INTERNATIONAL COMPARISON

November 2022

What´s in this issue:

"Subsidiaries: tax treatment of interests, dividends, etc."

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

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

This edition includes numerous country focus pieces, in which it is analyzed the subsidiaries and its tax treatment specifications depending on each country.

We hope that you find this publication helpful.

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BRAZIL

REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according with country regulation	This normally occurs when the enterprise needs resources for the normal running of operations, in which case the partners usually choose to temporarily make resources available in the form of loans, without modifying the paid-in capital stock.	Interest paid or credited individually to the holder, partners or shareholders, as remuneration on equity, calculated on the equity accounts of the legal entity and limited to the variation, pro rata day, of the Long-Term Interest Rate (TJLP)	Profits and dividends seek to remunerate the partners for the success of the legal entity.
Legal stipulation	Law n. 9.249/1995	Law n. 9.249/1995	article 10 of law n. 9.249/1995
Tax treatment	Interest arising from loans granted to legal entities is subject to income tax, exclusively at source, at the rates of: a) 22.5% with a term of up to six months, b) 20% with a term of six months and one day to 12 months; c) 17.5% with a term of 12 months and one day up to 24 months; d) 15% with a term of more than 24 months. If received from an individual, the interest received is subject to monthly payment (carnê-leão) and taxation in the Annual Adjustment Declaration.	Shareholders are subject to 15% income tax on equity interests and are paid as an expense before net income.	Profits or dividends calculated based on profits calculated as of January 1, 1996 paid or credited by legal entities taxed based on actual, arbitrated or presumed profit are not subject to withholding tax, nor are they part of the calculation basis. tax of the beneficiary, individual or legal entity, domiciled in the country or abroad.
Taxation of the beneficiary (lessor/shareholder)	Occurs on the date of payment or credit of income, upon retention by the paying source	Amount paid by the PJ can be deducted from the calculation basis of the IRPJ and CSLL (reduction of the income to be taxed) JCP paid subject to the rate of 15% of IRRF, on the date of payment or credit to the beneficiary Beneficiary PJ - IRRF considered as anticipation of the amount due in the annual statement Beneficiary PF – IRRF considered as definitive taxation 25% rate in the case of a beneficiary residing in a jurisdiction with favored taxation, JCP can be attributed to mandatory dividends	For this reason, as the profits would have already been taxed in the legal entity, they could not be subject to a new incidence of the tax when they are distributed to the partners. When profits are distributed in the form of dividends, 25% of income tax and 9% CSLL are already paid, totaling 34%, which may be higher if there is taxation on PIS and Cofins.
Legal personality	Person or entity. For individuals, income is equivalent to fixed income operations, for purposes of withholding income tax. Such taxation is considered definitive, therefore, the income earned is not part of the income tax calculation base in the Annual Adjustment Declaration, but must be informed in the "Income Subject to Exclusive/Definitive Taxation" form.	Individual or legal entity, partner, shareholder or holder of an individual company, resident or domiciled in Brazil.	Beneficiaries residing abroad are also exempt. Retention and capitalization of profits implies corresponding updating of the cost of shares

Main requeriments	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Existence of place of business (with employee)	N/A	N/A	N/A
Fixation of the place of business	N/A	N/A	N/A
Carrying of an economic activity	N/A	N/A	N/A
Further requirements per country	N/A	N/A	N/A
Short analysis of the main examples	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Dependent employee	N/A	N/A	N/A
Real estate operated under lease or under any other title	N/A	N/A	N/A
Construction, insta-llation or assembly works	N/A	N/A	N/A
Permanent esta-blisment during Pandemia	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Having an employee working in antoher country during lock-down	N/A	N/A	N/A
Continue having an employee after the lockdown	N/A	N/A	N/A
Responsibility	N/A	N/A	N/A
Other issues to be considered	N/A	N/A	N/A

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BULGARIA

REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according with country regulation.	It is common practice that when a subsidiary needs resources for the normal course of operations, the shareholders/members usually decide to provide resources in the form of loans for a fixed period without altering the paid-up and registered share capital. The object of tax treatment in this case is the interest and not the borrowed funds (principal).	Interest paid or credited individually to the holder, partners or shareholders, as remuneration on equity, calculated on the equity accounts of the legal entity and limited to the variation, pro rata day, of the Long-Term Interest Rate	Profits and dividends seek to remunerate the partners for the success of the legal entity.
Legal stipulation.	art. 26, item 6 of the Corporate Tax Act/ 2006, art. 194-195 of the Corporate TaX /2006 ;art. 37, par. 3 of the Income Tax Act/2006	art. 26, item 6 of the Corporate Tax Act/ 2006;art. 37, par. 3 of the Income Tax Act/2006	Article 38 (1) (2) of the Personal Income Tax Act./ art.49, par. 3 of the Personal Income TAX
Tax treatment *Continued on the next page...*	interest represents income from any type of debt claim. Amounts paid to foreign legal entities (FLEs) for late payments and penalties provided for in the relevant contracts are not considered interest income. The Corporate Income and Compensation Tax Act regulates several tax treatment regimes for interest depending on: the specific type of loan relationship under which it is payable; the capital adequacy of the borrowing PSC; the legal and tax status of the lender; and the presence or absence of affiliation between the participants in the loan agreement. Income and interest income and expenses for funds provided to companies by their partners depend on whether the funds are provided under Art. 134, par. 1 of the Commercial Companies Code or are agreed as loans. Where they are agreed as loans, they are treated in accordance with the general tax treatment of interest depending on the specific circumstances set out in the Income Tax Act and the Income Tax Act. For the funds provided as additional cash contributions under the terms and conditions of Art. 134 par. 1 of the LC, interest may not be agreed, but this will not lead to the consequences of tax evasion. Foreign Legal Entities are also subject to withholding tax on income from dividends and liquidation shares.	Shareholders are subject to 5% income tax on equity interests and are paid as an expense before net income.	A final tax is levied on taxable income from: dividends and liquidation shares in favour of a foreign individual from a source in Bulgaria; If dividends distributed to Foreign Individuals are capitalized they are not taxable.

....Continued from previous page Tax treatment	Art. (1) Dividends and liquidation shares distributed (personalized) by domestic legal entities to: 1. foreign legal entities, except in cases when the dividends are realized by a foreign legal entity through a place of business in the country. The rate is 10%.		
Taxation of the beneficiary (lessor/shareholder)	Occurs on the date of payment or credit of income, upon retention by the paying source	Foreign Legal Entities that carry out business activities on the territory of the Republic of Bulgaria through a place of business, disposal of property on the territory of the country, or receive income from a source on the territory of the Republic of Bulgaria shall be taxed under the Corporate Law. The tax rate is 10%, except for dividend income, where the tax rate is 5%. Foreign Individuals are liable for all income from sources within the Republic of Bulgaria. A foreign individual whose stay in Bulgaria exceeds 183 days in a year is treated as a resident	The income tax rate for a Foreign Individual on income from a source in Bulgaria is 5%. Taxes are levied and withheld by local Corporations. They are paid to the budget by the end of the month following the quarter.
Legal personality	Person or entity. For individuals, income is equivalent to fixed income operations, for purposes of withholding income tax. Such taxation is considered definitive, therefore, the income earned is not part of the income tax calculation base in the Annual Adjustment Declaration, but must be informed in the "Income Subject to Exclusive/Definitive Taxation" form.	Individual or legal entity, partner, shareholder or holder of an individual company, resident or domiciled in Bulgaria.	Beneficiaries residing abroad are also exempt. Retention and capitalization of profits implies corresponding updating of the cost of shares
Main requeriments	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Existence of place of business (with employee)	N/A	N/A	N/A
Fixation of the place of business	YES	N/A	N/A
Carrying of an economic activity	N/A	N/A	N/A
Further requirements per country	N/A	N/A	N/A

Short analysis of the main examples	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Dependent employee	N/A	N/A	N/A
Real estate operated under lease or under any other title	N/A	N/A	N/A
Construction, installation or assembly works	N/A	N/A	N/A
Permanent establisment during Pandemia	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Having an employee working in antoher country during lockdown	N/A	N/A	N/A
Continue having an employee after the lockdown	N/A	N/A	N/A
Responsibility	N/A	N/A	N/A
Other issues to be considered	N/A	N/A	N/A

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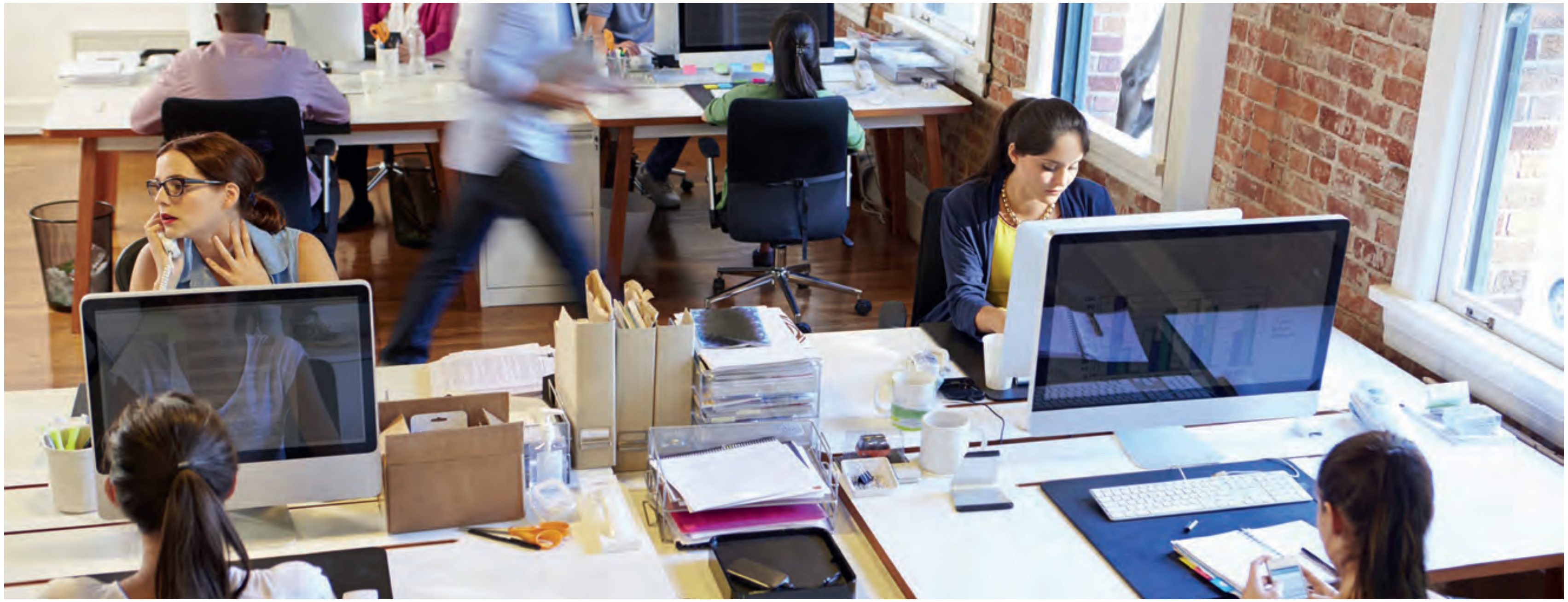
CHILE

REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according with country regulation	This normally occurs when the company needs resources for the normal operation of its business, or even to carry out operations unrelated to its economic activity, in which case the partners usually choose to temporarily provide resources in the form of loans, without the need to make an effective capital contribution.	In Chile, capital contributions, whether from a subsidiary or not, do not generate interest and do not have to be readjusted or corrected monetarily, the regulations only require that they be paid within a maximum period of 3 years. The only way in which they can generate interest is if the capital contributions expressly agree that interest will be generated in this respect.	They are a distribution of the company's profits and their distribution policy is part of the company's bylaws. They will be paid exclusively from the net profits of the year, or from retained earnings, from balance sheets approved by the shareholders' meeting and will be distributed at least 30% of the net profits of each year.
Legal stipulation	Law 18.010 and D.L 824	Law 18.046 and D.L 824	Law 18.046 and D.L 824
Tax treatment	Interest derived from loans granted to legal entities is subject to income tax, depending on the tax regime of the company granting the loan: a) 25% for companies under the Pro Pyme General regime; b) 0% for companies under the Pro Pyme Transparent regime, since the partners of the company are taxed directly in their final taxes, whose rate will depend on their annual income based on a progressive table that varies from 0% to 40% depending on the income; c) 27% for companies under the General or Semi Integrated regime; d) for companies or individuals domiciled outside the country, they will be taxed at a rate of 35%.	Shareholders or partners with capital contributions and their subsequent return are considered by the Law as Non-Income Income, therefore, they are exempt from taxation.	Los beneficios o dividendos calculados sobre la base de los beneficios, pagados o acreditados por personas jurídicas, tributarán con tasa del 35% si la empresa o persona natural acreedora esta domiciliada en el extranjero, por otro lado, si la empresa está domiciliada en el país, entonces tributará en base al regimen tributario que ostente la empresa.
Taxation of the beneficiary (lessor/shareholder)	It occurs on the basis of the receipt or accrual of the loan, whichever occurs first, must be declared in your annual income tax return.	Exempt from taxation to the beneficiary when the corresponding capital decreases are made, without prejudice to the fact that in order for them to be able to make such capital decrease, they must first withdraw all the equity accounts pending taxation.	Since the company has already paid tax on the dividend received, the owner or individual, the final recipient of the dividends, will be able to impute as a credit to his final taxes, the amount paid by the company as tax.

Legal personality	In the case of legal entities, the income derived from interest must be declared as taxable income on Form 22 on an annual basis. On the other hand, if the company is domiciled outside the country, the company paying the interest must withhold the corresponding tax through Form 50, which is declared on a monthly basis.	Individual or legal entity, partner, shareholder or owner of a sole proprietorship, resident or domiciled in Chile or abroad.	Beneficiaries residing abroad must declare on a monthly basis in Form 50 their income derived from dividends received from the company located in Chile. Such declaration will be issued by the paying company, where at the time of the amount of the dividend, the corresponding taxes must be withheld. If the company is domiciled in Chile, then it must declare the dividends received on an annual basis through Form 22.
Main requeriments	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Existence of place of business (with employee)	N/A	N/A	N/A
Fixation of the place of business	N/A	N/A	N/A
Carrying of an economic activity	N/A	N/A	N/A
Further requirements per country	N/A	N/A	N/A
Short analysis of the main examples	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Dependent employee	N/A	N/A	N/A
Real estate operated under lease or under any other title	N/A	N/A	N/A
Construction, installation or assembly works	N/A	N/A	N/A

Permanent esta-blisment during Pandemia	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Having an employee working in antoher country during lock-down	N/A	N/A	N/A
Continue having an employee after the lockdown	N/A	N/A	N/A
Responsibility	N/A	N/A	N/A
Other issues to be considered	N/A	N/A	N/A



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CHINA

REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according with country regulation	It usually means the interests the enterprise has acquired through providing the fund not constituting the equity investment to the other party or due to other party's occupying the enterprise's fund, including the savings' interest, the loan interest, the bond interest, and the interest on arrears.	Not allowed in PR. China	It usually means the incomes which the enterprise has acquired through equity investment from the invested party.
Legal stipulation	Implementing Regulations of the Enterprise Income Tax Law of the People's Republic of China	N/A	Implementing Regulations of the Enterprise Income Tax Law of the People's Republic of China
Tax treatment	Interest arising from loans is subject to income tax. For China tax resident enterprises (lender), interest income will be added on and taxed with other types of income at the rates of: a) 25% for regular enterprises, b) 20% for Small and thin-profit enterprises, c) 15% for qualified high-tech enterprises. For non-China tax resident enterprises (lender), withholding tax will be withheld at a standard rate of 10% for most countries.	N/A	Dividend arising from equity investment is subject to income tax. If the dividend is between two qualified China tax resident enterprises, it is tax exempted. For non-China tax resident enterprises (shareholder), withholding tax will be withheld at a standard rate of 10% for most countries; rates are indicated in the double tax treaties and can also be lower than 10%. For foreign individual shareholders, individual income tax ("IIT") may be exempted on their dividend from foreign invested enterprises in China.
Taxation of the beneficiary (lessor/shareholder)	Occurs when the enterprise conducts monthly/quarterly/annually tax filings, or occurs when making payments.	N/A	Occurs when the enterprise conducts monthly/quarterly/annually tax filings, or occurs when making payments.
Legal personality	Person or entity	N/A	Person or entity
Main requeriments	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Existence of place of business (with employee)	N/A	N/A	YES

Fixation of the place of business	N/A	N/A	YES
Carrying of an economic activity	N/A	N/A	YES
Further requirements per country	Record filing with SAFE (state administration of foreign exchange) is required for loan from overseas. Thin capitalization requirement. i.e. the interest fee incurred in excess of the prescribed debt/equity ratio (financial industry 5:1; other industries 2:1) from the loan investment and equity investment of their affiliates may not be deducted by the Chinese enterprises (borrower) for PRC corporate income tax purpose.	N/A	If a tax treaty can be applied and a preferential tax rate is applicable, the in-charge tax bureau will check if the receipient is qualified as a beneficial owner to enjoy the preferential tax rate.
Short analysis of the main examples	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Dependent employee	N/A	N/A	N/A
Real estate operated under lease or under any other title	N/A	N/A	N/A
Construction, installation or assembly works	N/A	N/A	N/A
Permanent establisment during Pandemia	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Having an employee working in antoher country during lockdown	N/A	N/A	N/A
Continue having an employee after the lockdown	N/A	N/A	N/A
Responsibility	N/A	N/A	N/A
Other issues to be considered	N/A	N/A	N/A

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COLOMBIA

REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according with country regulation	This normally occurs when the enterprise needs resources for the normal running of operations, in which case the partners usually choose to temporarily make resources available in the form of loans, without modifying the paid-in capital stock.	Preferred shares form part of the company's capital stock, but do not grant their holders voting rights. The main differentiating characteristic with ordinary shares is that they grant their acquirers a preferential right in the distribution of profits and in the liquidation of the company.	Profits seek to remunerate the partners for the success of the legal entity.
Legal stipulation	Law 45/1990 - Art. 64	Article 33-3 of law No. 1819/2016	Article 30 of law No. 1819/2016
Tax treatment	Interest arising from loans granted to legal entities is subject to an income tax rate of 35% for corporations, and a tax rate up to 39% for the interest paid to individuals. The withholding tax is 7%	Preferred shares will have, for the issuer, the same treatment as financial liabilities. For the holder, they will be treated as a financial asset. Consequently, the holder must recognize a financial income, with respect to payments, at the time of their realization or disposal of the asset.	Profits or dividends calculated on the basis of profits calculated from 1 January 2017 paid by legal entities have an income tax, with a withholding rate as follows: • Legal entity: 7.5% fee • Individual: fee of 10% on the excess of the first US $2,200 dollars
Taxation of the beneficiary (lessor/shareholder)	For the financial liabilities, the lessor must recognize a financial income, at the time of their realization. However, the average total amount of debts during the taxable year may not exceed the result of doubling the liquid assets of the taxpayer determined at 31 December of the year immediately preceding the taxable year. The interest that exceeds the limit will not be deductible of the income tax.	Shareholders are subject to an income tax rate up to 39%, and the withholding tax is 7%. Interest paid by the Debtor can be deducted from the calculation basis of tax income.	Even if the profits have already been taxed in the legal entity, they are subject to a new incidence of the tax when they are distributed to the partners.
Legal personality	For individuals, income must be informed in the income tax return with an income a tax rate up to 39%	Beneficiaries residing abroad are must pay tax.	Beneficiaries residing abroad are also taxed.
Main requeriments	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Existence of place of business (with employee)	N/A	N/A	N/A

Fixation of the place of business	N/A	N/A	N/A
Carrying of an economic activity	N/A	N/A	N/A
Further requirements per country	N/A	N/A	N/A
Short analysis of the main examples	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Dependent employee	N/A	N/A	N/A
Real estate operated under lease or under any other title	N/A	N/A	N/A
Construction, installation or assembly works	N/A	N/A	N/A
Permanent establisment during Pandemia	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Having an employee working in antoher country during lockdown	N/A	N/A	N/A
Continue having an employee after the lockdown	N/A	N/A	N/A
Responsibility	N/A	N/A	N/A
Other issues to be considered	N/A	N/A	N/A

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COSTA RICA

REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according with country regulation	This normally takes place when the company needs resources for their normal operation, so the parent company usually temporarily provides resources in the form of loans, but the disbursement does not imply changes to the social capital.	Calculated, paid interests or those credited to the parent company or any related entity, as a result of the use in time of funds received as loans, calculated at market interest rate, and subject to Transference Price. Furthermore, the tax rules establish that when this transactions are carried out with related entities (parent or affiliated company) established outside the country, they are subject to tax withholding for remittances sent abroad.	Dividends paid to physical persons will always have withholding at the source equal to 15% for tax on dividends. Dividends paid to holding companies will have withholding when they are only holding companies, but if they are also operating entities no whithholding should be carried out. Holding companies outside the country must carry out withholding.
Legal stipulation	Law on income tax and its regulations	Law on income tax and its regulations	Title IV Remittances sent abroad
Tax treatment	Paid accrued interests on loans granted to not related independent financial entities (banking or non banking) domiciled outside the country are subject to income tax, for remittances sent abroad, with a 15% rate. This rule refers only to entities domiciled outside the country tha provide resources to local companies. The local financial entities are not subject to this type of whithholding, so the entity that provides the resources should incorporate accrued interests as part of the taxable income, and the paying entity may recognize these as deductible expenses, except for non banking interests, calculating the maximum deductibility on expenses for net interests of 20% of income before interests, taxes, depreciations and amortizations (UAIIDA).	Paid accrued interests on loans granted to not related independent financial entities (banking or non banking) domiciled outside the country are subject to income tax, for remittances sent abroad, with a 15% rate. This rule refers only to entities domiciled outside the country tha provide resources to local companies. The local financial entities are not subject to this type of whithholding, so the entity that provides the resources should incorporate accrued interests as part of the taxable income, and the paying entity may recognize these as deductible expenses, except for non banking interests, calculating the maximum deductibility on expenses for net interests of 20% of income before interests, taxes, depreciations and amortizations (UAIIDA).	Dividends or any form of simmilar benefit paid to shareholders are subject to whithholding at the source for income tax, of 15% on paid ammounts; this type of withholding are not deductible expenses for the paying entities, since they are considered a tax for the receiving party and therefore are deducted from the declared utilities. The dividends that are paid to the parent company domiciled in the same country will not have this withholding, as long as it is an operating entity, but if it is a simple holding entity with no operations the withholding of 15 % shall be applied for taxes on dividends.

