other members of the group.

There is an ever growing range of tax allowances for new investments. For example, incentives have been recently introduced for energy-efficiency investments and also for investing in start-up companies. The benefits of the R&D incentive can now be shared between the taxpayer who is providing R&D services and its customers. Hungary provides tax exemption on holding structures: capital gains on shares and intellectual property under certain conditions are tax free, and a 50% tax allowance is applicable on royalty incomes. There is no withholding tax on dividends, interest and royalty paid by a Hungarian company to a foreign company. Hungary has a wide international treaty network with more than 80 treaties on the avoidance of double taxation. IFRS accounting is optional for larger companies (above approx. 1 million EUR of revenue).

The local business tax of maximum 2% is payable on gross margin (sales revenue deducted by COGS, mediated

services, material costs and R&D costs). Transfer tax is applied in Hungary to a limited scope of transactions. The general transfer tax rate applied to real property transactions is 4%, including acquisition of real estate or 75% of the quotas of a real property holding company. There are some exceptions regarding intra-group transactions. The transfer tax is 18% on gifts and inheritance, 9% in case of flats; gifts and inheritance within family is tax-exempt.

VAT AND OTHER INDIRECT TAXES

Hungary runs a VAT system complying with the EU VAT Directives. The standard rate is 27%, while the reduced rates are 18% (e.g. bread, accommodation services) and 5% (e.g. milk, eggs, journals, books, medicines, certain meat products, new homes, internet access service and restaurant services). The options/limits based on the EU Directive are presented within VAT legislation:

Exchange rate HUF/EUR		320
TRANSFER PRICING IN HUNGARY		
Arm's length principle	✓	since 1996
Documentation liability	✓	since 2003
APA	✓	since 2007
Country-by-Country liability	✓	from FY 2016 (with transitional rules)
Master file-local file (OECD BEPS 13) applicable	✓	from FY 2017 optional, from 2018 obligatory
Penalty		
lack of documentation	✓	- EUR 6,500 / missing documentation doubled on recurrent basis
tax shortage	✓	50% on tax underpayment + late payment interest
Related parties	50% <	direct or indirect control or common managing director
Safe harbours	✓	Low value added services: 3-7% mark-up
Level of attention paid by Tax Authority		
		9/10

Exchange rate HUF/EUR		320
VAT OPTIONS IN HUNGARY		
	Applicable / limits	
Distance selling	EUR 35,000/year	
Call-off stock	✓	
VAT group registration*	✓	
Cash accounting - yearly amount in EUR (approx.)	appr. EUR 400,000/year	
Import VAT deferment	✓	
Local reverse charge	sale of waste, agricultural products, emission quotas, pawn, construction services, handing over of a constructed structure	
Option for taxation - letting of real estate	✓	
Option for taxation - supply of used real estate	✓	
VAT registration threshold**	No	

* Available only for related parties

** Special VAT exemption applies for small businesses



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Due to the limited voluntary compliance in certain sectors (e.g. retail business and certain services), Hungary introduced a number of measures aiming at enforcing the law, such as the online control of cash registers, domestic sales reports are also required. Online registration of the transportation of products is required. As from mid-2018 taxpayers has been required to use billing software capable of providing the tax authority with real-time data automatically. Other indirect tax types in Hungary include excise duty on oil, alcohol and tobacco products, environmental protection charge on products heavily polluting the environment (e.g. all kinds of electric equipment, accumulators and batteries, packaging materials, etc.), financial transactional tax (payable by the banks completing such transactions), insurance tax and 'chips tax' (levied on unhealthy foods and drinks).

PERSONAL INCOME TAX / SOCIAL SECURITY SYSTEM

There is a flat-rate PIT of 15%, and it is generally applicable both to active (e.g. employment, assignment fee) and passive incomes (e.g. capital gains, dividend and interest). Tax payable on active incomes is reduced by a family tax allowance. The amount of the family tax allowance is HUF 20,000/month/child up to 2 children (appr. EUR 63)/child; and from 3 children HUF 33,000 (EUR 105)/child). Active incomes fall under the scope of the SSC system: social security contributions payable by the individuals

concerned equal altogether 18.5%; the employer's contribution is 19.5%. Some passive incomes are also subject to 19.5% SSC, however, in the case of dividends there is an upper limit. Other types of passive income (e.g. capital gain on shares of stock exchange, or interest) are exempt from SSC. Benefits-in-kind are taxed at two rates: PIT plus SSC calculated on a special tax base altogether amounting to 40,71% or 34,5% and payable only by the employer. However, as of 2019, most types of benefits-in-kind shall be taxed as normal employment income.

WAGE RELATED TAXES IN HUNGARY		Minimum wage		Average wage in private sector	
Exchange rate HUF/ EUR	320	in EUR	in HUF	in EUR	in HUF
		466	149,000	1,073	343,500
TOTAL WAGE COST	563	121.00%	1,299	121.00%	
Vocational training contribution	7	1.50%	16	1.50%	
Social contribution tax	91	19.50%	209	19.50%	
GROSS SALARY	466	100.00%	1,073	100.00%	
Personal income tax	70	15.00%	161	15.00%	
Employees' contributions	86	18.50%	199	18.50%	
NET SALARY	310	66.50%	714	66.50%	



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KOSOVO

CORPORATE INCOME TAX

Resident companies are subject to corporate income tax on their worldwide income, while the object of taxation for a non-resident taxpayer is taxable only income generated from a source in Kosovo. The Corporate Income Tax (CIT) system in Kosovo adheres to the principles of worldwide taxation.

Resident companies and sole traders whose gross annual income exceeding EUR 50,000 are subject to CIT. Below the threshold taxpayers can opt for a special quarterly payment on their gross income.

The CIT rate for annual turnover is 10%. This tax is paid every three months depending on the annual turnover.

Taxable Income for CIT period is the difference between gross income received or accrued during the tax period and the deductions allowable with respect to such gross income.

Tax Period for CIT is the calendar year. Losses can be carried forward for six consecutive tax periods.

TRANSFER PRICING

Transfer pricing (TP) effective from 2017 regulated the intra-companies pricing arrangement between related business entities. A controlled transaction is considered to be whenever a minimum 50% ownership or voting right test exist for the transaction. Controlled transactions include all types of transactions that may affect the taxable income of a taxpayer.

Taxpayers performing controlled transactions above the amount of EUR 300,000 within a calendar year must submit with the tax authorities an annual controlled transactions form by 31 March of the following year.


The regulation excludes internal controlled transactions (it applies only to cross border transactions) and has provided for certain safe harbors to prove that the arm's length principle is respected. The safe harbors involve calculating, on an annual basis, total costs of all group members for the low value-adding intra-group services. For such services, there is no need to prepare a transfer pricing study, but instead a profit mark-up to a maximum 7% on costs is allowable.

VAT AND OTHER INDIRECT TAXES

A transaction is subject to VAT taxation in Kosovo, if the supply of goods or supply of services, against the payment made within the territory of Kosovo by a taxable person acting as such. Further on, the import of goods pursuant to the Law is subject to VAT taxation.

Taxable person is any person regardless if this person is natural or legal person, or organized in any other form recognized by law in Kosovo, which independently carries out an economic activity pursuant to the law, regardless of the place, purpose, or result this activity. In line with EU and VAT principles, exports are exempted from VAT with the right of deduction of input VAT. VAT on imports is collected in state borders of Kosovo. Holder of Transaction pays VAT on the basis of the customs value and any other import duty (customs and excise tax, if applicable) regardless of their origin. VAT is levied on imports and any supply of goods or services, except those which by law are considered as exempted supplies.

VAT rate has escalated into two fixed rates: the standard rate of 18% and the reduced rate of 8% of the value of supplies of imported and domestic taxable supplies, except for exempted supplies and supplies treated as exports.

TRANSFER PRICING IN KOSOVO		
Arm's length principle	✓	since 2017
Documentation liability	✓	since 2017
APA	✓	since 2017
Country-by-Country liability	✓	from FY 2017 (with transitional rules)
Master file-local file (OECD BEPS 13) applicable	✓	from FY 2018 on
Penalty		
lack of documentation	✓	A maximum of EUR 2,500
tax shortage		n.a.
Related parties	50% <	direct or indirect control or common managing director
Safe harbours	✓	Low value added services: mark-up to a maximum 7%
Level of attention paid by Tax Authority		
		

VAT OPTIONS IN KOSOVO	Applicable / limits
Distance selling	n.a.
Call-off stock	n.a.
VAT group registration*	n.a.
Cash accounting - yearly amount in EUR (approx.)	n.a.
Import VAT deferment	✓
Local reverse charge	Supply of construction and construction-related works; construction activities.
Option for taxation - letting of real estate	n.a.
Option for taxation - supply of used real estate	n.a.
VAT registration threshold**	EUR 30,000/year

* Available only for related parties

** Special VAT exemption applies for small businesses



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PERSONAL INCOME TAX AND OTHER DEDUCTIONS

The object of taxation for a resident taxpayer is taxable income from a source in Kosovo and from a foreign source. The object of taxation for a non-resident taxpayer is taxable income from a source in Kosovo.

With the exception of income that is exempted from tax under the law, gross income shall mean all income received or accrued from any source, including: wages, rent, business activity, the use of the intangible asset, interest, capital gains, lotteries and other games of chance, pensions paid by an employer, or in line with the Law on pensions in Kosovo and any other income that increases the taxpayer's net worth.

Taxpayers are natural persons, resident and non-resident, personal businesses, partnerships and

companies who receive or create gross income from all sources, including wages, business activity, rents, lottery winnings, interest, dividends, capital gains, use of intangible property, pensions, and any other income that increases the taxpayers' net worth. The taxable period for Personal Income Tax is the calendar year. Personal Income Tax is applicable at the progressive rates (rates from 0% to 10%).

Other Deductions

Kosovo Pension Savings Fund is responsible for administering and managing the individual pension saving accounts. This fund obliges the employee and the employer to contribute in financing the employee's pension at the rate of 5% from the employee's salary and 5% from the employer.

2018 IN KOSOVO	Minimum wage		Average wage in private sector	
	in EUR		in EUR	
	170		400	
TOTAL WAGE COST	179	104.76%	420	104.76%
Vocational training contribution	-	0.00%	-	0.00%
Social contribution tax	9	4.76%	20	4.76%
GROSS SALARY	170	100.00%	400	100.00%
Personal income tax	4	2.12%	19	4.70%
Employees' contributions	9	5.00%	20	5.00%
NET SALARY	158	92.88%	361	90.30%



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LATVIA

CORPORATE TAXES AND OTHER DIRECT TAXES

As of 2018, the corporate income tax (hereinafter - CIT) system in Latvia has changed – CIT is payable only upon distribution of profit, deemed profit or deemed dividends.

The CIT rate is 20% from gross taxable value (expense/distribution value) or 25% from net value (i.e., rate 20/80). The Latvian companies are allowed to apply tax incentives for donations to public benefit organizations. The tax rebate is also applied in case donations are made to non-governmental organizations registered in a member state of the European Union or the European Economic Area with which Latvia has concluded a double tax treaty.

In Latvia, tax losses accrued until 31 December 2017 can be utilized over the following five taxation years (i.e. till 2022). The companies may use 15% of these losses to decrease CIT payable for dividends but not more than 50% of CIT payable on dividends.

As of 2018 the following thin capitalization rules will apply:

- 1) the debt/equity ratio exceeds 4 to 1,
- 2) the amount of interest paid exceeds EUR 3 million and it exceeds 30% of EBITDA.

If any of the thin capitalization rules is exceeded, the interest payment will be

treated as deemed dividends and will be subject to 25% CIT from net excess interest value.

