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## Preface

Business has gone global. Tax planning and compliance has become increasingly complex. The risk of failing to properly comply and plan with constantly changing rates and rules on a global basis is very high and continues to increase. The need to have accurate and targeted rates and taxability rules for countries around the world has never been more vital. Country taxing authorities and others have increased their scrutiny of a company's tax returns and financial reports. Errors in compliance may subject companies, their advisers and their officers to large fines, penalties and interest, as well as potential criminal liability.

The *Global Master Tax and Business Guide* is a brand new resource intended to provide you with the rates and rules for 90 countries around the world to ensure that you properly plan, comply and minimize risk to you, your company and its leaders. It is presented in a clear and concise manner, making it easy for you to find the answers you need quickly.

A handy executive summary of each country is included in the front of the book for quick reference, further simplifying finding the information you can't do without.



# Latvia

## TAX SNAPSHOT

### TAX YEAR

January 1–December 31  
An alternative 12-month period can be chosen.

### 2015/16 INCOME TAX RATES



#### CORPORATE TAX RATE

**15%**



#### INDIVIDUALS

**23%**



#### VAT/GST

Standard VAT rate — **21%**  
A reduced rate of **12%** applies to medicines and medical products, infant food, books, newspapers, magazines, public transport, hotels and utilities (except electricity). A **0%** rate applies to exports and intra-community supplies.



#### CAPITAL GAINS TAX (CGT)

Capital gains are taxed as income.



#### LOSSES

Losses can be carried forward indefinitely. Losses cannot be carried back.

### WITHHOLDING TAX (NON-RESIDENTS)

Dividends .....	0% (15% or 30% for tax haven countries)
Interest .....	0% (5% or 15% for tax haven countries)
Royalties .....	0% (15% for tax haven countries)



# Lichtenstein

## TAX SNAPSHOT

### TAX YEAR

The tax year is the calendar year or the taxpayer's financial year.

### 2015/16 INCOME TAX RATES



#### CORPORATE TAX RATE

The standard corporate income tax rate is **12.5%**. A minimum tax of CHF1,200 generally applies. Taxpayers who undertake commercial activities are not subject to the minimum tax if their average balance sheet total over the previous three fiscal years does not exceed CHF500,000.



#### RESIDENT INDIVIDUALS

Individuals are generally subject to tax on their income (for example, from employment, self-employment, and pensions) and to a wealth tax on the fair value of their movable and immovable property, subject to exemptions. The tax rates applicable are progressive up to the rate of 8%, increased by a communal surcharge ranging from **150%** to **250%**.

#### NON-RESIDENT INDIVIDUALS

Non-resident individuals are generally subject to tax on their Lichtenstein source income, subject to the terms of any relevant tax treaty.



#### VAT/GST

The standard VAT rate is **8%**. A reduced rate of **2.5%** applies to certain supplies, including certain foodstuffs, medicines, and newspapers, books and magazines. A special rate of **3.8%** applies to accommodation services. Certain supplies are VAT exempt, including healthcare services, social services, educational services, cultural services, insurance and reinsurance, certain financial services, and exports of goods and related services.



#### CAPITAL GAINS TAX (CGT)

Capital gains tax generally applies at varying rates to gains from the disposal of real estate located in Lichtenstein, subject to exemptions.



#### LOSSES

Unutilised losses can generally be carried forward and offset against up to **70%** of the following year's taxable income. There are no provisions for the carry back of losses.

### WITHHOLDING TAX (NON-RESIDENTS)

There are no withholding taxes on dividend, interest, or royalty payments made abroad.



# Thailand

## TAX SNAPSHOT

### TAX YEAR

July 1-June 30

The tax year is January 1-December 31 (calendar year) or such other 12-month period fixed by the company ending on the company's fiscal year end.

### 2016 INCOME TAX RATES



#### CORPORATE TAX RATE

**20%**



#### RESIDENT INDIVIDUALS

Taxable income (THB)	Tax rate
1-150,000	Exempt
150,001-300,000	5%
300,001-500,000	10%
500,001-750,000	15%
750,001-1m	20%
1m-2m	25%
2m-4m	30%
Over 4m	35%



#### VAT/GST

VAT is charged at 7% on the supply of goods and services.