Taxation of the beneficiary (lessor/shareholder)	The moment in which the tax generating fact takes place: It takes place on the dat of payment or partial payment of the income tax, and this is the moment at which the whithholding should take place. For the case of dividens the Law establishes that the moment in which the obligation to practice the withholding is generated is at the time the accounting accrual or payment takes place, whichever happens first.	The law defines that the obligation to practice the withholding is at the moment in which the payment of a remittance abroad is ordered. For local entities there is no obligation of practicing whithholdings for this concept.	For the case of the dividends, the Law establishes that the generating fact takes place at the moment the accounting credit to the shareholders or the payment is done, whichever comes first. The tax rate on dividends is 15%. The dividends paid to holding entities outside the country are subject to whithholding at the source with the same rate. Payments to local holding operating entities do not have withholding; but if the holding entity is only a holding entity without operations, the withholding must be applied.
Legal personality	Person or entity. In the case of the natural persons, income is equal to the operations of a fixed income, for the withholding of income tax. The said tribute is considered definitive, therefore the income obtained is not part of the for the IRPF calculation on the Yearly Regularization Declaration, rather they mus be informed through the "Income subject to exclusive/definitive tribute" form.	Any natural or legal person, that is an associate, shareholder or owner of an entity domiciled in Costa Rica.	The beneficiaries that reside abroad are also exempted. The withholding and capitalization of benefits implies the corresponding udating of the cost of the shares.
Main requeriments	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Existence of place of business (with employee)	N/A	N/A	N/A
Fixation of the place of business	N/A	N/A	N/A
Carrying of an economic activity	N/A	N/A	N/A
Further requirements per country	N/A	N/A	N/A
Short analysis of the main examples	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Dependent employee	N/A	N/A	N/A
Real estate operated under lease or under any other title	N/A	N/A	N/A
Construction, installation or assembly works	N/A	N/A	N/A

Permanent esta-blisment during Pandemia	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Having an employee working in antoher country during lock-down	N/A	N/A	N/A
Continue having an employee after the lockdown	N/A	N/A	N/A
Responsibility	N/A	N/A	N/A
Other issues to be considered	N/A	N/A	N/A

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CROATIA

REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according with country regulation	This normally occurs when the subsidiary needs resources for the normal running of operations, in which case the shareholders/partners usually choose to temporarily make resources available in the form of loans, without modifying the paid up share capital	Interest paid or credited individually to the holder, partners or shareholders, as remuneration on equity, calculated on the equity accounts of the legal entity.	Profits and dividends seek to remunerate the partners for the success of the legal entity.
Legal stipulation	Income Tax Act NN 138/20; Corporate Tax Law NN 138/20	Corporate Tax Law NN 138/20	Income Tax Act NN 138/20
Tax treatment	Interest arising from loans granted to legal entities by other legal entities depend on whether the legal entities are affiliated or not. If the legal entities are affiliated the minimal interest rate is 2.68 % yearly for the year 2022 (this rate changes year to year) but this does not apply if they are not affiliated. This interest rate also applies if the loan is given by an affiliated individual. If received from an individual, the interest received is subject to income tax at a rate of 10% plus surtax if applicable. Intrest rate for loans given by a legal entity to an individual are at minimum 2% yearly.	Legal entities are subject to corporate income tax of 10% if yearly revenue up to 7,500,000 HRK is achieved and 18% if yearly revenue exceeds 7,500,000 HRK and are paid as an expense before net profit.	Profits and dividents paid to share holders are subject to tax on investment income at a rate of 10% plus surtax if applicable.
Taxation of the beneficiary (lessor/shareholder)	Occurs on the date of payment or credit of income, upon retention by the paying source.	Corporate tax advances are calculated in monthly installments based on the corporate tax return and are due by the end of each month for the previous month. Upon submitting corporate tax return the difference due of corporate tax for the previous year is due by April 30th of the current year.	Tax on investment of income is paid on the date of payment of dividends.
Legal personality	Person or entity. For individuals, income is equivalent to fixed income operations, for purposes of withholding income tax. Such taxation is considered definitive.	Legal entity resident of Croatia	Shareholders
Main requeriments	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Existence of place of business (with employee)	N/A	N/A	N/A

Fixation of the place of business	N/A	N/A	N/A
Carrying of an economic activity	N/A	N/A	N/A
Further requirements per country	N/A	N/A	N/A
Short analysis of the main examples	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Dependent employee	N/A	N/A	N/A
Real estate operated under lease or under any other title	N/A	N/A	N/A
Construction, insta-llation or assembly works	N/A	N/A	N/A
Permanent esta-blisment during Pandemia	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Having an employee working in antoher country during lock-down	N/A	N/A	N/A
Continue having an employee after the lockdown	N/A	N/A	N/A
Responsibility	N/A	N/A	N/A
Other issues to be considered	N/A	N/A	N/A

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EGYPT

REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according with country regulation	This normally occurs when the enterprise needs resources for the normal running of operations, in which case the partners usually choose to temporarily make resources available in the form of loans, without modifying the paid-in capital stock.	N/A	Dividends out of the distributable profits if declared by the legal entity.
Legal stipulation	Law no. 91/2005	N/A	Law no. 91/2005 amended by law no. 199/2020 (bis 46)
Tax treatment	Interest Expenses - arising from loans received from legal entities allowable expenses in the corporate income tax in the annual corporate tax return if in arm's length and provides relief of 22.5% after meeting debt cost criteria. Interest on financing from parent company in terms of future equity financing intention are not allowed.	N/A	Dividends are taxed at source based on the Withholding tax rates (WHT): a) Listed/ quoted shares: 5% of dividends paid. b) Unlisted/ Unquoted shares: 10% of dividends paid.
Taxation of the beneficiary (lessor/shareholder)	Interest Revenues- Taxed within the revenues in the annual corporate tax return and if company made profits, at the rates of: a) Financing an Associate company: 22.5% at annual tax return from the interest revenue. b) Financing a subsidiary: Exempted.	N/A	Although, taxes were withheld on dividends paid, the dividends income are taxed at the beneficiary annual corporate tax return of 22.5% on the net revenue after deducting allowable legal cost of 90% (Accordingly 10% of dividends are taxed on 22.5% in the annual corporate tax return).
Legal personality	Individual or legal entity, partner, shareholder or holder of an individual company, resident or domiciled in Egypt.	N/A	Individual or legal entity, partner, shareholder or holder of an individual company, resident or non-resident investor making dividends from Egyptian entity.
Main requirements	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Existence of place of business (with employee)	N/A	N/A	N/A
Fixation of the place of business	N/A	N/A	N/A

Carrying of an economic activity	N/A	N/A	N/A
Further requirements per country	N/A	N/A	N/A
Short analysis of the main examples	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Dependent employee	YES	N/A	N/A
Real estate operated under lease or under any other title	YES	N/A	N/A
Construction, insta-llation or assembly works	YES	N/A	N/A
Permanent establi-shment during the Pandemic	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Having an employee working in another country during lock-down	N/A	N/A	N/A
Continue having an employee after the lockdown	N/A	N/A	N/A
Responsibility	N/A	N/A	N/A
Other issues to be considered	N/A	N/A	N/A

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GERMANY

REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according with country regulation	No legal definition of interest expense, however, commonly understood as remuneration for financial resources made available in the form of loans, without modifying the paid-in capital stock (equity capital).	Interest paid or credited individually to the holder, partners or shareholders, as remuneration for debt financing. Interest on equity is not deductible for tax purposes.	Payments made from the post-tax profit of an entity to its shareholders
Legal stipulation	Interest expenses in principle are deductible as business expenses both for purposes of the commercial balance as well as the tax balance (§ 4 IV EStG). For tax purposes, limitations to the amount of interest deductible may apply (§ 4h EStG § 8a KStG - Zinsschranke). The borrower may be subject to withholding tax requirements (Kapitalertragsteuer), § 43 I 1 Nr. 7, § 44 I 1 EStG, i.e. withhold tax on behalf of the lendor.	Interest for debt financing is deductible for tax purposes both, in case the lendor is also a shareholder of the borrower. In case the interest paid is not considered appropriate, the part of the interest payment exceeding the arm's length interest would be considered a hidden distribution of profits (verdeckte Gewinnausschüttung - vGA) and be treated accordingly. In such cases, the amount paid to the shareholder is divided for tax purposes into (A) an appropriate amount of interest and (B) an inappropriate amount (vGA), which is treated for tax purposes in essence like dividends.	Dividends are not deductible for tax purposes at the level of the subsidiary. The subsidiary may be subject to withholding tax requirements (Kapitalertragsteuer), § 43 I 1 Nr. 1, § 44 I 1 EStG, i.e. withhold tax on behalf of the shareholder. Within the context of the European Union, the shareholder may apply for this withholding tax requirements to not be applied based on the European Parent-Subsidiary-Directive, § 43b EStG.
Tax treatment	Interest in general is deductible as a business expense and therefore reduces the taxable income, provided that the loan was taken out for business purposes. At the level of the borrower, interest expenses may however be subject to Zinsschranke (Threshold for deductibility of interest), in case interest expenses exceed interest income (§ 4h EStG, § 8a KStG)	The interest part of a payment (A) is treated at the level of the borrower like deductible for tax purposes (for particularities refer to column to the left). The vGA part of the payment (B) cannot be deducted and is added back to the taxable income of the borrower off-balance and taxed accordingly.	Dividends cannot be deducted for tax purposes at the level of the subsidiary. As part of the profit, they are paid out only after the profit has been taxed.

"Taxation of the beneficiary (lessor/shareholder)"	Interest constitutes income from capital at the level of the lendor (§ 20 I Nr. 7 EStG). • If the beneficiary is a natural person / individual: Interest is only taxed in case income from capital exceeds 801 EUR in total. The exceeding amount is taxed at the personal tax rate of the individual. The favourable tax rate applied to other income derived from capital is not applicable. • If the beneficiary is a legal entity, interest is taxed at the usual CIT, i.e. 15 % KSt, 0.825 % Solidarity Surcharge, around 15 % Trade Tax (ca. 30 % in total).	The interest part of the payment is treated at the level of the beneficiary like interest income. The vGA part of the payment is treated is treated at the level of the beneficiary like dividend income (refer to column to the right).	For this reason, as the profits would have already been taxed at the level of the legal entity, in order to avoid double taxation, dividends are taxed at favourable conditions at the level of the shareholder. • in case the shareholder is a natural person / individual, this EITHER means, that a reduced tax rate of 25 % is applied, § 32d EStG OR are the dividends subject to the partial income procedure (Teileinkünfteverfahren - TEV), i.e. only 60 % of the dividend is taxed at the personal tax rate of the individual. Dividends are considered at the level of the shareholder income from capital and are hence only taxed to the extent to which this type of income exceeds 801 EUR. • in case the shareholder is a legal entity, dividends are exempt from tax, § 8b KStG, in order to avoud double taxation. Still, 5 % are considered non deductible expenses
Legal personality	Interest income are also considered domestic income and subject to German taxation, in case the underlying capital is collaterized by certain German assets (e.g. real estate).	N/A	N/A
Main requirements	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Existence of place of business (with employee)	Interest expenses can only be deducted for tax purposes in case of tax liability in Germany. In case of a permanent establishment in Germany (PE), Germany applies the AOA. For debt financing that means, the ratio of debt in the PE's financing is contingent on the dotation capital, i.e. the debt is the residual rather then equity, as is normally the case. This may further decrease the amount of interest deductible for tax purposes of the German PE.		In case of a German subsidiary paying dividends to a foreign shareholder, that foreign shareholder is subject to limited tax liability in Germany, § 49 I Nr. 5 EStG. The double taxation is normally resolved via the Double Taxation Treaty with the country of tax residence of that shareholder.
Fixation of the place of business			
Carrying of an economic activity			
Further requirements per country			