Tax exempt capital gains - starting from 2018 distributed profit from the sale of shares (except for shares of low/tax free companies) is not subject to CIT unless the company has held the relevant shares for less than 36 months. The exemption will not apply in case the main purpose of setting up of the taxpayer or the structure is to benefit from the holding regime (i.e. tax optimization or avoidance of taxes has taken place). Tax exemption is not applicable to profits from the sale of financial instruments (e.g. investment fund notes, securities, bonds, etc.) as well as to royalties and interest received.

Transfer pricing documentation requirements

Latvian companies are required to submit to the Latvian tax authorities within 12 months period after the end of the financial year a master file if [1] annual turnover exceeds 50 million euros and the total value of related party transactions exceeds 5 million or [2] the total value of related party transactions exceeds 15 million euros.

A local file is required to be submitted to the Latvian tax authorities within 12 months after the end of the financial

year if the total value of related party transactions exceeds 5 million euros. The company is required to prepare within 12 months after the end of the financial year and submit to the Latvian tax authorities in 30 days' time if a request by the Latvian tax authorities is made a master file if the sum of the tax payer's controlled transactions in the respective financial year exceeded 5 million euros (it is possible that two thresholds are overlapping).

The company is required to prepare within 12 months after the end of the financial year and submit to the Latvian tax authorities in 30 days' time if a request by the said authorities is made a local file if the sum of the tax payer's controlled transactions in the respective financial year exceeded 250 thousand euros.

Withholding tax of 20% is applied on management and consulting service fees paid by Latvian companies to foreign companies. Still, under the active international treaty network consisting of more than 61 double tax treaties, the withholding tax might be avoided. A 3% withholding tax will be applied to remuneration paid to a foreign company for the disposal of real estate located in Latvia or disposal of shares, holding real estate located in Latvia.

A withholding tax of 20% is applied on all payments to offshore companies.

TRANSFER PRICING IN LATVIA		
Arm's length principle	✓	since 2005
Documentation liability	✓	since 2013
APA	✓	since 2013
Country-by-Country liability	✓	since 2017
Master file-local file (OECD BEPS 13) applicable		since 2018
Penalty		
lack of documentation	✓	penalty up to 1% of the controlled transaction, but not exceeding 100 000 euro
tax shortage	✓	20% tax on gross value of underpayment + late payment interest
Related parties	20% <	direct control for foreign companies or common managing director
	50% <	indirect control for foreign companies or common managing director
Safe harbours	No	
Level of attention paid by Tax Authority		
		8/10

VAT OPTIONS IN LATVIA	Applicable / limits
Distance selling	EUR 35,000/year
Call-off stock	No
VAT group registration	✓
Cash accounting	EUR 300,000/year, applicable to private entrepreneurs or agricultural companies
Import VAT deferment	✓
Local reverse charge	construction works and goods, deals with the scrap metal, metal products and related services, precious metals, timber and related services, electronic goods (computers, mobile phones), grain crops, electronic communications, broadcasting and electronically provided services, household electronic appliances
Option for taxation	
letting of real estate	No
- supply of used real estate	✓
VAT registration threshold	40,000/year



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VAT AND OTHER INDIRECT TAXES

The general rate is 21% for the sale of goods and services. A reduced rate of 12% is used, for example, for medical goods, periodicals, accommodation services, and thermal energy supplied for private individuals. Furthermore, reduced 5% VAT rate is applicable to supply of fruits and vegetables, which are typically grown in Latvia. Basically, a 0% rate is applicable for the export of goods. Exemptions are in place for postal services, medical and health services, certain financial services, etc. Entrepreneurs with annual sales below EUR 40,000 are exempted from VAT obligations. Monthly returns are electronically recorded. The options/limits based on the EU Directive are determined in the VAT Act.

Other indirect tax types in Latvia are excise and customs duties. Also some transactions related to public administrative actions (e.g. submitting application forms, issuing certificates, granting permissions, etc.) are subject to stamp duty.

WAGE-RELATED TAXES IN LATVIA	Minimum wage		Average wage in private sector	
EUR	in EUR		in EUR	
	430		1,006	
TOTAL WAGE COST	534	124.09%	1,248	124.09%
Vocational training contribution	-	0.00%	-	0.00%
Social contribution tax	104	24.09%	242	24.09%
GROSS SALARY	430	100.00%	1,006	100.00%
Personal income tax*	76	23.00%	207	23.00%
Personal income tax**	89	20.00%	177	20.00%
Employees' contributions	47	11.00%	111	11.00%
NET SALARY**	294	68.37%	719	71.45%
NET SALARY*	307	71.40%	689	68.46%

* if employee has not submitted salary tax book to the employer
** if the employee has submitted salary tax book to the employer



PERSONAL INCOME TAX / SOCIAL SECURITY SYSTEM

Starting from 1 January 2018, a progressive PIT rate has been introduced. It foresees the following: 20% should be applied for income not exceeding EUR 20 004 per year; 23% - for income between EUR 20 004 to EUR 62 800 per year; 31.4% for income exceeding EUR 62 800 per year.

The tax on annual income of more than EUR 62 800 per year will be calculated in a recapitulative order when submitting the annual income declaration. If a payroll tax book is not submitted at a place of employment, the salary tax rate will be 23% regardless of monthly income.

Income from capital and capital gains is taxed at 20% PIT rate.

Active incomes fall under the scope of the SSC system: individual social contributions equal altogether 35.09% out of which employer's contribution is 24.09% and employee's contribution is 11%. Benefits in kind are taxed with PIT and SSC at standard rates. The examples below show the cost of the employer and employee in case of minimum wage level and the average wage in the private sector.



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LITHUANIA

CORPORATE TAXES AND OTHER DIRECT TAXES

The general corporate income tax rate is 15% in Lithuania. An incentive corporate income tax rate of 5% is applied for small companies with an annual turnover up to EUR 300,000 and having not more than 10 employees. Small companies could apply 0% rate of corporate income tax for the first financial year.

In Lithuania, the ordinary losses incurred may be carried forward to the subsequent taxable periods for an unlimited time, as long as the entity continues the activities that generated the losses. The amount of losses carried to the subsequent taxable periods is limited to the 70% of taxable income of the corresponding taxable period. The 70% limit does not apply for small companies. Capital losses incurred associated with the transfer of derivative financial instruments and securities may only be carried forward for 5 years and can only be covered from future capital gains.

Lithuania applies thin capitalization (4:1) and CFC rules. Tax allowances apply for certain new investments and R&D. Furthermore, Lithuania provides a tax exemption on holding structures: capital gains on shares and dividends received under certain conditions are tax-free. Under certain conditions there is no withholding tax on dividends, interest and royalty paid by a Lithuanian company to a foreign company. Lithuania has a wide international treaty network with more than 50 double tax treaties.

Companies are also subject to two types of taxes on capital:

→ Immovable property tax – tax on property, deemed to be immovable by law and located in Lithuania (buildings, constructions, except unfinished constructions). The annual tax rate varies from 0.3% to 3% of the taxable value of immovable property. Tax rates are set by municipalities according to the territory where the immovable property is located. The tax period is a calendar year.

→ Land tax – tax on land owned in Lithuania, to be paid by both resident and non-resident entities and individuals. The tax rate varies from 0.01% to 4% of the taxable value of the land. Tax rates are set by municipalities and depend on the location of the land. The tax period is a calendar year.

VAT AND OTHER INDIRECT TAXES

The general rate is 21%, the reduced rates are 9% (e.g. books, central heating, public transportation, tourist accommodation (until 31 December 2022) and 5% (e.g. medicine, journals, newspapers, technical support means for disabled). The options/limits based on the EU Directive are presented within the VAT legislation:

Other indirect tax types in Lithuania include excise duty, environmental protection charge and data storage device tax.

TRANSFER PRICING IN LITHUANIA		
Arm's length principle	✓	since 2004
Documentation liability	✓	since 2004
APA	✓	since 2012
Country-by-Country liability	✓	from FY 2016
Master file–local file (OECD BEPS 13) applicable		since 2019
Penalty		
lack of documentation	✓	EUR 1 820 - 5 520 (EUR 3 770 - 6 000 on recurrent basis)
tax shortage	✓	10% - 50% on tax underpayment + late payment interest; fines could be doubled on recurrent basis
Related parties	>25%	direct or indirect control
Safe harbours	✓	Low value added services: 5% mark-up
Level of attention paid by Tax Authority		
		9/10

VAT OPTIONS IN LITHUANIA	Applicable / limits
Distance selling	EUR 35,000/year
Call-off stock	✓
VAT group registration	No
Cash accounting	No, only optional regime for agricultural producers
Import VAT deferment	✓
Local reverse charge	Taking over the property as a transfer of contribution to a legal entity; taking over a material improvement of a building; supply of goods and services from a supplier which is under bankruptcy; supply of certain metal scraps and certain timber materials, supply of construction services
Option for taxation	
- letting of real estate	✓
- supply of used real estate	✓
- certain financial services	✓
VAT registration threshold	Local taxable person - 45,000 EUR/12 months; Foreign taxable person - No



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PERSONAL INCOME TAX / SOCIAL SECURITY SYSTEM

Starting from 2019 employment related income, board member fees, royalties received from employer, income under civil agreement received by a manager of small partnership who is member of such small partnership is taxed at the rate of 20% in case income does not exceed EUR 136,344 per calendar year in 2019. PIT at the rate of 27% is applied for the exceeding amount.

Income from profit distribution is taxable at a flat PIT rate of 15%.

Other income (e.g. interest, royalties, capital gains, rental income) is taxable at a PIT rate of 15% in case such income does not exceed EUR 136,344 per calendar year. PIT at the rate of 20% is applied for the exceeding amount.

Income in general is recognized at the moment of its actual receipt.

The employee's gross salary is also subject to Social contributions at the rate of 19.5%, and the employer is required to withhold this tax. The employer also has to pay 1.77% Social contributions on top of the employee's gross salary. An additional 1.8 or 3% contribution may be paid by individuals who have decided to accumulate an additional pension (the employer is required to withhold this tax).

Lithuania is subject to EU regulations laying down social security principles for persons migrating between EU Member States.

The examples below show the cost of the employer and employee in case of minimum wage level and the average wage in the private sector.

WAGE- RELATED TAXES IN LITHUANIA	Minimum wage		Average wage in private sector	
TOTAL WAGE COST	565	101.77%	1,227	101.77%
Social contribution tax	10	1.77%	21	1.77%
GROSS SALARY	555	100.00%	1,206	100.00%
Personal income tax*	51	20.00%	201	20.00%
Employees' contributions	108	19.50%	235	19.50%
NET SALARY	396	71.31%	770	63.86%

* Non taxable allowance of EUR 300 (on minimum wage) and EUR 202.35 (on average wage)



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MONTENEGRO

CORPORATE TAXES AND OTHER DIRECT TAXES

The general corporate income tax rate is a flat rate amounting to 9% and it applies to both resident and non-resident companies. Resident companies are taxed on their worldwide income, while non-residents are taxed only on income generated in Montenegro. The tax base is the pre-tax profit modified by several increasing and decreasing items. Capital gains are included in the annual corporate profits tax return and are subject to a 9% tax. In Montenegro, losses can be carried forward for 5 years while the carry back of losses is not permitted.

A tax incentive (profit tax rate for the first eight years is 0%) is applied for newly founded legal entities engaged

in manufacturing in economically underdeveloped municipalities. Withholding tax at the rate of 9% is applicable on dividends, interests, capital gains, royalties and other intellectual property rights, fees for the lease of movable and immovable property, consulting services, market research and audit services which are paid to a non-resident legal entity. Montenegro has a wide international treaty network with 42 double tax treaties. A transfer tax of 3% is levied on the transfer of immovable property. There is no surtax or alternative minimum taxes. Property tax is levied on the ownership/use of property at rates ranging from 0,25% to 1%.