#### CAPITAL GAINS TAX (CGT)

Capital gains are subject to corporation tax at the same rate as other income.



#### LOSSES

Losses can be carried forward five years. No carry-back of losses is allowed.

#### WITHHOLDING TAX (NON-RESIDENTS)

Dividends .....	10%
Interest paid to foreign financial institutions .....	10%
Service fees, interest (not paid to foreign financial institution) and royalties .....	15%



# Turkey

## TAX SNAPSHOT

### TAX YEAR

Accounting period and tax year are generally accepted as the calendar year (January 1 to December 31) for companies and individuals. Companies may adopt any fiscal period appropriate to their business with the approval of the Ministry of Finance.

### 2016 INCOME TAX RATES



#### CORPORATE TAX RATE

**20%**



#### RESIDENT INDIVIDUALS

Taxable income (TL)	Tax rate
Up to 12,600	15%
12,601-30,000	20%
30,001-69,000 (110,000)*	27%
Over 69,000 (110,000)*	35%



#### VAT/GST

VAT is charged at the general rate of 18% on the supply and importation of goods and services. Reduced rates of 1% and 8% apply to certain goods and services.



#### CAPITAL GAINS TAX (CGT) LOSSES

Turkey does not impose a special capital gains tax. Capital gains are taxed at the corporate tax rate for companies and the income tax rate for individuals.

Companies may offset losses against other income and capital gains for the same accounting period, and may carry losses forward for five years. Individuals may offset losses only against capital gains in the same accounting year.

#### WITHHOLDING TAX (NON-RESIDENTS)

Dividends .....	15%
Independent professional services .....	20%
Interest .....	0%, 3%, 7%, 10%, 13%, 15% or 18%
Royalties .....	20%

Various types of payments to certain entities in tax havens are subject to 30% withholding tax.

at least one limited partner. General partners are jointly and severally liable to an unlimited extent for the debts and obligations of the partnership. The liability of limited partners is generally limited to their contribution. Limited partners may not manage or administer the partnership.

#### ¶210.3 Partnership registration

Partnerships are separate legal entities and are required to be registered in the State Register of Legal Entities.

### ¶211 BRANCHES

A foreign company may generally conduct business activities in Armenia through a branch. A branch is not a separate legal entity. A branch may conduct all or part of the business activities and functions of the parent company, including representation.

A foreign company may also establish a representative office in Armenia. A representative office is not a separate legal entity. A representative office may undertake activities such as representing and protecting the interests of the parent company.

### ¶212 INDIVIDUAL ENTREPRENEURS

A natural person may undertake business activities in Armenia as an individual entrepreneur. An individual entrepreneur is not a separate legal entity and the owner is liable for the debts and obligations of the business with all of their assets.

Individual entrepreneurs are required to be registered in the State Register of Legal Entities.

### ¶213 AUDIT AND ACCOUNTING REQUIREMENTS

Companies are required to keep accounting records and prepare annual financial statements. Annual financial statements must include the balance sheet, income statement, statement in changes of equity, cash flow statement, notes to the financial statements, details of the company's accounting policies, and any other required information. Parent companies (as defined) are generally required to prepare consolidated financial statements.

Large companies (as defined), open joint stock companies, banks, and branches of foreign banks in Armenia are required to have their financial statements audited.

Financial statements must generally be prepared in accordance with the International Financial Reporting Standards (IFRS). Entities whose annual revenue does not exceed AMD100m may use simplified standards.

Accounting records are required to use the Armenian currency and must be kept for a period of at least five years.

### ¶214 FILING REQUIREMENTS

Companies are required to file their annual financial statements with the company founders/participants and with prescribed public authorities by April 15 of the following year. A different filing deadline may apply to banks and branches of foreign banks in Armenia as determined by the Central Bank of Armenia.

Large companies (as defined) and open joint stock companies are required to publish their audited annual financial statements by July 1 of the following year. Banks and branches of foreign banks in Armenia are required to publish their financial reports in accordance with the law on banks and banking activities.

### ¶215 FINANCE AND INVESTMENT

#### ¶216 EXCHANGE CONTROL

There are generally no foreign exchange controls.