Short analysis of the main examples	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Dependent employee	no impact on taxation		
Real estate operated under lease or under any other title			
Construction, installation or assembly works			
Permanent establisment during Pandemia	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Having an employee working in antoher country during lockdown	The pandemic did not impact the taxation of income derived from capital (interest / dividends)		
Continue having an employee after the lockdown			
Responsibility			
Other issues to be considered			

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GREECE

REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according with country regulation	The term "interest" means income arising from claims of any kind, whether secured by mortgage or not, and whether or not entitled to participate in the debtor's profits, and in particular income from deposits, government securities, securities and bonds, with or without security, and any type of loan relationship, including premiums, repos/reverse repos and rewards deriving from securities, bonds or debentures.	There is possibility to receive interest from capital by shareholders as benefit , if it is foreseen in the statutes of the company	The term "dividends" means the income derived from shares, founding securities, or other rights to participate in profits which are not claims from debts (debts), as well as income from other corporate rights, which include shares, portions including pre-dividends and mathematical reserves, participations in profits of personal businesses, distributions of profits from any kind of legal person or legal entity, as well as any other relevant distributed amount.
Legal stipulation	article 37 of Law 4172/2013	article 38 of coporate law 4548/2018	article 36 of law 4172/2013
Tax treatment	Interest is taxed at a rate of fifteen percent (15%). Interest on bond loans and interest-bearing promissory notes of the Greek State acquired by natural persons are exempt from income tax. No withholding tax is applicable in case of an intercompany translaction where EU company with shareholding percentage min.25% and provided that she holds for 24 months the shares of its Greek Subsidiary.	Interest is taxed at a rate of fifteen percent (15%). No withholding tax is applicable in case of an intercompany translaction where EU company with shareholding percentage min.25% and provided that she holds for 24 months the shares of its Greek Subsidiary.	Dividends are taxed at a rate of five (5%). No withholding tax is applicable in case of a EU mother company with shareholding percentage min.10% and provided that she holds for 24 months the shares of its Greek Subsidiary.
Taxation of the beneficiary (lessor/shareholder)	Witheld on the date of payment or credit of income.	Witheld on the date of payment or credit of income at a rate of 15%. If the income from interest is subject to withholding tax, the withholding tax exhausts the tax liability only for natural persons.	Witheld on the date of payment or credit of income. If the distribution of dividends is subject to withholding tax, the withholding tax exhausts the tax liability only for natural persons.
Legal personality	It is applicable both for Individuals and Legal entities	It is applicable both for Individuals only and Legal entities.	It is applicable both for Individuals and Legal entities residents in Greece.

Main requeriments	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Existence of place of business (with employee)	N/A	N/A	N/A
Fixation of the place of business	N/A	N/A	N/A
Carrying of an economic activity	N/A	N/A	N/A
Further requirements per country	N/A	N/A	N/A
Short analysis of the main examples	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Dependent employee	N/A	N/A	N/A
Real estate operated under lease or under any other title	N/A	N/A	N/A
Construction, insta-llation or assembly works	N/A	N/A	N/A
Permanent esta-blisment during Pandemia	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Having an employee working in antoher country during lock-down	N/A	N/A	N/A
Continue having an employee after the lockdown	N/A	N/A	N/A
Responsibility	N/A	N/A	N/A
Other issues to be considered	N/A	N/A	N/A

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ISRAEL

REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according with country regulation	When a company needs money, it can take a loan against debt on a loan (plus interest), without changing the company's share capital. The interest payment is a deductible expense.	When the company raises money for share capital and equity, there is no interest on the money paid to the company.	When the company generates profits, they can be distributed as a dividend
Legal stipulation			
Tax treatment	The interest payment is a deductible expense.	No tax liabilty.	When dividends are distributed, the company deducts withholding tax at a tax rate of between 25% - 30%, depending on the shareholder shares percentage.
Taxation of the beneficiary (lessor/shareholder)	will be tax according to personal tax percentage, and between 15% - 25%.	No tax liabilty.	When dividends are distributed, the company deducts withholding tax at a tax rate of between 25% - 30%, depending on the shareholder shares percentage.
Main requeriments	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Existence of place of business (with employee)	N/A	N/A	N/A
Fixation of the place of business	N/A	N/A	N/A
Carrying of an economic activity	N/A	N/A	N/A
Further requirements per country	N/A	N/A	N/A
Short analysis of the main examples	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Dependent employee	N/A	N/A	N/A
Real estate operated under lease or under any other title	N/A	N/A	N/A

Construction, installation or assembly works	N/A	N/A	N/A
Permanent establisment during Pandemia	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Having an employee working in antoher country during lockdown	N/A	N/A	N/A
Continue having an employee after the lockdown	N/A	N/A	N/A
Responsibility	N/A	N/A	N/A
Other issues to be considered	N/A	N/A	N/A

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ITALY

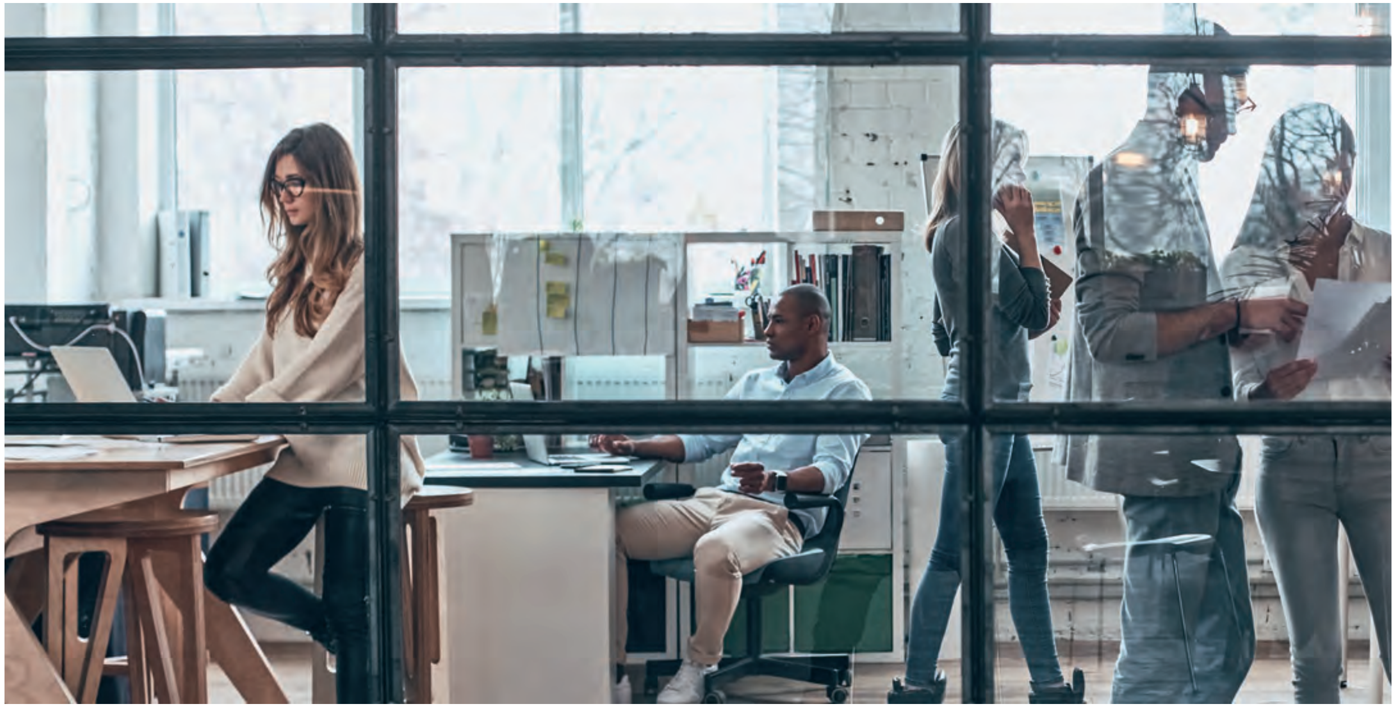
REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according with country regulation	This normally occurs when the enterprise needs resources for the normal running of operations, in which case the partners usually choose to temporarily make resources available in the form of loans, without modifying the paid-in capital stock.	This case is not provided by the Italian Law	Profits and dividends are distributed by the company and constitute the remuneration of the shareholders for the success of the legal entity
Legal stipulation	Articles 1813 and 2467 of the Italian Civil Code. Companies can obtain loans only from shareholders and from authorised financial intitutions (bank), only the stock companies can gather cash from other not istitutional investors	N/A	Articles 2433 and 2478-bis of the Italian Civil Code
Tax treatment *Continued on the next page...*	TAXATION AND DEDUCTION OF INTEREST • The legal entities that lend money and receive the interest should tax them by appling the Corporate income Tax of 24% (so called "IRES"); • The legal entities that receive the loans and pay the interests could deduct them in the limit of 30% of Ebitda determined according to Italian tax rules.	N/A	TAXATION AND DEDUCTION OF DIVIDENDS • The Italian legal entities that receive dividends apply the 24% tax rate (IRES) on 5% of the amount received. • The Permanent Establishment of non-resident entities that receive dividends apply the 24% tax rate (IRES) on 5% of the amount received. • The Permanent Establishment reimbursement to the mother company are not qualified as dividends and consequantly not subject to witholding taxes.

....Continued from previous page Tax treatment	**WITHOLDING TAX** Interest arising from loans are taxed as follows: 1. if the recipient is an italian natural person it is applied a witholding tax of 26%; 2. if the recipient is an Italian company it is applied 0% of witholding tax and it is subject to Corporate Income Tax of 24% (IRES); 3. If the recipient is a permanent establishment of a non resident entity interests are subject to corporate income tax of 24% (IRES) in Italy without the application of witholding tax; 4. if the recipient is a non-resident entity without Permanent establishment in Italy, it is applied a definitive witholding tax of 26%. In this case, it is, however, possible: • reduce the amount of the witholding tax by applying the International Conventions (pursuant to Art.11 of the OCSE of 21.11.2017) or, • exclude the obligation to operate the so-called "exit witholding tax", in the presence of the conditions applying the exemption regime provided for by Directive No. 2003/49/EC (so-called "Interest-Royalties" directive). The conditions necessary for the exclusion from "exit witholding tax" are the following: 1. the paying company should be a capital company, commercial entity or permanent establishment of a non-resident enterprise); 2. presence of a specific shareholding relationship between the resident entity paying the interest and the beneficiary (the former must, in fact, be at least 25% owned by the latter, or the latter must be at least 25% owned by the former, or both entities must be at least 25% owned by a third company) 3. the participation should be owned uninterruptedly for at least one year; 4. the beneficiary has to be tax resident in a EU Member State and have a specific legal form; 5. the income of the beneficiary should be effectively taxed.	N/A	**WITHOLDING TAX** 1. if the recipient is an italian natural person it is applied a witholding tax of 26%; 2. if the recipient is an Italian company it is applied 0% of witholding tax and dividends are subject to Corporate Income Tax of 24% (IRES) on 5% of the amount received; 3. if the recipient is a non-resident entity that has a permanent establishment in Italy it is applied 0% of witholding tax and dividends are subject to Corporate Income Tax of 24% (IRES) on 5% of the amount received; 4. if the recipient has not a permanent establishment in Italy in general it is applied the 26% domestic witholding tax; In this case, it is, however, possible: • to reduce the amount of the witholding tax by applying the International Conventions (pursuant to Art.10 of the OCSE of 21.11.2017) or, • exclude the obligation to operate the so-called "exit witholding tax" by applying the exemption regime provided for by Directive No. 90/435/CEE (so-called "parent subsidiary regime") The conditions necessary for the exclusion from "exit witholding tax" are the following: 1. The foreign legal entity is a corporation/ commercial entity/permanent establishment of a non-resident enterprise; 2. The foreign legal entity is resident in a member state of the European Union; 3. The foreign legal entity holds at least of 10% of the company that distribute the dividends; 4. The foreign legal entity keep the ownership for a minimum period of one year; 5. The foreign legal entity has to be subject to one of the taxes specified in the Directive 2011/96/EU. If the EU shareholder does not meet some of the above conditions it is in any case applicable the reduced wht of 1,2%