VAT AND OTHER INDIRECT TAXES

The general rate is 21%, the reduced rates is 7% (e.g. bread, milk, accommodation services, medications), and there is VAT-exemption for exports and banking services. Taxpayers with revenue in excess of EUR 18,000 must register for VAT purposes. The options/limits based on the VAT Act in Montenegro:

TRANSFER PRICING IN MONTENEGRO		
Arm's length principle	✓	since 2002
Documentation liability	No	At the moment of request from the tax authorities.
APA	No	-
Country-by-Country liability	No	-
Master file-local file (OECD BEPS 13) applicable	No	-
Penalty		
lack of documentation	No	Not specifically stated, general rules apply
tax shortage	No	Not specifically stated
Related parties	25% <	The parties between whom special relations exist, which could directly impact the conditions or economical results of the transaction between them.
Safe harbours	No	-
Level of attention paid by Tax Authority		2/10

VAT OPTIONS IN MONTENEGRO	Applicable / limits
Distance selling	No
Call-off stock	No
VAT group registration	No
Cash accounting	No
Import VAT deferment	No
Local reverse charge	Yes
Option for taxation - letting of real estate	
- letting of real estate	No
- supply of used real estate	No
VAT registration threshold	EUR 18,000/year



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PERSONAL INCOME TAX / SOCIAL SECURITY SYSTEM

In Montenegro, resident individuals are taxed based on their worldwide income, and non-residents are taxed only on income provided in Montenegro. There is a flat rate of 9%, and it is generally applicable on the active (e.g. employment, assignment fee) and passive income (e.g. capital gains, dividend and interest). Monthly salary exceeding a gross amount of EUR 765 is taxed at rate of 11%. It is important to state that non-

resident income on interest is taxed by 5%. Active incomes fall under the scope of the SSC system: individual's social contributions equal altogether 24%. These include contributions for pensions (15%), health (8.5%) and unemployment (0.5%). The employer's contribution is at the rate of 10.7% of the employee's salary. It includes pensions (5.5%), health contributions (4.3%) unemployment (0.5%), contributions to the Labour fund (0.2%)

and Labour union fund (0.2%). Also, local surtax, which is calculated on PIT assessed, is paid by the employer to the municipality of taxpayer's seat. Surtax rates range from 10% to 15%, depending on municipality, with most municipalities having the 13% rate. The examples below show the cost of the employer and the employee in case of minimum wage level and the average wage in the private sector.

WAGE- RELATED TAXES IN MONTENEGRO	Minimum wage		Average wage in private sector	
	in EUR		in EUR	
TOTAL WAGE COST	322	109.80%	854	109.80%
Employer's contributions	30	10.30%	79	10.30%
GROSS SALARY	288	100.00%	765	100.00%
Employees' contributions	69	24.00%	184	24.00%
Personal income tax	26	9.00%	69	9.04%
Surtax	4	15.00%	10	15.00%
NET SALARY	193	67.00%	512	66.96%



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NORTH MACEDONIA

CORPORATE TAX AND OTHER DIRECT TAXES

The general corporate income tax rate for all taxpayers in North Macedonia is flat and amounts to 10%. Exceptionally, companies with a total revenue up to 3 million denars (MKD) are exempted from the payment of CIT, and companies with a total revenue between 3,000,001 and 6,000,000 denars have the option to pay CIT in the amount of 1% of the total revenue.

The tax base is the pre-tax profit modified by several increasing and decreasing items. Losses can be carried forward within a limited period of 3 years. Loss carry-back is not permitted. No special limitations are applicable in case of M&A transactions. The tax base is reduced for the amount of investment of profits (reinvested profit) for development purposes i.e. investment in tangible assets (property, plant and equipment) and intangible assets (computer software and patents) intended to expand the activity of the taxpayer.

North Macedonia applies thin capitalization (3:1). Thin capitalization rules do not apply to loans received from banks and other financial institutions and for newly established companies, within first three years. In North Macedonia there is a withholding tax at the rate of 10% on dividends, interests, royalties and other incomes paid by a North Macedonian company to a foreign company. The entities obliged to pay withholding tax should submit a Report about the paid withholding tax on the form "DD-I" to the Public Revenue Office once a year. This form is submitted until 15 February in the following year. North Macedonia has a wide international treaty (DTT) network with 45 double tax treaties, and the withholding tax rate can be reduced or abolished under the active DTT. Taxpayers are obliged to obtain approval from the Macedonian tax authorities prior to applying the tax rates from DTT.

The tax rate on sales and other transfers of real estate and rights to real estate is 2 to 4% of the market value of the property. There is also a property tax (the rate is 0.1-0.2%) paid annually by owners of immovable properties.

VAT AND OTHER INDIRECT TAXES

The general rate is 18%; a reduced rate of 5% applicable to food products, pharmaceuticals, production equipment, computers and public transportation. Exports are zero-rated. VAT-exempt services are mainly banking services, insurance, the rental of real estate, certain services provided by medical doctors and dentists, certain types of education and training, as well as some other activities which are tax exempt with regard to their public interest or their special character. Thresholds are as follows:

VAT OPTIONS IN NORTH MACEDONIA	Applicable / limits
Distance selling	No
Call-off stock	No
VAT group registration*	✓
Cash accounting	No
Import VAT deferment	No
Local reverse charge	Construction including maintenance, electrical installation, plumbing, etc.
Option for taxation	
letting of real estate	No
supply of used real estate	No
VAT registration threshold**	MKD 1 million per year (EUR 16,260 /year)

Other indirect taxes in North Macedonia are fuel tax and excise duties.

* related parties

** voluntary registration is possible



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PERSONAL INCOME TAX / SOCIAL SECURITY SYSTEM

The new PIT Law, applicable from 01 January 2019, abandons the "flat" tax rate and introduces progressive taxation. Besides the tax rate at 10%, the new PIT Law consider a tax rate at 18% and 15%, applicable to different types of income. Progressive tax income, income from copyright and related rights, income from independent activity, and income from the sale of agricultural products. Personal income tax rates are 10% (monthly tax base up to 90.000MKD) and 18% (above 90.000 MKD). The personal income tax for capital income shall be paid at an increased single rate at 15%. Employers are obligated to calculate,

withhold from employees' gross salary, and pay into the accounts of respective funds the compulsory social contributions and personal income tax (PIT).. Social security contributions payable by employees altogether amount to 27% of the gross salary: pension contribution is 18,40%; health care insurance is 7,40%; unemployment insurance is 1,20%; and health care at work insurance is 0,5%. The examples below show the cost of the employer and the employee in case of minimum wage level and the average wage. The personal allowance is MKD 96.000(EUR 1.560) on an annual basis while the

monthly personal allowance is in the amount of MKD 8.000. Starting from FY 18 the taxpayers are obliged to prepare and submit an Electronic calculation for advanced payment of tax (e-PPD) for the separate income they realize in the country and abroad during the calendar year.

The minimum base for social security contributions equals 50% of the average monthly salary for the current month. The highest base for payment of mandatory social security contributions on a monthly basis is 12 average salaries paid in Macedonia.

TRANSFER PRICING IN NORTH MACEDONIA		
Arm's length principle	✓	Since 2009
Documentation liability	Yes	Taxpayers are obliged to enclose a report for transactions with affiliated persons while submitting a tax balance
APA	No	The tax legislation does not provide for a binding APA. Companies are entitled to file an application to the tax authority for a ruling with respect to the tax position they intend to take, to which the tax authority is obliged to reply
Country-by-Country liability	No	No obligation regarding Country-by-Country reporting yet. However, as a new member of the Inclusive Framework, Macedonia has committed to the implementation of the four minimum BEPS standards including Action 13
Master file-local file (OECD BEPS 13) applicable	No	The tax authorities have not yet issued any guidance on the implementation of the Master File
Penalty		
lack of documentation	✓	- EUR 2.500-3.000 / missing documents doubled on recurrent basis and tax authorities are entitled to suspend the taxpayer's business activity for 3 to 30 days.
tax shortage	✓	Up to 10 times the amount of the understatement of tax
Related parties	20% <	- individuals and legal entities with control or significant influence - family members of owners or members of the Management Bord - all nonresident legal entities registered in low-tax jurisdictions, irrespective of whether they have control or are of significant influence to the taxpayer
Safe harbours	✓	Interest income/expense from the loans as EURIBOR + 1% (or SKIBOR +1% for loans extended in MKD)
Level of attention paid by Tax Authority		7/10

2019 IN NORTH MACEDONIA	Minimal wage in MAC		Average wage in MAC	
	in EUR	in MKD	in EUR	in MKD
Exchange rate MKD/EUR	61.58			
	282	17,370	593	36,488
TOTAL WAGE COST	282	100.00%	593	100.00%
Social contribution on salary	-	0.00%	-	0.00%
GROSS SALARY	282	100.00%	593	100.00%
Employees' contributions	78	27.50%	163	27.50%
Personal income tax*	8	2.96%	31	5.21%
NET SALARY	196	69.54%	399	67.29%

*Personal income tax base differs from gross salary, deductions apply.



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POLAND

CORPORATE TAXES AND OTHER DIRECT TAXES

Subject to taxation are limited liability and joint stock companies, as well as limited joint-stock partnerships (since 2014) that are Polish residents. Other partnerships are neither CIT nor PIT payers, and income generated by partnerships is directly attributed to shareholders (in proportion to their shares) and – depending on their status (companies or natural persons) – subject to CIT or PIT. CIT in Poland is payable on the income, i.e. on revenues decreased by tax-deductible costs. The standard CIT rate is 19%. Moreover, in January 2019, a reduced rate of 9% replaced the previous preferential rate of 15%. The reduced rate will be applied to income earned in 2018. However, only selected taxpayers will be able to benefit from it, as additional requirements are imposed.

- Starting from 1 January 2019 came into force many important amendments, in particular: a new tax incentive was introduced, so-called Innovation Box. The new relief is to reward entrepreneurs earning revenues from intellectual property rights by applying a 5% tax rate to these incomes;

- the previous cost limit regarding depreciation and insurance of "luxury" cars increased from 20,000 EUR up to PLN 150,000 PLN (and in the future PLN 225 thousand for electric cars);
- Exit Tax, consisting in imposing a tax on unrealized capital gains, in connection with the taxpayer transferring the assets of his enterprise or tax residency to another country, was introduced;
- new regulations regarding commercial property tax came into force. Since 2019, this tax will apply to all types of buildings, including residential, warehouse, production, etc. Previously, this tax was paid only on commercial and service buildings and office buildings rented, if their initial value exceeded PLN 10 million. There were also defined far reaching changes in regulations relating to transfer pricing.

There is a general duty to collect withholding tax from dividends, interests, royalties and fees for certain kinds of immaterial services paid by a Polish company to a foreign company. Withholding tax (WHT) on dividends should be collected with 19% rate, on interest, royalties and certain kinds of immaterial services withholding tax should be collected with 20% and 10%, respectively. However, the

WHT rate can be reduced by double tax treaties (there are specific regulations regarding payments exceeding 2,000,000 PLN to the same entity). Poland has a wide international treaty network with approximately 90 double tax treaties. In accordance with the EU interest and royalties directive interest and royalties paid by Polish corporate residents to associated EU companies may be subject to full exemption of WHT (on certain conditions). Since 2016 a "small anti abusive clause" has been implemented for dividends related to activities whose only purpose was to gain tax benefits and which were not real. Real property tax and transport tax are charged as local taxes in Poland. Real property tax is paid by owners of real estate. Banks and financial institutions tax is taxable with 0.0366% rate (monthly levy) of the total assets (exceeding indicated minimal value).