Anti-money laundering legislation requires reporting entities, including banks, credit organizations, investment fund managers, insurance and reinsurance companies/brokers, real estate agents, and notaries, to report suspicious transactions and transactions exceeding set limits to the Financial Monitoring Centre (FMC).

### ¶217 BANKING AND SOURCES OF FINANCE

The Central Bank of Armenia is responsible for (among others) monetary policy, financial stability, payment systems, and issuing national currency.

Commercial banks operating in Armenia provide the majority of financial services.

There are generally no restrictions on foreigners opening bank accounts in Armenia (certain documentation and minimum deposit may be required), or on accounts containing foreign currency.

NASDAQ OMX Armenia provides a marketplace for listing and exchanging securities.

Private equity and venture capital investors provide investment in Armenia.

### ¶218 INVESTMENT INCENTIVES AND RESTRICTIONS

For business related incentives, see ¶207

There are generally no restrictions on foreign business investment in Armenia.

### ¶219 EMPLOYMENT REGULATIONS

For employment tax considerations, see ¶203.

management as if they were a general partner. Sleeping partners may take part in the internal management of the partnership as per the partnership's memorandum of association. If there are more than 10 sleeping partners, a partnership limited by shares is required to appoint a control board consisting of at least three members from among the sleeping partners. One or more external auditors must also be appointed.

### ¶711 BRANCHES

A foreign company may generally establish a branch, office or agency in Bahrain if certain conditions are satisfied, including:

- Obtaining a license to establish a branch, office or agency in Bahrain from the Ministry of Commerce and Industry, and
- Having a Bahraini sponsor.

The Ministry of Commerce and Industry may permit an exemption from the requirement to have a Bahraini sponsor if the branch or office uses Bahrain as a regional centre or representative office for the company's activities.

The branch, office or agency is required to be registered in the Commercial Registry.

### ¶712 JOINT VENTURES

The memorandum of association of a joint venture (association in participation) is required to include the rights and obligations of the joint venture partners, how profits and losses of the joint venture are to be distributed, and any other terms and conditions. Joint ventures may not issue shares or other tradeable instruments. A joint venture is not a separate legal entity and is not subject to publication requirements.

### ¶713 INDIVIDUAL ESTABLISHMENTS

Bahraini citizens and citizens of GCC countries that are resident in Bahrain may undertake business activities in Bahrain as an individual establishment. An individual establishment is not a separate legal entity and the individual owner is liable for the debts and obligations of the business with all of their assets.

### ¶714 AUDIT AND ACCOUNTING REQUIREMENTS

Companies are required to prepare a balance sheet, profit and loss account, and an annual report within three months of the end of the financial year.

Companies and partnerships that have appointed an external auditor (see ¶709 and ¶710) are required to have their financial statements audited.

Financial statements must generally be prepared in accordance with the International Financial Reporting Standards (IFRS), or IFRS for SMEs.

### ¶715 FILING REQUIREMENTS

Limited liability companies, single person companies, public joint stock companies and closed joint stock companies are required forward a copy of their balance sheet, profit and loss account, annual report, and auditor's report to the Ministry of Commerce and Industry.

Public joint stock companies are required to publish their balance sheet, profit and loss account, a summary of the annual report, and the full auditors' report, in one local daily Arabic language newspaper at least 15 days before the annual general assembly meeting.

### ¶716 FINANCE AND INVESTMENT

#### ¶717 EXCHANGE CONTROL

There are no foreign exchange controls.

Anti-money laundering legislation requires certain natural persons and entities, including those whose business involves lending, financial leasing, money brokering, insurance transactions, real estate transactions, or audit and accountancy, to retain information regarding customers and transactions and to report suspicious transactions to the Enforcement Unit and to other relevant entities.

#### ¶718 BANKING AND SOURCES OF FINANCE

The Central Bank of Bahrain (CCB) is responsible for (among others) monetary policy, managing gold and foreign currency reserves, issuing national currency, and supervision of the regulated financial services sector.

Commercial banks operating in Bahrain provide the majority of financial services.

There are generally no restrictions on foreigners opening bank accounts in Bahrain (certain documentation and minimum deposit may be required), or on accounts containing foreign currency.

Bahrain's stock exchange, Bahrain Bourse, provides a marketplace for listing and exchanging securities.