"Taxation of the beneficiary (lessor/shareholder)"	The taxation occurs when the interests are paid/received. The amount of interests received are reduced of the tax witholding applied at source and paid by the withoding agent the 16th day of the month following each month in which the interests are paid	N/A	The taxation occurs when the dividends are paid/received. The amount of dividend received are reduced of the tax witholding, if present, applied at source by the witholding agent. The witholding taxes on dividends must be paid by the withoding agent the 16th day of the month following each calendar quarter in which the dividends are paid
Legal personality	If the beneficiary is an Italian natural person residing in Italy the income earned is part of the annual income tax calculation in the Annual Tax Return. If the beneficiary is an Italian legal entity the interest is part of Company Income calculation, subject to Corporate Income Tax ("IRES"), in the Annual Tax Return.	N/A	If the beneficiary of the dividend is an Italian natural person such taxation is considered definitive, the income earned is not part of the annual income tax calculation. If the beneficiary of the dividends is an Italian legal entity the dividend is part of Company Income calculation, subject to corporate income tax (IRES), in the Annual Tax Return.
Main requirements	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Existence of place of business (with employee)	This element alone can constitute a Permanent Establishment but there should be other elements to be taken into consideration. In case of presence of a Permanent establishment please refer to the tax treatment abovementioned	N/A	This element alone can constitute a Permanent Establishment but there should be other elements to be taken into consideration. In case of presence of a Permanent establishment please refer to the tax treatment abovementioned
Fixation of the place of business	This element alone can constitute a Permanent Establishment but there should be other elements to be taken into consideration. In case of presence of a Permanent establishment please refer to the tax treatment abovementioned	N/A	This element alone can constitute a Permanent Establishment but there should be other elements to be taken into consideration. In case of presence of a Permanent establishment please refer to the tax treatment abovementioned
Carrying of an economic activity	This element alone can constitute a Permanent Establishment but there should be other elements to be taken into consideration. In case of presence of a Permanent establishment please refer to the tax treatment abovementioned	N/A	This element alone can constitute a Permanent Establishment but there should be other elements to be taken into consideration. In case of presence of a Permanent establishment please refer to the tax treatment abovementioned
Further requirements per country	N/A	N/A	N/A

Short analysis of the main examples	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Dependent employee	This element alone cannot constitute a Permanent Establishment. There is a Permanent Establishment If a person acts in the territory of the state on behalf of a non-resident enterprise and habitually concludes contracts or promotes the conclusion of contracts without substantial changes by the non-resident enterprise and said contracts are in the name of the non-resident enterprise. In this case are applied the abovementioned witholding rules provided for Italian companies	N/A	This element alone cannot constitute a Permanent Establishment. There is a Permanent Establishment If a person acts in the territory of the state on behalf of a non-resident enterprise and habitually concludes contracts or promotes the conclusion of contracts without substantial changes by the non-resident enterprise and said contracts are in the name of the non-resident enterprise. In this case it is applied the abovementioned dividend taxation provided for Italian companies
Real estate operated under lease or under any other title	This element alone cannot constitute a Permanent Establishment. The mere ownership of a property, does not constitute a permanent establishment, so do not apply the abovementioned witholding rules provided for Italian companies	N/A	This element alone cannot constitute a Permanent Establishment. The mere ownership of a property, does not constitute a permanent establishment, so it is not applied the abovementioned dividend taxation provided for Italian companies
Construction, installation or assembly works	This element alone cannot constitute a Permanent Establishment. There is a Permanent Establishment if the construction/installation or assembly works last more than 3 months, only if there is no treaty in line with the OECD model. In this case are applied the abomentioned witholding rules provided for Italian companies	N/A	This element alone cannot constitute a Permanent Establishment. There is a Permanent Establishment if the construction/installation or assembly works last more than 3 months, only if there is no treaty in line with the OECD model. In this case it is applied the abovementioned dividend taxation provided for Italian companies
Permanent establisment during Pandemia	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Having an employee working in antoher country during lockdown	During the lockdown the mobility was restricted, and staying in a different state of the employee's home state is not related to a strategic decision of the company and so the Permanent Establishment is not configurated. In this case are applied the abovementioned witholding rules provided for non resident entities.	N/A	During the lockdown the mobility was restricted, and staying in a different state of the employee's home state is not related to a strategic decision of the company and so the Permanent Establishment is not configurated. In this case is applied the abovementioned dividend taxation provided for non resident entities.

Continue having an employee after the lockdown	There is a PE when some requirements are met. In particular, the home office cannot be automatically considered as a PE when the business activities are performed occasionally through the employee home. There is not PE, when remote working is requested by the employee infact the enterprise continues to maintain an office for the employee in the State of the parent company (art.5 of the OECD model commentary). In this case are applied the abovementioned witholding rules provided for non resident entities.	N/A	There is a PE when some requirements are met. In particular, the home office cannot be automatically considered as a PE when the business activities are performed occasionally through the employee home. There is not PE, when remote working is requested by the employee infact the enterprise continues to maintain an office for the employee in the State of the parent company (art.5 of the OECD model commentary). In this case is applied the abovementioned dividend taxation provided for non resident entities.
Responsibility	N/A	N/A	N/A
Other issues to be considered	N/A	N/A	N/A



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JAPAN

REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according with country regulation	No particular definition on interest in tax law.	Interest is not generated from equity.	It is distribution of retained earnings to equity owners. No particular definition on dividends. However some type of transaction is regarded as deemed dividends. For instance acquisition of treasury stock beyond capital contribution portion. Such dividends is subject to income tax as well as regular dividends.
Legal stipulation	No regulation on definition of interest in tax law.	Not applicable as we do not have such concept in tax law.	Article 23, 23-2 and 24 of corporate income tax law.
Tax treatment	Interest is tax deductible for borrower and taxable income for the lender.	Not applicable as we do not have such concept of interest on equity in tax law.	Payment of dividends is subject to withholding tax. Rate of tax is 20.42%. Withholding tax paid is subject to tax credit.
Taxation of the beneficiary (lessor/shareholder)	Taxable or tax deductible on accrual basis.	Not applicable as we do not have such concept in tax law.	Dividends income on shares of domestic corporation is exempt from corporate income tax to the extent prescribed by tax law depending on percentage of shares held. For instance dividends from 100% owned subsidiary during the fiscal year is 100% exempt. It is because dividends is made from retained earnings which is after income tax amount. With regard to dividends from foreign corporation 95% is exempt from corporate income tax provided 25% or more of the shares has been held more than 6 months before fiscal year end.
Legal personality	N/A	Not applicable as we do not have such concept in tax law.	N/A
Main requirements	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Existence of place of business (with employee)	As long as company is registered interest on loan is taxa deductible or taxable regardless the company is dormant or not. This table is for subsidiary and not for branch.	N/A	Dividends is subject to withholding tax of 20.42%
Fixation of the place of business	Please see above.	N/A	N/A

Carrying of an economic activity	Please see above.	N/A	N/A
Further requirements per country	N/A	N/A	N/A
Short analysis of the main examples	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Dependent employee	Please see line 11.	N/A	N/A
Real estate operated under lease or under any other title	Please see line 11.	N/A	N/A
Construction, insta-llation or assembly works	Please see line 11.	N/A	N/A
Permanent esta-blishment during Pandemic	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Having an employee working in another country during lock-down	Taxable income on PE is determined based on attributable method. Based on this interest attributable to the branch business activities is tax de-ductible for the branch. Loan condi-tion shall be based on Arms Length Price.	N/A	Dividends is not made by branch. Therefore not applicable on this query.
Continue having an employee after the lockdown	Please see line 20.	N/A	Dividends is not made by branch. Therefore not applicable on this query.
Responsibility	Please see line 20.	N/A	Dividends is not made by branch. Therefore not applicable on this query.
Other issues to be considered	Please see line 20.	N/A	Dividends is not made by branch. Therefore not applicable on this query.

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MEXICO

REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according with country regulation	This normally occurs when the enterprise needs resources for the normal running of operations, in which case the partners usually choose to temporarily make resources available in the form of loans, without modifying the paid-in capital stock.	n Mexico there is no interests as remuneration on equity. Amounts send to the subsidiary as “Amounts for further Capital Contributions” are considered as a Debt and subject to interest applying general Tax rules and transfer Pricing Regulations	Profits and dividends seek to remunerate the partners for the success of the legal entity.
Tax treatment	By Law, interest arising from loans granted to legal entities are subject to whithholding income tax, at the rates of: a) 4.9%, 15%, 21% and 35%. However applying one of the 62 Tax Treaties signed by Mexico this rate may be lower. Deduction is subjecto to: a) thin capitalization rules and b) new BEPS rule of deduction according EBITDA or Adjusted Profit Amount.		Profits or dividends distribuited by Mexican legal entities that comes from the Net Tax Profit Account (CUFIN) are subject to 10% withholding Tax (lower rates available on Tax Treaties). Dividends paid in excess of the balance of CUFIN trigger a tax that must be paid by mexican entity (30% over gross up amunt).
Taxation of the beneficiary (lessor/shareholder)	Occurs on the date of payment upon retention by the paying source. It is very important to underline that source of wealth exists when such funds are placed or invested in Mexico, so the tax is triggered without payment from the mexican subsidiary. In all cases -deduction and income- transfer pricing rules shall applied.		For this reason, as the profits would have already been taxed in the legal entity, they could not be subject to a new incidence of the tax when they are distributed to the partners. Special attention is required on some capital contribuition reductions becasue a segment of such reimbursment may be treated as a dividend.
Legal personality	For Mexican individuals, income may fall in Interests Chapter or as Other Income Chapter. Exchange gains are treted as interest so loans in foreign currency are subject to specific rules. This income must be included in annual tax rerurn.		By gneral rule, beneficiaries residing abroad are subject to 10% withholding tax rate. Dividends between two mexican entities are no subject to tax when comes from CUFIN

Main requeriments	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Existence of place of business (with employee)	N/A		N/A
Fixation of the place of business	N/A		N/A
Carrying of an economic activity	N/A		N/A
Further requirements per country	N/A		N/A
Short analysis of the main examples	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Dependent employee	N/A		N/A
Real estate operated under lease or under any other title	N/A		N/A
Construction, installation or assembly works	N/A		N/A
Permanent establis- ment during Pandemia	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Having an employee wor- king in antoher country during lockdown	N/A		N/A
Continue having an em- ployee after the lockdown	N/A		N/A
Responsibility	N/A		N/A
Other issues to be consi- dered	N/A		N/A