VAT AND OTHER INDIRECT TAXES

The standard VAT rate is 23%. Preferential rates of 8% and 5% apply to certain goods and services. Other goods and services (e.g. exports, intra-Community supplies of goods, international transport services) may be zero-rated or exempt. The options/limits based on the EU Directive and Polish VAT regulations:

VAT OPTIONS IN POLAND	Applicable / limits
Distance selling	PLN 160,000 /year (approx. EUR 40,000)
Call-off stock	✓
VAT group registration	No
Cash accounting	PLN 20,000/year (approx. EUR 5,000)
Import VAT deferment	✓
Local reverse charge	construction services, supplies of scrap; paper waste; certain kind of electronics above limit of PLN 20,000 (approx. EUR 5,000)
Option for taxation	
- letting of real estate	No
- supply of used real estate	✓
VAT registration threshold	PLN 200,000 /year (approx. EUR 50,000)

TRANSFER PRICING IN POLAND

Arm's length principle	✓	since 1997
Documentation liability	✓	since 2001
APA	✓	since 2006
Country-by-Country liability	✓	since 2017
Master file-local file (OECD BEPS 13) applicable	✓	since 2017
Penalty		
lack of documentation	✓	20% (30%) of the amount of overstated loss or understated income (is over PLN 15 000 000) + late payment interest + personal liability of the members of the Company's Board
tax shortage	✓	10% of the amount of overstated loss or understated income + late payment interest / incorrect pricing in controlled transaction 20% of the amount of overstated loss or understated income + late payment interest / incorrect pricing in controlled transaction is over PLN 15 000 000 or lack of documentation 30% of the amount of overstated loss or understated income + late payment interest / incorrect pricing in controlled transaction is over PLN 15 000 000 and lack of documentation
Related parties	25% <	direct or indirect capital relations, personal relations
Safe harbours	No	low value added services: 5% mark-up loans: basic interest rate on IC loans is determined by the Minister of Finance, for 2019 basic interest rate from the loans as WIBOR 3M, LIBOR USD 3M, EURIBOR 3M, LIBOR CHF 3M, LIBOR GBP is 2%
Level of attention paid by Tax Authority		10/10



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PERSONAL INCOME TAX / SOCIAL SECURITY SYSTEM

Other indirect tax types in Poland are excise duty and gambling tax. Some civil acts such as contracts of sale, loan agreements, foundation deeds of partnership or company, if not subject to VAT, may be subject to civil law activity tax (CLAT), the rates of which are from 0.1% to 2%. Transactions related to filling a power of attorney and public administrative actions (submitting application forms, issuing certificates, granting permissions, etc.) are subject to stamp duty.

PIT is generally calculated on the income (i.e. on revenues reduced by tax-deductible costs). However, the income calculation differs depending on the source from which the income is earned (for example, employment contract, sole traders' activity, personally performed activities, etc.). PIT is calculated according to the progressive tax scale at the rates 18% to 32%. A specific rate applies to individuals pursuing business activities as sole proprietorships or partners in partnerships, who may opt for a flat 19% PIT rate. Due to the above flat rate, as well as other rules applicable to this type of income, the taxation of sole traders is based on similar provisions as described in the previous chapter on corporate income tax (CIT).

Active incomes fall under the scope of the SSC system: individual social contributions (capped) and other insurances equal altogether 13.71%; employer's contributions equal altogether approximately 21%. Additionally, the individual is obligated to pay a 9% contribution to health insurance, out of which 7.75% is deductible from the tax and 1.25% from the net income. The examples below show the cost of the employer and of the employee in case of minimum wage level and the average wage in the private sector. Since 2019 came into force the new regulations about tax free amount (dependable on the value of the tax base). Currently the tax free amount is PLN 8000.

WAGE- RELATED TAXES IN POLAND	Minimum wage		Average wage in private sector****	
Exchange rate PLN / EUR***	4,3			
	in EUR	in PLN	in EUR	in PLN
	523	2,250	1,227	5,275
TOTAL WAGE COST	633	121.00%	1,484	121.00%
Employer's social security *	85	16.26%	199	16.26%
Other insurance (approx.)	25	4.74%	58	4.74%
GROSS SALARY	523	100.00%	1,227	100.00%
Employees' contributions	72	13.71%	168	13.71%
Healthcare insurance	41	9.00%	95	9.00%
Personal income tax**	31	18.00%	93	18.00%
NET SALARY	380	72.59%	870	70.96%

* capped at income of PLN 142,950- over this amount only other insurance and healthcare insurance is charged

** taxable base = gross salary – employee's contributions – statutory tax deductible costs – health insurance (tax deductible part)

*** Average exchange rate announced by National Bank of Poland as at January 25, 2019

**** Average wage in private sector in December 2018 according to Central Statistical Office



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ROMANIA

CORPORATE TAXES AND OTHER DIRECT TAXES

The general corporate income tax is 16%. In order to compute the taxable profit, the accounting profit is adjusted upwards (with non-deductible expenses) or downwards (with non-taxable revenues). A maximum 50% additional deduction can be applied for certain R&D expenses. The loss recorded by a company can be carried forward for 7 years.

As of the 1st of January 2018 the Anti-Tax Avoidance Directive (ATAD) has been implemented, that introduces new rules in respect of the fiscal treatment of the interest and exchange rate losses related to loans. As such, starting from 2019 the exceeding cost of indebtedness recorded, that exceeds EUR 1,000,000 threshold, are deductible within 30% of the designated computation base within the respective fiscal period.

By exception, the borrowing costs can be fully deductible if the taxpayer is an independent entity (i.e. it is not part of a consolidated group for financial accounting purposes and has no related entity or PE).

Capital gains arising from the sale of the participations held in a state with whom Romania has concluded a DTT are non-taxable. Starting with 1st of January 2018 CFC rules are applicable in Romania. Romania has a treaty network consisting of approximately 85 double tax treaties. The withholding tax rate on Dividends, Interest, Royalties is 16%. The capital gain from the sale of shares is tax exempt (certain conditions apply). In all other relations for withholding tax the general tax rate and the relevant double tax treaty are applicable.

A compulsory micro company scheme is applicable for companies obtaining revenues lower than EUR 1,000,000 as follows:

- 1% if the company has at least 1 employee;
- 3% if the company has no employees.

A microenterprise may opt for profit tax regime if it fulfils the following conditions:

- has a share capital of at least RON 45,000 (approx. EUR 9,500);
- has more than two employees.

VAT AND OTHER INDIRECT TAXES

The general rate is 19%. Reduced rates are 9% (e.g. medicines, bread, flour, food etc.) and 5% (e.g. for journals, books, medicines and certain residential sales). Starting with 1st of November 2018 the 5% VAT reduced rate has been extended to the accommodation services, restaurant and catering services (exception of alcoholic beverages other than beer), admission to amusement and recreational parks and the right to use sporting facilities.

The VAT registration threshold has been increased to RON 300,000 (approx. EUR 63,200) starting with April 2018. VAT – exempted activities consist of hospital and medical services, financial and banking services, insurance and reinsurance, sale and rental of real estate, certain types of educational and training activities, and other activities of public interest.

The VAT cash accounting system is optional for companies having an annual adjusted turnover of less than RON 2,250,000 (approx. EUR 474,000). Romania has implemented the split VAT mechanism as both optional and mandatory for certain categories of taxpayers. If the taxpayer opts to apply the split VAT mechanism, it may benefit from a discount of 5% of the profit tax or micro company tax. Other indirect taxes applicable in Romania include excise tax and environmental tax.

TRANSFER PRICING IN ROMANIA		
Arm's length principle	✓	since 2003 (Law 227/2015)
Documentation liability	✓	since 2003 (Order 222/2008, Order 442/2016)
APA	✓	since 2007 (Order 3735/2015)
Country-by-Country liability	✓	from FY 2017 (with transitional rules), including notification submission requirements
Master file-local file (OECD BEPS 13) applicable	✓	Only the local file rules are applicable
Penalty		
lack of documentation	✓	For large and medium tax payers – RON 12,000-14,000 (approx. EUR 2,700-3,100) Other tax payers – RON 2,000-3,500 (EUR 450-800) Separately, adjustment of tax base plus late payment interest and penalties may be applicable.
tax shortage	✓	regular tax regime
Related parties	minimum of 25%	direct or indirect control
Safe harbours	No	
Level of attention paid by Tax Authority		
10/10		

VAT OPTIONS IN ROMANIA	Applicable / limits
Distance selling	RON 108,000 approx. EUR 22,800/year at the current exchange rate
Call-off stock	✓
VAT group registration	✓
Cash accounting*	EUR 470,000/year
Import VAT deferment	Certificate of payment deferral
Local reverse charge	Sale of certain types of waste, certain types of cereal, wood, greenhouse gas emission certificates, electricity, green certificates, land and buildings, laptops, mobile phones
Option for taxation	
- letting of real estate	✓
- supply of used real estate	✓
VAT registration threshold**	RON 300,000 approx. EUR 63,200 at the current exchange rate

*Optional for SME

**Optional VAT registration below the threshold is allowed



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PERSONAL INCOME TAX / SOCIAL SECURITY SYSTEM

A 10% flat tax rate is applicable to revenues obtained from dependent activities (e.g. employment or activities assimilated to employment) or independent activities (e.g. freelancers). Dividends are subject to a 5% tax rate. Starting with 1st of January 2018, the SSC are the following: Social Security Contribution (25% - employee part, Health Insurance Contribution (10% - employee part) and Work Insurance Contribution (2.25% - employer part). Dependent activities are subject to SSC at the employee (35%) and the employer level (2.25%). Independent activities are subject to SSC only if the monthly revenue from such activities is higher than the minimum salary (i.e. RON 1,900 for the year 2018). Starting with 1st of January

2019, the minimum monthly gross wage guaranteed in payment, without including bonuses or other additions, will increase to RON 2,080. For high education studies having at least one year of seniority in the higher education area, the minimum monthly gross wage will be RON 2,350.

Otherwise, the SSC is optional for the taxpayer. The Health Fund Contribution is capped at the level of the minimum salary per country.

The minimum monthly gross wage for the period 1st of January 2019 – 31st of December 2019 in the construction sector is of RON 3,000 per month. For the period of 1st of January – 31st of December 2028, the following tax exemptions are granted for the salary income realized by individuals in the field of constructions:

- Payment of income tax for the salary revenue is fully exempted;
- Social security contribution is reduced to 21.25%, from 25%;
- Payment of health contribution if fully exempted;
- Work insurance contribution is reduced to 0.337%.

In order to apply the exemptions, certain conditions should be cumulatively met.

TRANSFER PRICING

The application of the arm's length principle between related parties is provided by the Romanian transfer pricing legislation. Transfer pricing file is mandatory for all taxpayers provided that certain materiality thresholds are met.

WAGE-RELATED TAXES IN ROMANIA	Minimum salary		Average salary in private sector	
	in EUR	in RON	in EUR	in RON
Exchange rate RON/ EUR	4,7			
		443	2.080 *	886
				4,162
TOTAL WAGE COST		453	102.25%	905
Employer contributions		10	2.25%	20
				2.25%
GROSS SALARY		443	100.00%	886
Employees' contributions		155	35.00%	310
				35.00%
Personal Deduction **		133		0
Personal income tax***		15	10.00%	58
				10.00%
NET SALARY		272	61.50%	518
				58.50%

* The minimum monthly gross wage guaranteed in payment, without including bonuses or other additions, will increase to RON 2,080 for a normal working schedule. For the employees assigned in positions for which high education studies are required and having at least one year of seniority in the higher education area, the minimum monthly gross wage will be of RON 2,350. In the construction sector, the minimum monthly gross wage for the period 1st of January 2019 – 31st of December 2019 is RON 3,000 per month (without including other bonuses and additional payments).