Private equity and venture capital investors provide investment in Bahrain.

#### ¶719 INVESTMENT INCENTIVES AND RESTRICTIONS

For business related incentives, see ¶707.

Certain business activities may only be undertaken in Bahrain by Bahraini or GCC citizens and companies. These include real estate services, newspaper and magazine publication, land transportation of goods or passengers, and car and motorcycle rental services. Certain business activities are subject to minimum Bahraini participation requirements and/or Bahraini partner requirements.

they may make monthly payments on account with their tax liability determined annually.

## ¶1402 PERSONAL TAXES

Resident individuals are subject to income tax on their worldwide income.

Non-resident individuals are subject to income tax on their income from sources in Brazil.

Resident individuals are taxed on earned income at the following rates:

Monthly Taxable Income	Tax Rate
R\$0 – R\$1,903.98	Nil
R\$1,903.99 – R\$2,826.65	7.5%
R\$2,826.66 – R\$3,751.05	15%
R\$3,751.06 – R\$4,664.68	22.5%
Over R\$4,664.68	27.5%

Non-resident individuals pay flat rate income tax of 25% on earned income, and generally 15% on investment income.

From January 1, 2017, capital gains of resident and non-resident individuals are set to be subject to tax at progressive rates of up to 22.5%.

Employees, including self-employed people, pay social security contributions on their salary (see “Social security costs” below).

Dividends received from Brazilian companies are exempt from tax.

Individual states within the Federal Republic of Brazil may impose taxes on inheritances and gifts, generally on people resident within the state but also on others owning real estate within the state. The rate of tax varies depending on the state.

There is no wealth tax.

## ¶1403 EMPLOYMENT RELATED COSTS AND TAXES

### ¶1403.1 Social security costs

Employers must generally pay social security contributions at a rate of 20% of payroll costs (22.5% for the banking and financial sector).

Employees are liable to progressive social security contributions on salary up to a limit of R\$4663.75 per month as follows:

Salary per month	Social security contribution rate
Up to R\$1,399.12	8%
R\$1,399.13 – R\$2331.88	9%
R\$2331.89 – R\$4663.75	11%

### ¶1403.2 Profit-sharing Payments

Profit-sharing payments (PLR) received by employees from employers are subject to a withholding tax. This operates separately from the personal income tax regime. Employed persons may receive up to R\$6,000 free from the withholding tax with a progressive set of rates in place of up to 27.5% for PLR received in excess of this amount each year.

### ¶1403.3 Industrial Association Contribution

Employers must pay an industrial association contribution in January each year. The contribution varies according to the industry type.

Employees pay the contribution, equivalent to one day's salary, in April each year.

### ¶1403.4 Guarantee Fund for Time of Service

The Guarantee Fund for Time of Service (Fundo de Garantia do Tempo de Serviço-FGTS) is a kind of severance pay fund ruled and managed by the federal government. Employers (both individual and corporate) must pay 8% of payroll into Guarantee Fund account for the benefit of employees who may withdraw amounts from the fund on being dismissed without just cause (wrongful dismissal), and in a few other cases set out in legislation.

## ¶1404 WITHHOLDING TAXES

### ¶1404.1 Domestic payments

The general withholding tax rates on interest payments vary depending on the type of investment and the period held.

There is no withholding tax on dividend and royalty payments.

### ¶1404.2 Payments abroad

The rates of withholding tax on the following payments made abroad by companies are set out below. There is no withholding tax on dividends.

	%
Interest and commissions on loans	15
Royalties	15
Where the above payments are made to a recipient located in a low tax jurisdiction	25

In certain cases, royalties are subject to an additional 10% CIDE (see “Other Taxes – Contribution for intervention on the economic domain” below).

For payments made to recipients in countries with which Brazil has a double tax treaty, the rates of withholding tax may be reduced under the terms of the treaty.

statutory reserve which may be used to increase the company's share capital, or to cover current or previous year losses in certain circumstances.

### ¶2309.3 Joint stock companies

A joint stock company (*dioničko društvo*, d.d.) may be formed by one or more individuals or legal entities. The minimum share capital requirement for a joint stock company is generally HRK200,000, which can be in cash, goods or rights. Each share cannot be less than HRK10. Joint stock companies may offer shares to the public. The liability of members is limited to the amount of their capital contribution. Joint stock companies are required to place 20% of annual profit (net of previous year losses) into a legal reserve until both legal and capital reserves reach 5% of the company's share capital.