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PARAGUAY

REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according with country regulation	This normally occurs when the enterprise needs resources for the normal running of operations, in which case the partners usually choose to temporarily make resources available in the form of loans, without modifying the paid-in capital stock.	We understand that loans of own funds are understood to be those made by the owners or shareholders of the companies, without the need for these to be considered as a capital contribution, since these subjects will require the repayment of the capital plus interest.	Profits and dividends seek to remunerate the partners for the success of the legal entity.
Legal stipulation	article 75 of law n. 6.380/2020	article 75 of law n. 6.380/2020	article 40 of law n. 6.380/2020
Tax treatment	Interest from the contracting of loans from public or private entities of non-resident subjects in Paraguay, provided that they are not related companies, will apply the income tax withholding rate of 4.5%. In case the contracting of the loan is from related entities, the income tax will be 15%. This will also be applicable to the placement of bonds through stock markets.	In Paraguay there is no presumption of gratuity, therefore, in the event of this operation, the company based in Paraguay must apply the withholding, in the worst case scenario, the income tax of 15%, since it can be presumed by the Tax Authority that the operation could be intended that the interests are in fact withdrawals of profits.	Dividend payments to shareholders located abroad are subject to 15% income tax withholding.
"Taxation of the beneficiary (lessor/shareholder)"	Occurs on the date of payment or credit of income, upon retention by the paying source		
Legal personality	In Paraguay there are no differences between the individuals or legal entities based abroad that benefit from the tax, only the tax levied changes, depending on whether the entity is based in the country or not.		
Main requeriments	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Existence of place of business (with employee)	N/A	N/A	N/A
Fixation of the place of business	N/A	N/A	N/A
Carrying of an economic activity	N/A	N/A	N/A
Further requirements per country	N/A	N/A	N/A

Short analysis of the main examples	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Dependent employee	N/A	N/A	N/A
Real estate operated under lease or under any other title	N/A	N/A	N/A
Construction, insta-llation or assembly works	N/A	N/A	N/A
Permanent esta-blisment during Pandemia	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Having an employee working in antoher country during lock-down	N/A	N/A	N/A
Continue having an employee after the lockdown	N/A	N/A	N/A
Responsibility	N/A	N/A	N/A
Other issues to be considered	N/A	N/A	N/A

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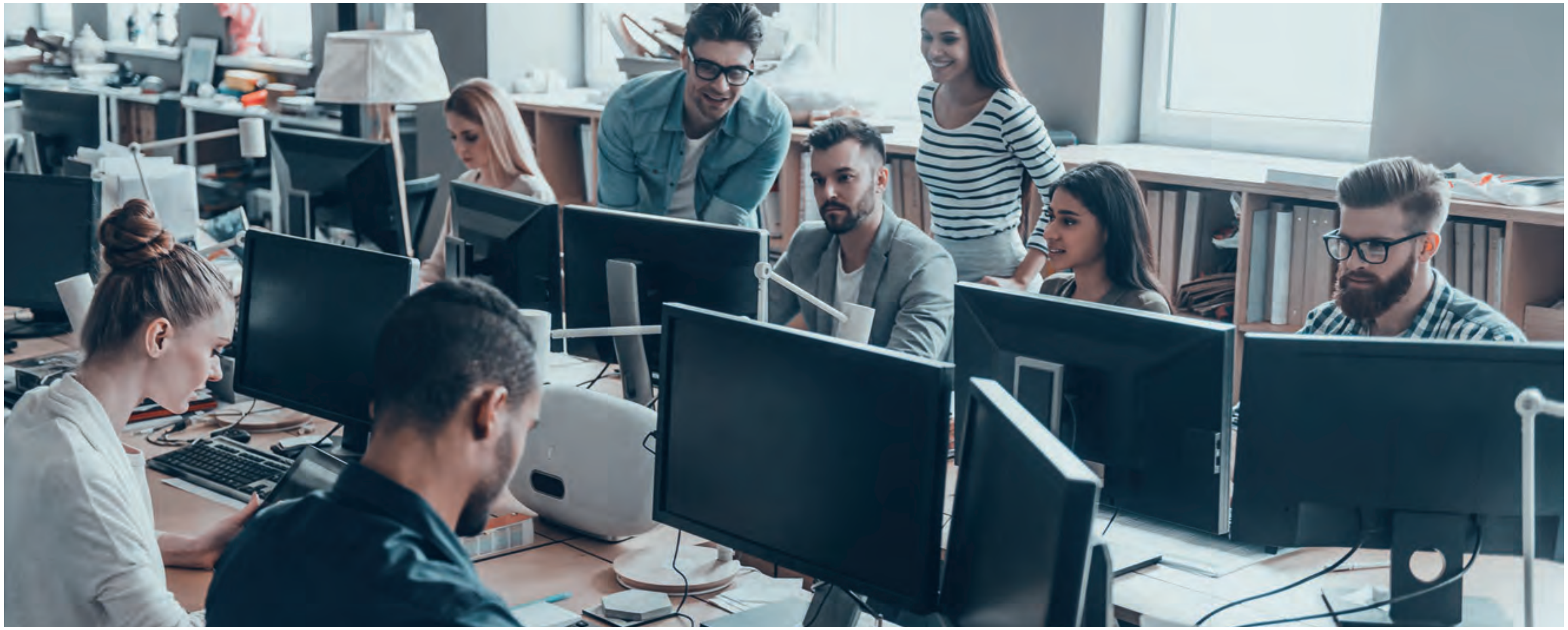
PORTUGAL

REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according to the country's regulation	This normally occurs when the company needs resources for the normal running of operations, in which case the partners usually choose to temporarily make resources available in the form of loans, without changing the paid-up capital.	Interest paid or credited individually to the holder, partners or shareholders, as remuneration on equity, calculated on the equity accounts of the legal person and limited to the variation, pro rata day, of the Long-Term Interest Rate (TJLP).	Profits and dividends aim to remunerate the partners for the success of the legal person.
Tax treatment *Continued on the next page...*	Interest obtained in the Portuguese territory, when the debtor is a Corporate Income Tax taxpayer or when it is a charge relating to the business or professional activity of Personal Income Tax taxpayers who have or should have accounts, is subject to withholding tax at a rate of 25, pursuant to article 94(1)(c) and (4) of the Corporate Income Tax Code)	Interest on Equity is subject to withholding tax under the same conditions as those applicable to interest arising from loans (See previous column)	The distribution of dividends is taxed under the Corporate Income Tax when the holder of the capital is a legal person with a withholding tax rate of 25 per cent, regardless of whether the income holder is an entity with head office or effective management in national territory. There is, however, an exemption from withholding tax when the investor holds directly or indirectly a share of not less than ten percent of the share capital or voting rights of the entity distributing the profits or reserves (article 97(1)(c) of the Corporate Income Tax Code). When by virtue of a convention aimed at the elimination of double taxation or of another international agreement, Portugal, as the State of source of the income, is not attributed the competence to tax income earned by non-resident entities, there is no obligation to withhold the Corporate Income Tax. If the competence to tax is attributed in a limited way, the withholding of the Corporate Income Tax will be made in the corresponding part.

....Continued from previous page Tax treatment			However, the beneficiaries of the income must prove before the entity that is obliged to withhold tax, until the end of the period established for the submission of the tax, that the assumptions resulting from a convention to avoid double taxation or from another international agreement or from the applicable domestic legislation have been met, by submitting a form of a model to be approved by order of the Government member responsible for the area of finance, accompanied by a document issued by the competent authorities of the respective State of residence, which proves their residence for tax purposes in the period in question and the subjection to income tax in that State (article 98 of the Corporate Income Tax Code).
Taxation of the beneficiary (lessor/shareholder)	It occurs on the date of payment or provision of interest, and should be included in the taxable income and deducted to the taxable income. The withholding tax withheld at the time of payment must be deducted to the taxable income, in terms of personal income tax (IRS) or corporate income tax (IRC).	The taxation of the beneficiary of interest on Equity is subject to taxation under the same conditions as the interest arising from loans (See previous column)	Profits and reserves distributed to Corporate Income Tax taxpayers with head office or effective management in the Portuguese territory do not contribute for the determination of the taxable profit, provided that the following requirements are cumulatively met: a) The taxpayer holds directly or indirectly, in accordance with article 69(6), a share of not less than 10% of the share capital or voting rights of the entity distributing the profits or reserves; b) The share referred to in the previous subparagraph has been held, uninterruptedly, during the year prior to the distribution or, if held for a shorter period of time, is maintained during the time necessary to complete that period; c) The taxpayer is not covered by the tax transparency regime provided for in article 6; d) The entity distributing the profits or reserves is subject and not exempt from Corporate Income Tax, from the tax referred to in article 7, from a tax referred to in article 2 of Council Directive no. 2011/96/EU, of 30 November, or from a tax of identical or similar nature to the Corporate Income Tax and the legal rate applicable to the entity is not less than 60% of the rate of the Corporate Income Tax provided for in article 87(1); e) The entity distributing the profits or reserves is not resident or domiciled in a country, territory or region subject to a clearly more favourable tax regime included in a list approved by statutory instrument of the Government member responsible for the area of finance. (Article 51 of the Corporate Tax Income Code)

Legal personality	Individual or legal person. For individuals, income is equivalent to fixed income operations, for purposes of withholding income tax. Such taxation is considered definitive, therefore, the income earned is not part of the income tax calculation base in the Annual Adjustment Statement, but must be communicated in the "Income Subject to Exclusive/Definitive Taxation" form.	Individual or legal person, partner, shareholder or holder of an individual company, resident or domiciled in Brazil.	Beneficiaries residing abroad are also exempt. Retention and capitalisation of profits implies corresponding updating of the shares cost.
Main requeriments	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Existence of a place of business (with an employee)	N/A	N/A	N/A
Fixation of the place of business	N/A	N/A	N/A
Performance of an economic activity	N/A	N/A	N/A
Additional requirements per country	N/A	N/A	N/A
Brief analysis of the main examples	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Dependent worker	N/A	N/A	N/A
Real estate operated under lease or under any other title	N/A	N/A	N/A
Construction, installation or assembly work	N/A	N/A	N/A

Pandemic	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Have an employee working in the country during the lockdown	N/A	N/A	N/A
Continuing to have an employee after the lockdown	N/A	N/A	N/A
Liability	N/A	N/A	N/A
Other matters to consider	N/A	N/A	N/A



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ROMANIA

REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according with country regulation.	"It is common practice that when a subsidiary needs resources for the normal course of operations, the shareholders/members usually decide to provide resources in the form of loans for a fixed period without altering the paid-up and registered share capital. The object of tax treatment in this case is the interest and not the borrowed funds (principal)."	Interest paid or credited individually to the holder, partners or shareholders, as remuneration on equity, calculated on the equity accounts of the legal entity and limited to the variation, pro rata day, of the Long-Term Interest Rate.	Profits and dividends seek to remunerate the partners for the success of the legal entity.
Legal stipulation.	Under the provision of the law 70/2015 art. 4 alin. 1 and alin. 4	art. 23 item 1 Fiscal Code and Law 356/2002 art. 3	art. 43 item 1 Fiscal Code and art. 155 item 1 letter a)-d), g), i) Law 27/2015
Tax treatment *Continued on the next page...*	From a fiscal point of view, considering the provisions of art. 11 of Law no. 571/2003 regarding the Fiscal Code, with subsequent amendments, based on which the tax authorities can reclassify the transactions between the commercial company (taxable) and related persons (associations), so that: • the granting of the loan to the associate can be treated as the granting of a dividend, especially if the company registers profits from previous years that remained undistributed; • the interest taken into account for the loan granted by the company to the associate (affiliated persons) is the interest determined under market conditions, according to point 38 and point 39 of the Methodological Norms given in the application of Title I of the Fiscal Code, approved by H.G. no. 44/2004, with the subsequent amendments and additions, the fiscal bodies having the right to adjust the interest income levels, according to art. 11 of the Fiscal Code.	Shareholders are subject to 10% income tax on equity interests	Dividend Tax 5% until 31.12.2022, from 01.01.2023 8%