** 1 family member is assumed

*** Personal income tax base is: gross salary - employee's contribution - personal deduction



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RUSSIA

CORPORATE AND OTHER TAXES

Russian legislation on taxes and levies consists of the Tax Code of the Russian Federation (hereinafter, the Tax Code) and laws adopted in accordance with it. Taxes and levies in Russia could be categorized as federal, regional and local. Federal taxes and levies are those established by the Tax Code, they are payable throughout the Russian Federation. Federal taxes include:

- Federal taxes and levies: value-added tax (VAT), excise tax, personal income tax, profit tax, water tax, levies for natural and biological resources consumption, stamp duty, tax on additional income from extraction, mineral extraction tax. There are special tax regimes in Russia which are intended for smaller businesses and special categories of the taxpayers, e.g. simplified tax system, unified agricultural tax etc.
- Regional taxes: corporate property tax, transport tax, gambling tax.
- Municipal taxes: land tax, individual property tax.

TRANSFER PRICING IN RUSSIA

Arm's length principle	✓	since 1999
Documentation liability	✓	since 2012
APA with Russian Tax authorities	✓	since 2012
BAPA and MAPA in respect of a cross-border transaction *		since 2018
Penalty		40% on tax underpayment starting 2017 + late payment interest
-Tax shortage	✓	- 40% on tax underpayment starting 2017 + late payment interest
Master file and Local file	✓	since 2017
-Language		- Russian
-Penalty		- RUB 100,000 (~EUR 1351) starting from 2020
Local file	✓	since 2018
-Language		- Russian
-Penalty		- RUB 100,000 (~EUR 1351) starting from 2018
CbCR Notification	✓	since 2017
-Language		- Russian
-Penalty		- RUB 50,000 (~EUR 676) starting from 2020
Related parties	(25%) >	direct or indirect control plus other criteria
Safe harbors	✓	Interest
Level of attention paid by Tax Authority		
*Bilateral and multilateral APAs		5/10

PROFITS TAX

The tax rate is flat and generally equals to 20%. The tax base is calculated as income less expenses, which should be economically justified and duly documented. Certain expenses could be deducted for tax purposes within specific limits (e.g., interest, advertising expenses, representation expenses, etc.). Starting 01 January 2017 tax losses could be carried forward without timing limitations. However, for the tax periods from 01 January 2017 to 31 December 2020 it is not allowed to carry forward tax losses exceeding 50% of the taxable profit for the respective tax period. Russia applies thin capitalization rules that have been significantly amended starting 2017 inter alia by extending definition of the controlled debt. Starting from 2015, several new anti-tax avoidance concepts were introduced in the Russian tax legislation such as: (1) the concept of beneficial owner of income for application of DTT benefits; (2) CFC rules; (3) the concept of tax residency for companies.

Russia has concluded double tax treaties (DTTs) with more than 80 countries. Starting from 2020, it is supposed that the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) will limit tax benefits granted by most treaties to which Russia is a party. Russia has chosen PPT and S-LOB (simplified LOB) rules, which will be applied if the Russian company paid out passive income. There are many profits tax incentives in Russia in regard of some companies' activities: federal and regional tax incentives as well as incentives related to the defined industries (for example, medical or educational activity).

VAT

Generally VAT applies to goods (property rights) sold, work performed and services rendered, if supplied on the Russian territory. Examples of other taxable events are (i) the importation of goods into the territory of the Russian Federation; (ii) the transfer of goods (performance of work, rendering of services) in the territory of the Russian Federation for own requirements, expenses for which are not deductible (whether through amortization deductions or otherwise) in calculating tax on the profit of organizations; (iii) the transfer of ownership in goods or the results of work performed and the rendering of services transfer free of charge. Tax base is calculated based on sales prices applied by the taxpayer or imputed market price (in case of free-of-charge transfers). VAT payable to (receivable from) the budget is calculated as the difference between VAT accrued on taxable revenue and VAT claimed for offset with regard to VATable purchases. Payments in favour of foreign suppliers that are not registered in Russia as taxpayers are subject to reverse charge VAT, where the Russian customer should withhold and pay VAT to the tax authorities.

The standard VAT rate is 20%. However, sale of certain food products, goods for children, medical and pharmaceutical products is taxable at a 10% rate. 0% VAT rate applies to export sales and cross-border services (e.g. international transportation and freight). There are non-taxable (tax-exempt) operations in Russia, closed list of which is defined in RF Tax Code. Foreign companies, providing electronic services (via Internet) to Russian individuals and legal entities as well as foreign companies' - foreign intermediaries (agents) taking part in settlements are obliged to register with the Russian tax authorities and independently calculate and pay VAT on the value of services rendered. Registration is mandatory even if the services provided are exempt from Russian VAT

PERSONAL INCOME TAX / SOCIAL SECURITY SYSTEM

Russian tax residents are individuals who spent 183 days or more in the Russian territory for the subsequent 12 months and are taxable on their worldwide income at the flat rate of 13% on most types of income. Individuals that do not meet the above physical stay criteria are non-residents. Non-residents are only taxable on their Russian source income. Salary paid for the performance of a labor function in Russia is deemed a Russian source income.

WAGE-RELATED TAXES IN RUSSIA	Minimum wage		Average wage in private sector		
Exchange rate RUB/EUR	74	in EUR	in RUB	in EUR	in RUB
		254	18 781	587	43 445
TOTAL WAGE COST		330	130%	763	130%
Employer's contribution		76	30%	176	30%
GROSS SALARY		254	100%	587	100%
Personal income tax (for tax resident)		33	13%	76	13%
NET SALARY		221	87%	511	87%

¹ https://www.nalog.ru/eng/taxation_in_russia/

² This rule in regard to the legal entity was implemented from January 1, 2019



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Non-residents are subject to personal income tax at a 30% rate, unless otherwise provided in the Tax Code. However, individuals holding a work permit of highly qualified specialist (HQS) are subject to a 13% tax with regard to employment income received from the Russian company for which they obtained this migration status. Dividends payable to an individual being

non-resident are subject to personal income tax at a 15% rate, unless the lower tax rate applies under the applicable DTT. Rates for the calculation of social contributions vary depending on the type of social fund and the status of an employee as presented in the table below:

SOCIAL FUND	Russian citizen (foreigner with residency permit)	Foreigner temporary staying in the RF	
		HQS	non-HQS
Pension Fund	22% on gross annual remuneration not exceeding 1 150 KRUR (~15.54 KEUR), above - 10%	exempt	22% on gross annual remuneration not exceeding 1 150 KRUR (~15.54 KEUR), above - 10%
Social Security Fund	2.9% on gross annual remuneration not exceeding 865 KRUR (~11.69 KEUR), above - 0%	exempt	1.8% on gross annual remuneration not exceeding 865 KRUR (~11.69 KEUR), above - 0%
Medical Fund	5.1% on gross annual remuneration	exempt	exempt

Accident insurance contributions are payable to Social Security Fund in addition to social contributions (including foreign employees both holding the HQS work permit and employed without such permit) at the rate that could vary from 0,2% to 8,5% of the gross annual remuneration payable to employees.



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SERBIA

CORPORATE TAXES AND OTHER DIRECT TAXES

The general corporate income tax rate is flat and amounts to 15%. Tax is applied to both resident and non-resident companies. Resident companies are taxed on their worldwide income, and non-residents are taxed only on income generated in Serbia. The tax base is the pre-tax profit modified by several increasing and decreasing items. Also, capital gains are included in the annual corporate profits tax return. Losses can be carried forward for 5 years while the carry back of losses is not permitted. There are several tax deductions available on investments in relation to the number of employed persons and investment funds, investing into the capital of newly incorporated companies performing innovative activities and income from the use of deposited IP rights. Serbia applies thin capitalization ratios 4:1 (10:1 for banks). Also, there is a requirement that

interests paid to a non-resident must be on arm's length terms. A withholding tax at the rate of 20% is applicable on dividends, interests, capital gains, royalties and other intellectual property rights, income from rent of immovable and movable property and income from specific services such as market research, accounting, audit and other services related to business and legal consulting. Also, there is tax rate of 25% applicable to revenues realized by non-resident legal persons from jurisdictions with a preferential tax system. Serbia has a wide international treaty network with more than 50 double tax treaties.

Transfer pricing is a relatively new topic in Serbia. Transactions between related parties must be at arm's length. The comparable uncontrolled price method may be used, but in the absence of this method, the taxpayer may use the cost-plus, the resale price method, the profit sharing method or the net


profit method. There is an obligation to enclose transfer pricing documentation with the annual tax returns. The transfer tax of 2.5% is applied on transfers listed in the Property Tax Act. There is no surtax or alternative minimum taxes.

VAT AND OTHER INDIRECT TAXES

The general rate is 20%, reduced rates are 10% (e.g. bread, milk, accommodation services, medications, fertilizer, etc.) and VAT-exemption for exports, transport and other services which are associated with the importation of goods. Taxpayers with revenue in excess of approximately EUR 67,000 must register for VAT purposes. Non-residents may register for VAT purposes only through a tax representative. The options/limits based on the Serbian VAT Act are as follows:

Exchange rate RSD/EUR	118
OPTIONS	Applicable / limits
Distance selling	No
Call-off stock	✓
VAT group registration	No
Cash accounting	approx EUR 405,000/year
Import VAT deferment	No
Local reverse charge	sale of secondary raw materials and services that are directly related to these goods, transactions of construction buildings, construction work
Option for taxation	
- letting of real estate	No
- supply of used real estate	No
VAT registration threshold	approx EUR 67,000/past 12 months

Other indirect tax type in Serbia is excise duty.

TRANSFER PRICING IN SERBIA		
Arm's length principle	✓	since 2013
Documentation liability	✓	since 2013, prepare and submit transfer pricing documentation together with the CIT return
APA	No	-
Country-by-Country liability	No	-
Master file-local file (OECD BEPS 13) applicable	No	-
Penalty		
lack of documentation	✓	~ EUR 16.900 for missing documentation
tax shortage	✓	30% on tax underpayment + late payment interest
Related parties	25% <	direct or indirect control or common managing director, close family members, non-resident entities from tax havens
Safe harbours	✓	Interest as described in Governmental Rulebook, transactions (other than financial) below EUR 67.000 are not subject to TP rules
Level of attention paid by Tax Authority		
		8/10



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PERSONAL INCOME TAX / SOCIAL SECURITY SYSTEM

In Serbia, resident individuals are taxed based on their worldwide income, while non-residents are taxed only on income in Serbia. There is a flat rate of 10% for gross salaries. Capital gains are taxed at 15%. Furthermore, the tax rate on income from agriculture and forestry is 10%. Income from the letting of real estate is taxable at 20%, but before that, the gross basis is reduced by standardized costs equalling 25%.

The tax rate on income from royalties and other intellectual property amounts to 20%. Active incomes fall under the scope of the SSC system: individual social contributions are 19.90% of the gross salary. These include contributions for pension and disability insurance (14%), health insurance (5.15%) and unemployment insurance (0.75%). Employers contributions amounts 17.15%. The difference is that contribu-

tions for pension and disability insurance are 12% (2% less than employee's obligation) and the contribution for unemployment (0.75%) is not payable by the employer. Personal deductions are applicable. The examples below show the cost of the employer and the employee in case of minimum wage level and the average wage in the private sector:

WAGE- RELATED TAXES IN SERBIA	Minimum wage		Average wage in private sector	
	in EUR	in RSD	in EUR	in RSD
Exchange rate RSD/EUR	118.2716			
Non-taxable amount	129	15,300	129	15,300
	202	23,921	578	68,345
TOTAL WAGE COST	237	117.15%	677	117.15%
Social contribution tax	35	17.15%	99	17.15%
GROSS SALARY	202	100.00%	578	100.00%
Personal income tax	7	3.60%	45	7.76%
Employees' contributions	40	19.90%	115	19.90%
NET SALARY*	155	76.50%	418	72.34%

Net salary differs on monthly basis approximately +/- 15 EUR



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SLOVAKIA

CORPORATE INCOME TAX AND OTHER DIRECT TAXES

In Slovakia, the corporate income tax is charged at a flat rate 21%. The tax base is calculated from an accounting profit or loss modified by certain increasing and decreasing items. The tax losses can be deducted evenly for four years, i.e. a maximum one quarter from the total amount annually. Tax incentives may be provided in cases of starting new production or modernizing existing production, doing research or development. Taxpayers undertaking a research and development project are eligible for an extra allowance by applying a so-called "super deduction".