...Continued from previous page Tax treatment	In order to avoid complications of a legal and fiscal nature when granting loans by a commercial company to its associates, it is advisable: • the mention in the constitutive act of the associated company that it/the administrator can lend up to the maximum limit of the equivalent value in lei of 5,000 euros, with interest at the level of the BNR stability reference interest rate; • the granting of the loan must be recorded in a written credit agreement.		
"Taxation of the beneficiary (lessor/shareholder) "	Occurs on the date of payment or credit of income, upon retention by the paying source	The profit tax is applied as follows: a) in the case of Romanian legal entities, on the taxable profit from any source, both from Romania and from abroad; b) in the case of foreign legal entities that have activity through a permanent establishment in Romania, on the taxable profit attributable to the permanent establishment; c) in foreign legal entities and non-resident natural persons operating in Romania in an association without legal personality, on the parts of the taxable profit of the association attributable to each person; d) in the case of foreign legal entities that generate income from/or in connection with real estate located in Romania or from the sale/assignment of participation titles held in a Romanian legal entity, on the taxable profit related to these incomes; e) in resident natural persons associated with Romanian legal persons who earn income both in Romania and abroad, from associations without legal personality, on the parts of the taxable profit of the association attributable to resident persons.	The income tax rate for a Foreign Individual on income from a source in Romania is 10%. Taxes are levied and withheld by local Corporations. They are paid to the budget until 25 of the next month.
Legal personality	Person or entity. For individuals, income is equivalent to fixed income operations, for purposes of withholding income tax. Such taxation is considered definitive, therefore, the income earned is not part of the income tax calculation base in the Annual Declaration, but must be informed in the "Income from other sources" form.	Individual or legal entity, partner, shareholder or holder of an individual company, resident or domiciled in Romania	Beneficiaries residing abroad are also exempt

Main requeriments	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Existence of place of business (with employee)	N/A	N/A	N/A
Fixation of the place of business	YES	N/A	N/A
Carrying of an economic activity	N/A	N/A	N/A
Further requirements per country	N/A	N/A	N/A
Short analysis of the main examples	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Dependent employee	N/A	N/A	N/A
Real estate operated under lease or under any other title	N/A	N/A	N/A
Construction, installation or assembly works	N/A	N/A	N/A
Permanent establis-ment during Pandemia	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Having an employee wor-king in antoher country during lockdown	N/A	N/A	N/A
Continue having an em-ployee after the lockdown	N/A	N/A	N/A
Responsibility	N/A	N/A	N/A
Other issues to be consi-dered	N/A	N/A	N/A

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SINGAPORE

REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according with country regulation	This normally occurs when the enterprise needs resources for the normal running of operations, in which case the partners usually choose to temporarily make resources available in the form of loans, without modifying the paid-in capital stock.	N/A	Profits and dividends seek to remunerate the partners for the success of the legal entity.
Legal stipulation	Sec 10.1(d)		Sec 10.1(d)
Tax treatment	Interest arising from loans granted to legal entities is subject to income tax, exclusively at source, at the rates of 17%	N/A	Dividend is taxable at the rate of 17% unless exempt as per Section 13(8) of the Income Tax Act 1947.
Taxation of the beneficiary (lessor/shareholder)	Occurs on the date of payment or credit of income, upon retention by the paying source	N/A	Occurs when dividend is received
Legal personality	Companies and Individuals	N/A	Compnies Only
Main requeriments	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Existence of place of business (with employee)	N/A	N/A	N/A
Fixation of the place of business	N/A	N/A	N/A
Carrying of an economic activity	N/A	N/A	N/A
Further requirements per country	N/A	N/A	N/A
Short analysis of the main examples	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Dependent employee	N/A	N/A	N/A
Real estate operated under lease or under any other title	N/A	N/A	N/A
Construction, installation or assembly works	N/A	N/A	N/A

Permanent esta-blisment during Pandemia	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Having an employee working in antoher country during lock-down	N/A	N/A	N/A
Continue having an employee after the lockdown	N/A	N/A	N/A
Responsibility	N/A	N/A	N/A
Other issues to be considered	N/A	N/A	N/A

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SPAIN

REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according with country regulation	The Civil Division of the Supreme Court has defined remunerative interest as remuneration for the capital loaned. In the same sense, the civil doctrine has understood remunerative interest to be that which involves a remuneration for the availability of the capital granted to the debtor.	A "préstamo participativo" ia loan in which it is stipulated that the lender-financier, in addition to the ordinary remuneration in the form of interest, earns a remuneration dependent on the profits earned by the borrower-financed.	Dividends are considered as income from equity participation in any type of entity. Furthermore, it is defined as the proportion of profits or earnings that a company distributes to its shareholders.
Legal stipulation	Article 16 of Law 27/2014	Article 20 of the Royal Decree 7/1996	Article 21 of Law 27/2014
Tax treatment	The payer of the interests (borrower) may be obliged to withheld a percentage of the paid interests. The general tax rate of withholding is 19%, which is applicable to legal entities and legal persons. In case of non-residents who are not established in Spain, the withholding tax rate of 19% is also applicable, unless otherwise is stated by a Tax Convention. Concerning its deductibility, the interest by the borrower will be deductible in the corporate income tax as a financial expense, unless both parties belong to the same Commercial group. However, net financial expenses are deductible up to a limit of 30% of the operating profit for the year. In case the parties are related, the interest agreed shall have a market value.	According to Article 15 of Law 27/2014, interests paid due to a "préstamo participativo" are not deductible for the borrower. For the purposes of deductibility, the remuneration corresponding to securities representing the capital or own funds of entities shall be considered as remuneration of own funds, irrespective of their accounting consideration. Consequently, this kind of remuneration is not deductible by the borrower. The payer of the interests (borrower) may be obliged to withheld a percentage of the paid interests. The general tax rate of withholding is 19%, which is applicable to legal entities and legal persons.	The obligation of the payer to withhold, shall only apply when the shareholder is a natural person. In this sense, the applicable tax rate is 19%. A tax exemption of 95% shall be applicable for the shareholder if it is a legal entity, either resident in Spain or in the EU.

"Taxation of the beneficiary (lessor/shareholder)"	Interest arising from loans granted by legal entities is subject to corporate income tax. The general tax rate applicable to profits obtained by legal entities is 25%. On the other hand, interest arising from loans granted by natural persons is subject to personal income tax, under the savings' scale, whose tax rate goes from 19%-26%. In case on non-residents who are not established in Spain, a fixed tax rate of 19% shall apply, unless a Tax Convention states otherwise or in case the lessor is a tax resident in the EU or the European Economic Area.	Interest arising from loans granted by legal entities is subject to corporate income tax. The general tax rate applicable to profits obtained by legal entities is 25%. On the other hand, interest arising from loans granted by natural persons is subject to personal income tax, under the savings' scale, whose tax rate goes from 19%-26%. In case on non-residents who are not established in Spain, a fixed tax rate of 19% shall apply, unless a Tax Convention states otherwise or in case the lessor is a tax resident in the EU or the European Economic Area.	The exemption foreseen for Spanish and EU resident entities shall apply when the percentage of direct or indirect participation in the capital or in the equity of the entity is at least 5% or when the acquisition value of the holding exceeds 20 million Euro. Such a holding must have been held continuously during the year preceding the day on which the profit to be distributed becomes payable or, failing that, must have been held for as long as is necessary to complete a year. The income of dividends by a natural person will have the consideration of taxable income in the shareholder's personal income tax, under the savings' scale, whose tax rate goes from 19%-26%.
Legal personality	Natural person or legal entity. It includes both residents and non-residents in Spain (either established or non-established).	Natural person or legal entity. It includes both residents and non-residents in Spain (either established or non-established).	Natural person or legal entity. It includes both residents and non-residents in Spain (either established or non-established).
Main requeriments	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Existence of place of business (with employee)	N/A	N/A	N/A
Fixation of the place of business	N/A	N/A	N/A
Carrying of an economic activity	N/A	N/A	N/A
Further requirements per country	N/A	N/A	N/A
Short analysis of the main examples	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Dependent employee	N/A	N/A	N/A
Real estate operated under lease or under any other title	N/A	N/A	N/A
Construction, installation or assembly works	N/A	N/A	N/A

Permanent esta-blisment during Pandemia	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Having an employee working in antoher country during lock-down	N/A	N/A	N/A
Continue having an employee after the lockdown	N/A	N/A	N/A
Responsibility	N/A	N/A	N/A
Other issues to be considered	N/A	N/A	N/A

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TUNISIA

REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according with country regulation	The borrowing costs borne by a company within the framework of a loan of funds and which does not include those which led to the conclusion of the loan contract.	The remuneration paid to the operator, to the share-holder\partners as a result of the sums paid to the company in addition to their capital contribution.	All profits\products that are neither set aside as a reserve nor incorporated into the capital as well as all sums or securities made available to partners\share-holders and not deducted from profits.
Legal stipulation	Article 12 of the personal income tax and corporate tax code (IRPP & IS Code)	Paragraph VII of article 48 of the personal income tax and corporation tax code (IRPP & IS Code)	Article 52, paragraph I, c bis of the code personal income tax and corporation tax (IRPP & IS Code)
Tax treatment	In addition to the invoicing of interest on loans, they are subject to VAT at the rate of 7% and to the tax in the form of withholding tax of 20%.	Interests on equity are subject to VAT at the rate of 7% and to the tax in the form of withholding tax of 20%.	Individual: Dividends are taxable at the rate of 10% in the form of withholding tax when distributed. Legal entity / Corporation: No withholding tax required.
Taxation of the beneficiary (lessor/shareholder)	Interest on loans is deductible. VAT and withholding tax on interest are increased to the monthly tax return	Interest paid to the partners/shareholders in respect of the sums they pay or leave at the disposal of the company in addition to their share in the share capital shall be deductible up to the limit of 8% provided that the amount of interest-bearing sums The capital does not exceed 50% of the capital and is fully paid up. In addition, interest not deducted or deducted at a rate of less than 8% in respect of the sums made available by the company to its members forms part of the results subject to tax at a rate of interest. So: A/ The beneficiary will deduct from the tax the amount of the withholding tax of 20% made. B/ Interest on the associated current account received is then included in the taxable income.	Individual: The withholding tax on distributed dividends is a final withholding tax not applied to income tax. Legal entity / Corporation: Dividends are an integral part of the total profit of the corporation.
Legal personality	Individual and legal entities	Individual or legal entity, partner, shareholder	Resident and/or non-resident beneficiaries in Tunisia

Main requeriments	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Existence of place of business (with employee)	N/A	N/A	N/A
Fixation of the place of business	N/A	N/A	N/A
Carrying of an economic activity	N/A	N/A	N/A
Further requirements per country	N/A	N/A	N/A
Short analysis of the main examples	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Dependent employee	N/A	N/A	N/A
Real estate operated under lease or under any other title	N/A	N/A	N/A
Construction, insta-llation or assembly works	N/A	N/A	N/A
Permanent esta-blisment during Pandemia	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Having an employee working in antoher country during lock-down	N/A	N/A	N/A
Continue having an employee after the lockdown	N/A	N/A	N/A
Responsibility	N/A	N/A	N/A
Other issues to be considered	N/A	N/A	N/A