Starting from 1 January 2015 thin capitalization rules are applied. The maximum amount of tax-deductible interest and related expenses from loans provided by related parties is calculated as 25% of EBITDA. In general, between 2014 - 2017 taxpayers (legal entities) generating tax losses or tax base below minimal amount have been obliged to pay tax licenses ranging from EUR 480 to EUR 2,880, which represented the minimum current tax. As of 2018, the tax licenses are abolished.

A withholding tax of 19% is applicable to interest, winnings and other income from passbook deposits, income of authors for their articles, etc. A 35% withholding tax rate applies for payments to taxpayers from non contracting states which do not have either a double tax treaty or a treaty on information exchange with Slovakia. Interests and royalties paid by Slovak tax residents to closely related EU entities are under specific rules exempted from taxation.

Dividends and other incomes paid to legal entities being Slovak tax residents by taxpayer from a non-contracting state are subject to taxation within the separate tax base at rate of 35%. Dividends and other income are also subject to taxation if paid to a taxpayer from a non-contracting state by a Slovak legal entity. Taxation does not apply to the dividends paid from the profit from 2004 until 2016, i.e. such dividends shall not be subject to tax even if paid after 1 January 2017.

Country-by-Country (CbC) Reporting obligations are applicable in Slovakia for periods from 1 January 2016.

In 2018, exit tax and patent box special regime were introduced in Slovakia. Starting from 2018, business restructurings (mergers, acquisitions, in-kind contributions, de-merges) can be carried out solely in fair market values (only for some specific cases historic value method can be applied)

VAT AND OTHER INDIRECT TAXES

The general VAT rate is 20%, while the reduced rate is 10% (e.g. pharmaceutical products, books, music, spectacle and contact lenses, basic food items such as bread, butter, milk and cream, freshwater fish and meat). As of 2019, the reduced rate of 10% is applied to accommodation services. Starting from 1 January 2016 a special tax voluntary arrangement based on the receipt of payment for goods and services (called "cash accounting") can be applied by certain VAT payers. Other indirect tax types in Slovakia are excise taxes on wine, beer, tobacco, spirits, mineral oils, electricity, coal and natural gas.

The options/limits based on the EU Directive:

TRANSFER PRICING IN SLOVAKIA		
Arm's length principle	✓	since 1999
Documentation liability	✓	since 2009
APA	✓	since 2004
Country-by-Country liability	✓	from FY 2016
Master file-local file (OECD BEPS 13) applicable	✓	Applicable for specific taxpayers
Penalty		
lack of documentation	✓	up to EUR 3 000 / missing documentation (recurrent basis)
tax shortage	✓	10% p.a. of tax underpayment
Related parties	25% <	direct or indirect control or common managing director, close relatives or other control aimed purely on circumvention of tax
Safe harbours	✓	Not officially published/accepted - but generally accepted: Low value added services: 5% mark-up
Level of attention paid by Tax Authority		
		9/10

VAT OPTIONS IN SLOVAKIA	Applicable / limits
Distance selling	EUR 35,000/year
Call-off stock	✓
VAT group registration*	✓
Cash accounting - yearly amount in EUR (approx.)	appr. EUR 100,000/year
Import VAT deferment	No
Local reverse charge	construction works; deliveries of goods and certain types of services in the Slovakia by a taxable person who is not established in Slovakia (foreign VAT payers); sale of waste, specific metal products, emission quotas; sale of agricultural products; sale of specific electronic devices if the tax base on the invoice exceeds 5 000 EUR, etc.
Option for taxation - letting of real estate	✓
Option for taxation - supply of used real estate	✓
VAT registration threshold	EUR 49,790

* Available only for domestic related parties



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PERSONAL INCOME TAX / SOCIAL SECURITY SYSTEM

The personal income tax rate is progressive in Slovakia and it is based on the amount of income. The income tax rate of 19% is applicable on the tax base below 176.8 times the amount of the subsistence minimum in effect (for year 2019, that amount is EUR 36,256.37 per year) and 25% for the part of the tax base exceeding 176.8 times the valid subsistence minimum. Dividends and other income (including shares on liquidation balances of business companies and/or cooperatives) and shares of members of land communities paid out after 01 January 2017 are subject to taxation at rate

7% (capped by DTAT rate) or 35% if recipient or payer of dividend is from a non-contracting state. Further, dividends distributed to employees without participation on the registered capital of the company and/or cooperative are classified as employment income taxable by tax advances. Both employers and employees are subject to social security and health contributions on the employee's gross monthly wage. The rates are 35.2% for employers (social security 25.2% and health insurance 10%) and 13.4% for employees (social security 9.4% and health insurance 4%). Social security

contributions are capped by a maximum assessment base of EUR 6,678. There is no maximum assessment base for health insurance contributions. Health insurance allowance (annually to 4,560 EUR) can be applied by low-income employees on employee's contributions. The examples below show the cost of employers and employees in case of minimum wage level and the average wage in private sector.

2019 IN SLOVAKIA	Minimum wage		Average wage in private sector	
	in EUR		in EUR	
	520		1,057	
TOTAL WAGE COST	703	135.20%	1,429	135.20%
Vocational training contribution	-		-	
Social contribution tax	183	35.20%	372	35.20%
GROSS SALARY	520	100.00%	1,057	100.00%
Personal income tax*	24	19.00%	112	19.00%
Employees' contributions**	66	12.63%	142	13.40%
NET SALARY	430	68.37%	804	67.60%

* The gross salary is decreased by the total amount of a general allowance (328,12 EUR/monthly) and by social contribution tax
 ** Social and health insurance paid by employee (special health contribution for low-income employees)



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SLOVENIA

CORPORATE TAX AND OTHER DIRECT TAXES

The general corporate income tax rate is 19% from 2017 on. A special rate of 0% applies to investment funds, pension funds and insurance undertakings for pension plans, under certain conditions. The tax base is the pre-tax (accounting) profit modified by several increasing and decreasing items. A company may request to be subject to tonnage tax instead of corporate tax if it meets certain conditions (i.e. it operates in international maritime shipping) and notifies the tax authorities in advance. The tax base for tonnage tax is the sum of the tax bases for each of an entity's ships that are included in the tonnage tax regime. In addition, taxpayers whose revenue in the previous year did not exceed EUR 50,000 (or EUR 100,000 if employing at least one full-time person for a minimum of five months) can elect to take a lump sum deduction equivalent to 80% of annual revenue, in lieu of actual expenses. Losses can be carried forward without limitations and can be used only up to 50% of the tax base. In addition special rules apply in case of M&A transactions. Slovenia uses thin capitalization [4:1], but thin capitalization does not apply if

shareholders are financial institutions and if the taxpayer provides evidence that they could have received the loan surplus from a lender that is a non-associated enterprise. There is a range of tax allowances for new investments and R&D, new employments and employments of disabled persons, as well as investment incentives. Provisions governing general anti-avoidance rule and CFC as a part of European Union Anti-Tax Avoidance Directive (ATAD I) are applicable in Slovenia from 2019. A withholding tax of 15% is applied on dividend, interest, royalty and rental income paid for by a Slovenian company to a foreign company. However, if conditions are met, an exemption is applicable to payments to EU residents (under parent subsidiary directive & interest and royalty directive) and under international double taxation treaties (currently over 50 treaties). Real estate transfer tax (RETT) is applied on the transfer of immovable property at the rate of 2%. The tax base is the selling price of the transferred property and the taxable person is the seller. No tax if transaction is subject to VAT.

VAT AND OTHER INDIRECT TAXES

The general tax rate is 22%; a reduced rate of 9.5% applies to some goods, e.g. food, books, water supply, carriage of passengers and their personal luggage, etc. VAT-exempt services are services of public interest, as well as banking services, insurance, investment-related services, gambling, certain services provided by medical doctors and dentists, etc. EC Sales lists (IC report) are obligatory in Slovenia and should be submitted by the 20th day of the month following the taxable period. For cross-border sales to consumer threshold of EUR 10,000 is applied in Slovenia. Electronically supplied services to consumers worth less than EUR 10,000 are subject to Slovenian VAT rules. From 2019 Slovenia incorporated the requirements of the EU Vouchers Directive (Directive 2016/1065) into domestic law.

Other indirect tax types in Slovenia are excise duty, insurance tax, motor vehicle tax, customs, etc.

TRANSFER PRICING IN SLOVENIA

Arm's length principle	✓	since 2005
Documentation liability	✓	since 2006
APA	✓	Available
Penalty		
lack of documentation	✓	~ up to EUR 30,000/ missing documents
tax shortage	✓	up to 45% of the unpaid tax, but no more than EUR 300,000; EUR 5,000 for the responsible person
Related parties	25% <	direct or indirect control or common managing director
Safe harbours	✓	For interest rates in line with Governmental Rulebook, for thin cap 1 : 4 ratio
Level of attention paid by Tax Authority		
		8/10

VAT OPTIONS IN SLOVENIA

VAT OPTIONS IN SLOVENIA	Applicable / limits
Distance selling	EUR 35,000/year
Call-off stock	✓
VAT group registration	No
Cash accounting	EUR 400,000/year
Import VAT deferment	✓
Local reverse charge	construction works and supply of staff in relation to construction works, supply of immovable property (limited), supply of waste and used material based on specification, transfer of greenhouse gas emission allowances
Option for taxation	
- letting of real estate	Yes
- supply of used real estate	✓
VAT registration threshold	EUR 50,000/year *

* special rules for agricultural activities



**MAZARS
IN SLOVENIA**

CROATIAN OFFICE IS RESPONSIBLE FOR EX YUGOSLAVIAN COUNTRIES

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PERSONAL INCOME TAX / SOCIAL SECURITY SYSTEM

Personal income tax rates are progressive from 16% to 50%, and apply on active income sources (employment, business income, agriculture and forestry, other income. Income from capital and rental income is taxed at flat rate (dividends at 25%, interest at 25%, capital gains from 0% to 25%, depending on holding period, rental income at 25% (10% lump sum costs

or actual costs deductible)). Social security contributions apply on income from employment and are 16.10% for the employer and 22.10% for the employee. Self-employed individuals (business income) pay their own social security contributions depending on the circumstances of the case. The examples below show the cost of the employer and the employee in case of minimum wage level and the average wage in the private sector. There are a number of personal allowances that apply individually depending on the personal status of the individual.

IF A YEARLY TAX BASE AMOUNTS TO		THE TAX AMOUNTS TO		
above	below			
	8.021,34			16%
8.021,34	20.400,00	1.283,41	+ 27%	8.021,34
20.400,00	48.000,00	4.625,65	+ 34%	20.400,00
48.000,00	70.907,20	14.009,65	+ 39%	48.000,00
70.907,20		22943,46	+ 50%	70.907,20

WAGE- RELATED TAXES IN SLOVENIA	Minimum wage		Average wage in private sector	
	in EUR		in EUR	
TOTAL WAGE COST	978	116.10%	2,105	116.10%
Employer's contribution	136	16.10%	292	16.10%
GROSS SALARY	843	100.00%	1,813	100.00%
Employees' contributions	186	22.10%	401	22.10%
Tax and surtax*	61	7.24%	233	12.88%
NET SALARY	596	70.66%	1,179	65.02%

*Tax base differs from the gross salary, deductions apply.



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UKRAINE

CORPORATE TAXES AND OTHER DIRECT TAXES

CIT in Ukraine is taxed at the flat rate of 18%. Taxable profit is calculated as financial profit before tax (reported in P&L statement according to Ukrainian GAAP or IFRS) adjusted by certain tax adjustments (depreciation, accruals and provisions, thin capitalization, tax losses, etc.). Thin capitalization rules apply to loans granted by non-resident related parties (debt-to-equity ratio is 3.5). Insurance companies are liable to pay additional 0% or 3% income tax for life insurance and other insurance respectively. Tax losses can be carried forward with no limitation period, while loss carryback is not permitted.

Companies with annual income not exceeding UAH 20 million (approximately EUR 631 thousand as of 1 January 2019) are entitled not to make any adjustments (except for tax losses carryforward). Companies with annual income not exceeding UAH 3 million (approximately EUR 95 thousand as of 1 January 2019) may apply 0% CIT rate, if certain additional conditions are met.

There is 15% withholding tax on dividend, interest, royalty, etc., paid to a foreign company. However, in most cases a lower rate or exemption may be applied under the respective double tax treaty. Ukraine has a wide double tax treaty network with more than 70 countries.

TP rules in Ukraine apply not only to controlled transactions with related non-resident parties, but also to transactions with non-related non-resident companies, which are registered in low-tax jurisdictions or which are considered as non-payers of CIT. Ukraine has not yet adopted country-by-country and masterfile reporting standards in local legislation.

Sole traders, companies with annual income not exceeding UAH 5 million (approximately EUR 158 thousand as of 1 January 2019) and agricultural producers may apply for a simplified taxation system (paying single tax instead of CIT). Property tax, which consists of real property tax and land tax, is charged as a local tax in Ukraine, and respective tax rates are set by local authorities.

VAT AND OTHER INDIRECT TAXES

As non EU member, Ukraine does not comply with EU VAT Directives. Standard VAT rate is 20% (7% for supply of pharmaceuticals and medicinal products; 0% for export of goods).

There is no concept of B2B and B2C services in Ukraine. Under the general rule, the place of the supply of services is the place where the supplier is registered. However, there are some exceptions (e.g. for consulting, marketing, information services, etc.). In respect of services provided by a non-resident, the reverse-charge mechanism is applicable.

Ukraine introduced the electronic VAT administration system in 2015. Taxpayer is entitled to issue VAT invoices for the amount within the certain cap. To get VAT credit a taxpayer should receive from the supplier a VAT invoice in electronic form, which is registered in the Unified Register of VAT invoices. VAT refund is provided under unified register with chronological order of repayment. There are number of temporary VAT incentives, such as VAT exemption for supply of certain goods and services (software, electric vehicles, equipment for renewable energy production, waste and scrap metals etc.) or possibility to defer VAT payment on certain transactions (e.g. import of equipment).

Exchange rate EUR/UAH	31.71	
TRANSFER PRICING IN UKRAINE		
Arm's length principle	✓	since 2013
Documentation liability	✓	since 2013
APA	✓	since 2013 (applicable for large taxpayers)
Country-by-Country liability	No	
Master file-local file (OECD BEPS 13) applicable	No	
Penalty		
lack of report	✓	up to 1% of the value of controlled transactions, but not more than UAH 580,800 (app. EUR 18,310)
lack of documentation	✓	up to 3% of the value of controlled transactions, but not more than UAH 387,200 (app. EUR 12,210)
tax shortage	✓	25% of tax underpayment; 50% in case of recurrent violation during 1095 days + late payment interest
Related parties	20% <	Direct or indirect or common control; or control in practice independently from the ratio
Safe harbours	No	
Level of attention paid by Tax Authority		
7/10		

Exchange rate EUR/UAH	31.71	
VAT OPTIONS IN UKRAINE		
	Applicable / limits	
Distance selling	No	
Call-off stock	No	
VAT group registration	No	
Cash accounting*	✓	
Import VAT deferment**	✓	
Local reverse charge	Imported services	
Option for taxation – letting of real estate	✓	
Option for taxation – supply of used real estate	No	
VAT registration threshold**	Revenue of UAH 1 million (app. EUR 31,530)	

* For certain types of operations (e.g., construction works; supply of heat, water, gas to individuals or governmental agencies)

** Possibility to pay VAT on import of certain equipment by monthly instalments for up to 2 years

** Voluntary registration is allowed without any limitations

The other indirect tax in Ukraine is excise tax. The excisable goods are spirits, beer, tobacco, petroleum, cars, trailers, motorcycles, electricity.



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PERSONAL INCOME TAX / SOCIAL SECURITY SYSTEM

PIT rate applicable to both active income (e.g. employment, benefits in kind, assignment fee) and passive income (e.g. interest, royalties, investment income) for residents and non-residents is 18%. Tax residents of Ukraine pay PIT on their worldwide income. Non-residents pay PIT on their Ukrainian source income. Dividends are subject to 9% PIT, except for dividends distributed by Ukrainian CIT payers, which are subject to 5% PIT. For the specific types of passive income, the tax rates of 5% and 0% may be applied.

There is a temporary military tax (until the completion of the military reform) applied to the monthly income at the rate of 1.5%.

Most active incomes fall under the scope of SSC with employer's contribution of 22%, there is no employee's contribution. Maximum chargeable amount per month is 15 months' minimum wages – UAH 62,595 (approximately EUR 1,974 as of 1 January 2019). The examples below show the cost of the employer and the employee in case of minimum wage level and the average wage in the private sector.

2019 IN UKRAINE	Minimum wage		Average wage in private sector	
	in EUR	in UAH	in EUR	in UAH
Exchange rate UAH/EUR (as of 1 January 2019)	31.71			
	132	4,173	410	13,000
TOTAL WAGE COST	161	122.0%	500	122.0%
Social contribution tax	29	22.0%	90	22.0%
GROSS SALARY	132	100.0%	410	100.0%
Personal income tax	24	18.0%	74	18.0%
Military tax	2	1.5%	6	1.5%
NET SALARY	106	80.5%	330	80.5%



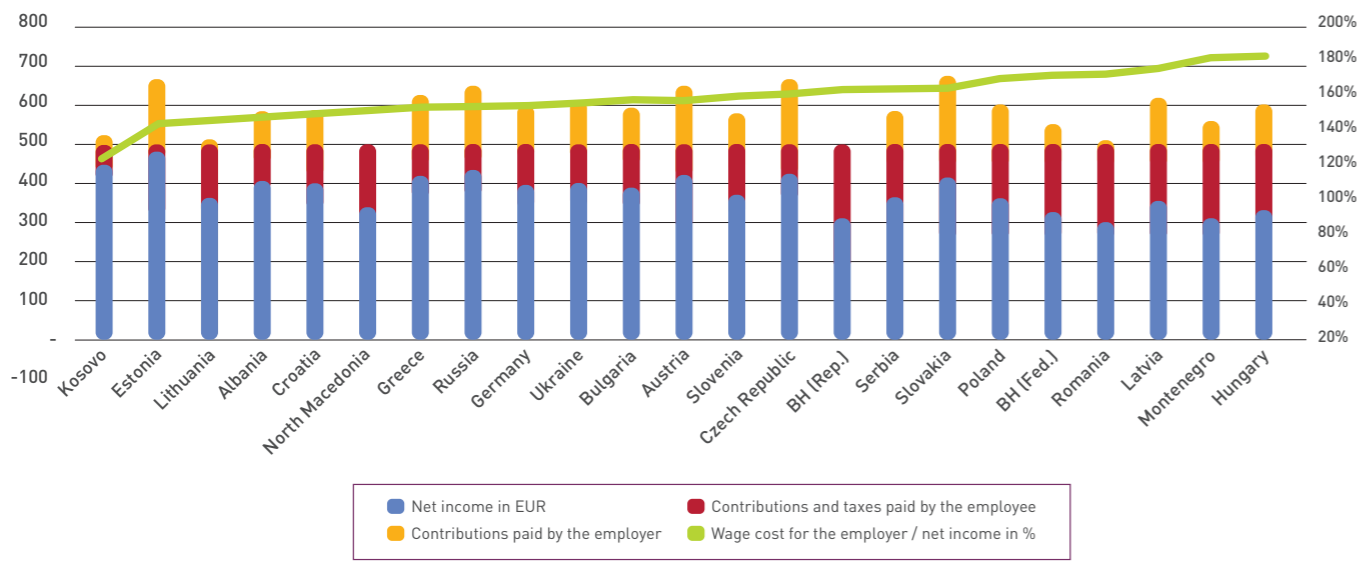
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LABOUR-RELATED TAX BURDENS IN THE CEE REGION

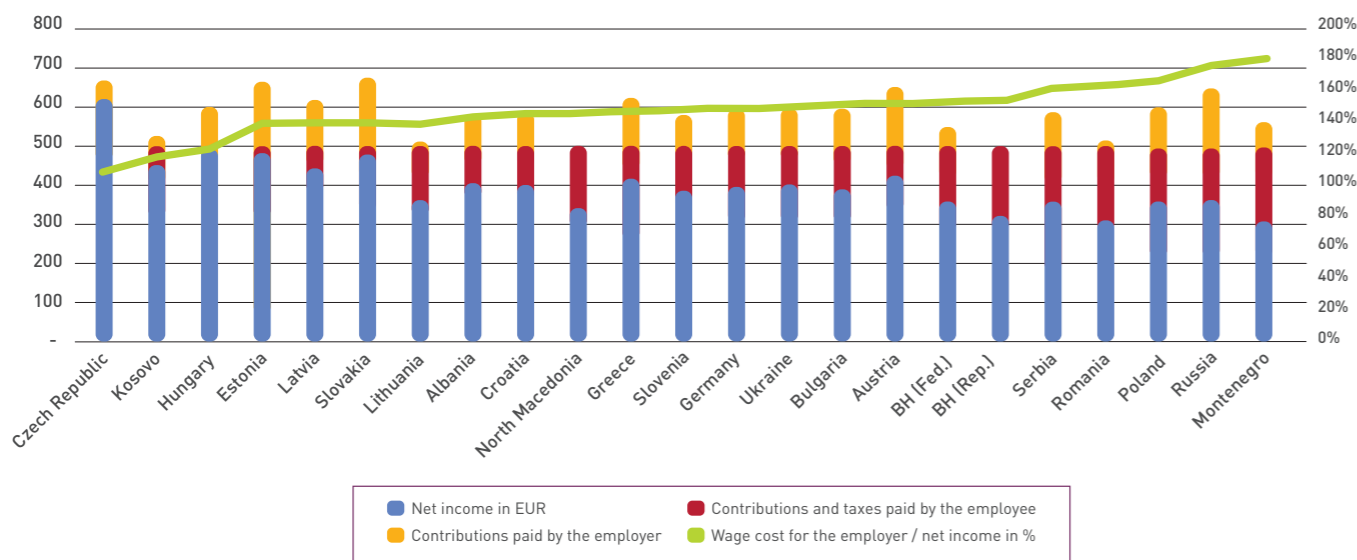
The charts below show the wage-related tax and contribution burdens in each country, for two different monthly gross income levels: EUR 500 and EUR 2,000 and for two different options for each income category: for an individual having no family ties and for someone who

has three children. The ratio of the total related costs of the employer and the employee's net income (on the chart "wage cost for the employer / net income") is particularly suitable for comparison, as it shows how much does it cost for the employer to provide the same level of net income to the employee in the different tax jurisdiction.