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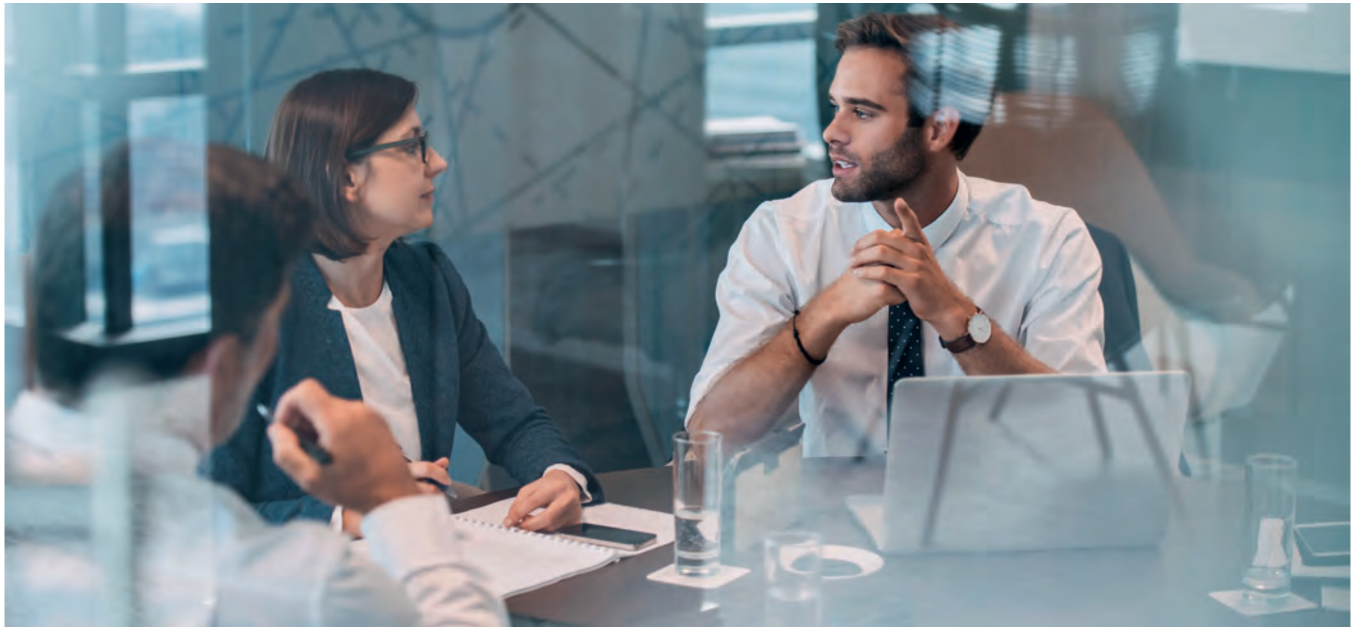
UGANDA

REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according with country regulation	This is part of Business Income which is derived by a person engaged in the business of banking or money lending.	This relates to income arising from Interest paid to the holder, partners or shareholders, as remuneration on equity. This is comprised to all forms of income under Business Income.	It is regarded as property income derived by a person from provision, use, or exploitation of property. Dividend income is taxable at a rate of 30% as part of business income and is also subject to WHT at a 15% rate. Any WHT paid in reference to the dividend income is creditable wherever the income is subject to the corporation tax rate of 30%. Resident persons are subject to WHT on all dividend payments at a rate of 15%.
Legal stipulation	Income Tax Act Cap 340, Section 18	Income Tax Act Cap 340, Section 18	URA Taxation Handbook, 4th edition 2022.
Tax treatment	Other than WHT, there is no separate tax on interest earned on loans. The interest is taken as part of the business income and a rate of 30% is charged on the total. WHT is charged at a rate of 15%. The WHT paid in respect of the interest income is creditable where the income is subject to the corporation tax rate of 30%. Also, interest income earned with respect to government securities is subject to tax at 20% as a final tax. However, government securities with a maturity period of at least ten years are subject to WHT at a rate of 10% as a final tax.	Interest on equity is only taxed when there are capital gains on the disposal of non-depreciable business assets or the sale of shares. Capital gains are included and charged tax together with the business income at a rate of 30%.	Dividends are taxed as part of business income at a rate of 30%. They are also subjected to WHT at a rate of 15% for resident persons and 10% for companies listed on the stock exchange paying to individuals. WHT is creditable where the income is subject to the corporation tax rate of 30%. It is however exempted from tax if the recipient company directly controls the paying company through ownership of 25% or more of the voting power of the paying company.

"Taxation of the beneficiary (lessor/shareholder)"	WHT charged on the interest is a final tax. There is no other tax charged on the interest that the beneficiary is paid.	There is no further tax levied on the beneficiary.	The Dividends paid out to shareholders are not subject to any other tax. The WHT charged by the company on the dividends is a final tax.
Legal personality	Financial institutions and Registered Micro- finance Institutions under The Uganda Microfinance Regulatory Authority (UMRA).	Individual or legal entity, partner, shareholder or holder of an individual company, resident or domiciled in Uganda.	Individual company, shareholders
Main requeriments	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Existence of place of business (with employee)	N/A	N/A	N/A
Fixation of the place of business	N/A	N/A	N/A
Carrying of an economic activity	N/A	N/A	N/A
Further requirements per country	N/A	N/A	N/A
Short analysis of the main examples	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Dependent employee	N/A	N/A	N/A
Real estate operated under lease or under any other title	N/A	N/A	N/A
Construction, installation or assembly works	N/A	N/A	N/A

Permanent esta-blisment during Pandemia	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Having an employee working in antoher country during lock-down	N/A	N/A	N/A
Continue having an employee after the lockdown	N/A	N/A	N/A
Responsibility	N/A	N/A	N/A
Other issues to be considered	N/A	N/A	N/A



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URUGUAY

REQUIREMENTS	INTEREST ARISING FROM LOANS	INTEREST ON EQUITY	DIVIDENDS
Regulation			
Definition according with country regulation	This normally occurs when the enterprise needs resources for the normal running of operations, in which case the partners usually choose to temporarily make resources available in the form of loans, without modifying the paid-in capital stock.	N/A	Profits and dividends seek to remunerate the partners for the success of the legal entity.
Legal stipulation	Title 4 (Irae -Income Tax) - Title 7 (IRPF - Personal Income Tax) - Title 8 (Non Resident Income Tax)		Title 4 (Irae -Income Tax) - Title 7 (IRPF - Personal Income Tax) - Title 8 (Non Resident Income Tax)
Tax treatment	• Interest are submitted to the proporcional deduction rule in the Income Tax, in other words,when counterpart is subjet to IRPF (Personal Income Tax), IRNR (Non Resident Income Tax) or by an imposition income abroad, the deductible amount will arrise form applying to total, a coefficient that arises from de quotien between the applicable to the interest an the IRAE rate (25%). • Taxpayer who obtain Non Taxable income, must consider interest as an indirect expense. The deductible portion will be obtained by applying to the total amount a coefficient thta arises from the average of assets that generate taxable income and the average of total assets, valued in acordance with fiscal laws.	N/A	- Corporate Income Tax Payers are designated as whitholding agent for payments of dividends o profits. Payments of divideds or profits to Corporate Income tax payers, are not subjet to witholding, payments to Individuals (Residents or Non Residents) are subjet to a 7% rate. (In all cases Doble Taxation Treaty must be analized) - As a general rule, IRNR/IRPF is withheld by local entities when payments of taxed income are done to foreign entities or individuals. However, in those cases in which no withholding agent has been designated, the non-resident should appoint a resident individual or entity to represent it towards the Uruguayan Tax Authority (DGI).

"Taxation of the beneficiary (lessor/shareholder)"	Interest Payments made to a Resident are subjet to IRPF (Personal Income Tax) at a 7% rate . Interest Payments made to Non Resident Individual are subjet to IRNR (Non Resident Income Tax) at 12% rate. (Doble Taxation Treaty must be analyzed)	N/A	- Dividends payment are subjet to tax at a rate of 7% it is applied to the total distributed dividends and up to the concurrence with the net fiscal income (RNF) taxed by IRAE. (In all cases, Doble Taxation Treaty must be analyzed when the shareholder is a Non Resident). - When dividends and profits relate to foreing sourcing holding income, the rate of IRNR is 12%. - Non-distributed dividends and profits (obteined more than 4 years ago) are also taxed at the 7% rate, as they determine the concept of "notional dividends" established in our Tax Law. In order to calculate the tax derived from these notional dividends, accumulated net income as of july 2007 has to be considered, less the following: 1. Dividends and distributed profits that have been effectively distributed 2. Notional dividends that have already been taxed in a prior fiscal year 3. Investments made in interests in other Uruguayan entities, fixed assets or intangibles until the end of the previous fiscal year, 4. Increase in working capital. The resulting taxable income may not exceed the retained earnings minus notional dividends and profits. The tax resulting from notional dividends will be offset against the tax of effectively distributed dividends and profits once these are distributed. The 7% rate is also applicable to certain interests paid by banks. - There is a specific rate of 25% applicable to entities located in low-tax jurisdictions that obtain Uruguayan source income. This rate is applicable to all kind of income but dividends and distributed profits.
Legal personality	- Resident and Non Resident individuals. - Resident and Non Resident Entities	N/A	- Resident and Non Resident individuals. - Resident and Non Resident Entities
Main requeriments	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Existence of place of business (with employee)	N/A	N/A	N/A
Fixation of the place of business	N/A	N/A	N/A

Carrying of an economic activity	N/A	N/A	N/A
Further requirements per country	N/A	N/A	N/A
Short analysis of the main examples	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Dependent employee	N/A	N/A	N/A
Real estate operated under lease or under any other title	N/A	N/A	N/A
Construction, insta-llation or assembly works	N/A	N/A	N/A
Permanent esta-blisment during Pandemia	**INTEREST ARISING FROM LOANS**	**INTEREST ON EQUITY**	**DIVIDENDS**
Having an employee working in antoher country during lock-down	N/A	N/A	N/A
Continue having an employee after the lockdown	N/A	N/A	N/A
Responsibility	N/A	N/A	N/A
Other issues to be considered	N/A	N/A	N/A

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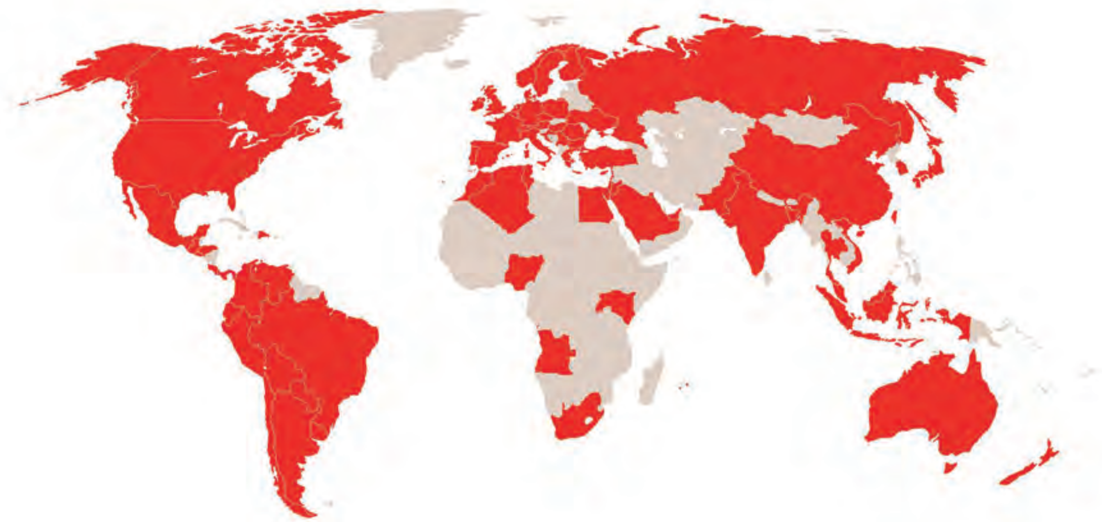

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