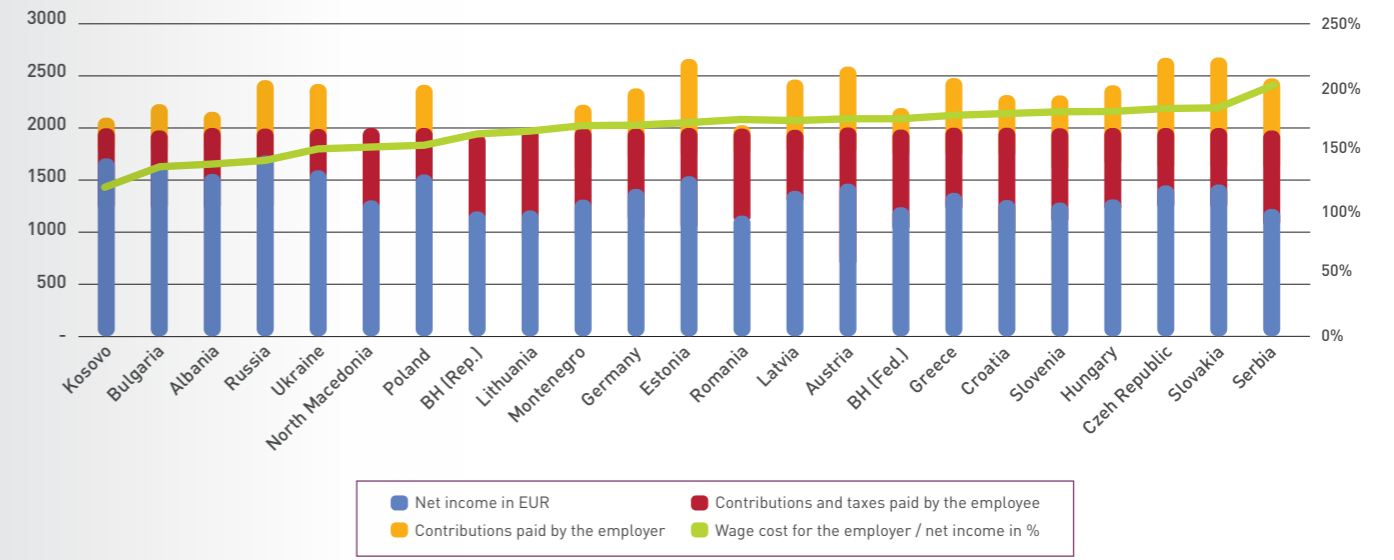
Monthly gross salary of EUR 500 and no family ties



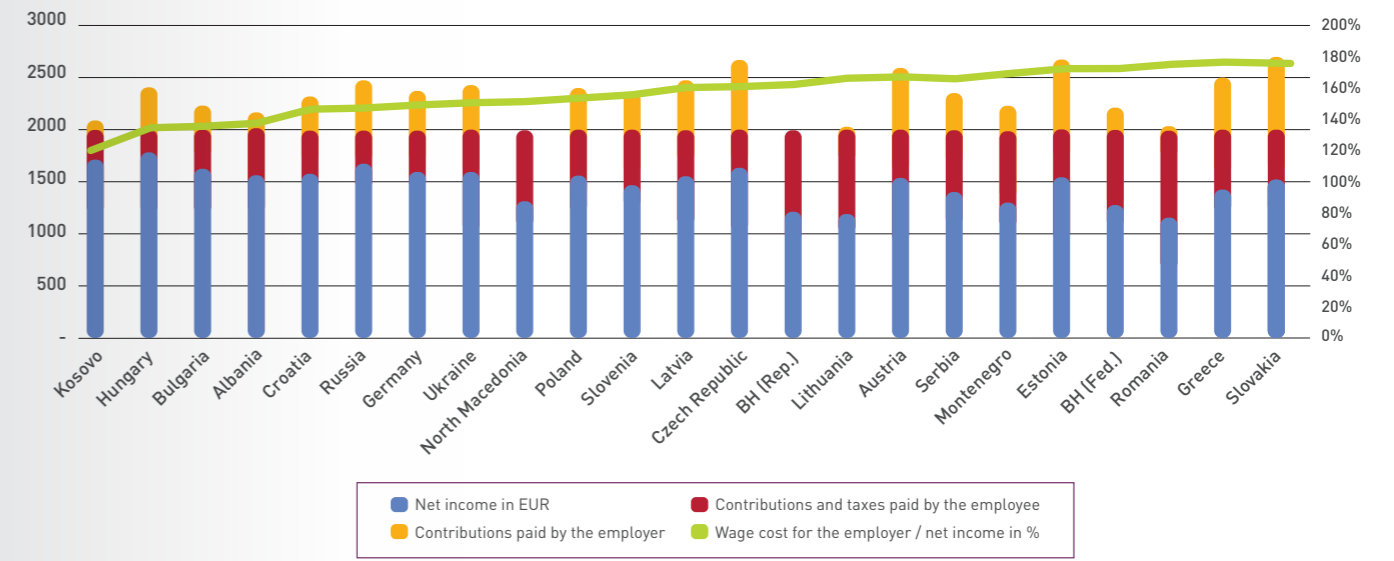
Monthly gross salary of EUR 500 with three children



Monthly gross salary of EUR 2000 and no family ties



Monthly gross salary of EUR 2000 with three children



We can find some interesting results if we compare the order of the countries for two options within each income category, i.e. in case of employees with and without families, as we can immediately see which countries provide a family tax credit and in what extent.

The comparison of the various levels of income categories is also telling, since the different countries may provide tax benefits and tax credits, typically in the lower income category, or may have a progressive taxation system, as a result of which the proportion of the net income relative to the gross income, or even in comparison with the employer's total cost, may show significant differences in case of the various income levels.

TAX RATES IN THE COUNTRIES OF THE CEE REGION

2018	VAT	PIT	SSC
2019	Value added tax rates	Personal income tax rate(s)	Social security contribution payable by the employer
Albania	exempted/0%/20%/6%	progressive; 0%/13%/23%	16.70%
Austria	20% / 10% /13%	0% - 55%	21.38%
Bosnia and Herzegovina	17%	10%	10.5%* / No**
Bulgaria	20%/9%	10%	19%
Croatia	25% / 13% / 5%	24% / 36%	16.5%*
Czech Republic	21% / 15% / 10%	15% + 7% solidarity surcharge*	34% / 9%**
Estonia	20%/9%	20%	33.80%
Germany	19% / 7%	14%-45%*	19.42%
Greece	24% / 13% / 6%	22%/29%/37%/45% & 2,2-10,0 Special solidarity levy	25.06%
Hungary	27% / 18% / 5%	15%	21.0%
Kosovo	18%/8%	progressive 0%/4%/8%/10%	5%
Latvia	21%/12% or 5%	20/23%/31.4%*	24.09%
Lithuania	21%/9%/5%	15%/20%/27%	1.77%
Montenegro	21% / 7%	9%/11%	10.7%
North Macedonia	18% / 5%	10% / 18%*	No
Poland	23% / 8% / 5% / 0%	18% / 32%	21%*
Romania	19%/9%/5%	10%	2.25%
Russia	20%/10%/0%	9%/13%/ 15%/30%/35%	30% /15,1%/ 10%*
Serbia	20% / 10%	10%	17.15%
Slovakia	20%/10%	19%/25%	35.2%
Slovenia	22% / 9.5%	progressive 16% - 50%	16.1%
Ukraine	20% / 7% / 0%	18%*	22%**

BOSNIA AND HERZEGOVINA * In Fédération of BiH; ** In Republika Srpska

BULGARIA * TP doc liability upon request by the tax authorities

CROATIA * for the person under 30 on undetermined period, there is no contributions on salary (16,5) for the period of 5 years

CZECH REPUBLIC * Only on part of the gross income from an employment/tax base from self-employment exceeding CZK 1,569,552

(approx. EUR 61,013) in 2019; ** Applicable on income exceeding CZK 1,569,552 (approx. EUR 61,013) in 2019

ESTONIA * No classical income taxation. 20% is calculated 20/80 from net amount and applicable only for distributed profit and certain costs.

GERMANY * In addition, a trade tax is levied, the amount depends on the respective municipality; as a rule, the amount of tax is approx. 31% (CIT + TT).

LATVIA * 20% on income up to EUR 20 004 per year, 23% on income over EUR 20 004 up to EUR 62 800 per year, 31.4% on income over

EUR 62 800 per year

POLAND * approximately

RUSSIA ** regressive rate depends on annual amount of remuneration

UKRAINE * Additionally 1.5% temporary military tax should be withheld; ** Maximum monthly SSC is UAH 13 771 (app. EUR 434)

CORPORATE INCOME TAX KEY FEATURES

	Corporate income tax rate(s)	IFRS accounting available (for all companies)	Group taxation available	Interest limitation (Thin Cap or EBITDA based)	Withholding tax on interest, dividend or royalty	R&D/patent box incentive	Loss carry-forward (years)	Transfer pricing documentation liability	Other comments, recent developments
Albania	exempted/0%/15%/5%	Y		Y	Y		3	✓	Tax exemption for 4 and 5-star hotels for a time span of ten years; 5% CIT rate for small turnover companies, for software and IT development, for "Entities of agriculture collaboration" and agritourism industry (for 10 years)
Austria	25%		Y		Y	Y	no limitation period	✓	Minimum tax of EUR 1,750 per year for GmbH
BH (Fed.)	10%/0%		Y	Y	Y	Y	5	✓	group taxation available
BH (Rep.)	10%/0%				Y		5	✓	0% for small taxpayers in Republika Srpska
Bulgaria	10%	Y		Y	Y		5	No	TP documentation upon request by the tax authority
Croatia	18%/12%	Y		Y	Y	Y	5	✓	ATAD rules introduced
Czech Republic	19%	Y		Y	Y	Y	5	✓	
Estonia	20%	Y		Y	Y		N/A	✓	* No classical income taxation. 20% is calculated 20/80 from net amount and applicable only for distributed profit and certain costs.
Germany	15%	Y		Y	Y		no limitation period	✓	loss carry back
Greece	28%	Y		Y	Y	Y	5	✓	reduced CIT (from 29 to 28%)
Hungary	9%	Y	Y	Y		Y	5	✓	ATAD rules introduced
Kosovo	10%/9%/3%				Y		6	✓	
Latvia	20%	Y		Y			5	✓	Special deferred taxation as from 2018. CIT payable upon distribution of profit, deemed profit or deemed dividends. Reinvestment of profits not subject to CIT. Tax losses, accrued until end of 2017, can be utilized until 2022 including.
Lithuania	15%/5%	Y		Y	Y	Y	no limitation period	✓	
Montenegro	9%	Y			Y		5	No	
North Macedonia	10%	Y		Y	Y		3	No	North Macedonia has joined the Inclusive Framework on BEPS
Poland	9%/ 19%		Y	Y	Y	Y	5	✓	Exit tax (ATAD rules) also for individuals; Introduction of "Pay and Refund" mechanism with regard to withholding taxation; Taxation of virtual currencies; Less restrictive requirements concerning certificate of residence. New tax incentives: ("Innovation Box" and preferential CIT rate for small taxpayers of 9%).
Romania	16%			Y	Y	Y	7	✓	ATAD rules introduced
Russia	20%	Y		Y	Y	Y	no limitation period	✓	For the tax periods from 1st January 2017 to 31st December 2020 it is not allowed to offset tax losses exceeding 50% of the taxable profit for the respective tax period.
Serbia	15%	Y		Y	Y	Y	5	✓	New incentives for the IT industry. Expenses for R&D deductible for tax purposes in an amount double actually incurred. Also, 80% of income from the use of deposited IP rights may be exempted from tax.
Slovakia	21%			Y	Y	Y	4	✓	Exit tax and special regime for patent box
Slovenia	19%	Y		Y	Y	Y	no limitation period	✓	ATAD rules introduced
Ukraine	18%	Y		Y	Y		no limitation period	✓	



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