Joint stock companies are administered by the annual shareholders' meeting, and by (i) a management board (with at least one member) and a supervisory board (with at least three members), or (ii) by an executive board (with at least three members). The maximum number of supervisory board members is nine where the company's share capital does not exceed HRK12m, 15 where the company's share capital does not exceed HRK80m, and 21 where the company's share capital exceeds HRK80m.

### ¶2309.4 Company registration and taxation

Companies must be registered in the Commercial Court Register. The company name must be clearly distinguishable from other entities already registered. HITRO, a one-stop-shop service, provides an accelerated registration procedure.

Companies are taxed at the corporate level and are subject to corporate income tax.

### ¶2310 PARTNERSHIPS

There are two main types of partnership in Croatia: the general partnership (*javno trgovačko društvo*, j.t.d.) and the limited partnership (*komanditno društvo*, k.d.).

A general partnership may be formed by two or more individuals or legal entities, and is governed by the partnership agreement. There is no minimum capital requirement. Capital can be contributed in cash, goods, rights, labor, or other goods and services. Partners have unlimited liability for the debts/liabilities of the partnership, jointly and severally. A general partnership is managed by all of the members, unless the partnership agreement states otherwise. Profits and losses are divided between the members in proportion to their capital contribution.

A limited partnership may be formed by two or more individuals or legal entities, and is governed by the partnership agreement. There is no minimum capital requirement. Capital can be contributed in cash, goods, rights, labor, or other goods and services. There must be at least one general partner and at least one limited partner. General partners have unlimited liability for the

debts/liabilities of the partnership. Limited partners are liable to the extent of their capital contribution. Limited partners are not permitted to take part in the management of the partnership. Profits and losses are divided between the members in proportion to their capital contribution.

General partnerships and limited partnerships must be registered in the Commercial Court Register. The partnership name must be clearly distinguishable from other entities already registered. HITRO, a one-stop-shop service, provides an accelerated registration procedure.

General partnerships and limited partnerships are taxed at the corporate level and are subject to corporate income tax.

### ¶2311 BRANCHES

A foreign company may generally conduct business under the same conditions as a resident business through a branch (*podružnica*). Foreign companies that are not established in an EU or EEA jurisdiction may only establish a branch in Croatia if the company has been incorporated in their country of residence for at least two years. A branch does not constitute a separate legal entity. The foreign company is responsible for the debts and liabilities of the branch. The branch must have a Croatian resident representative to act on its behalf with the Croatian tax authorities.

A branch must be registered in the Commercial Court Register.

Branches are taxed at the corporate level and are subject to corporate income tax.

Foreign companies in non-EU/EEA jurisdictions may also establish a representative office in Croatia. A representative office is not a separate legal entity and is not generally permitted to carry out economic activity in Croatia. Representative offices may conduct activities such as market research and promotion.

### ¶2312 SOLE PROPRIETORSHIP

A sole proprietorship (*trgovac pojedinac*, t.p.) is comprised of an individual who independently owns and operates a business. A sole proprietorship is not a separate legal entity and the owner has unlimited liability for the debts and liabilities of the business. A sole proprietorship may apply for registration in the Commercial Court Register if annual income exceeds HRK3m, and is required to do so if annual income exceeds HRK15m.

The profits of a sole proprietorship are generally subject to personal income tax. However, a sole proprietorship is subject to corporate tax if gross business revenue in the preceding tax period exceeds HRK3m, or if any two of the following conditions are met:

- Net business income in the preceding tax period exceeds HRK400,000;
- The value of the fixed capital assets of the business exceeds HRK2m;

# El Salvador

## ¶2900 TAXATION

Facts and figures as presented in section ¶2900 are correct as of September 6, 2016.

## ¶2901 CORPORATE INCOME TAXES

Resident and non-resident legal entities are generally subject to tax on their income sourced in El Salvador. An exception applies in relation to certain income from deposits in foreign financial institutions. Where the tax paid abroad on such income is less than 10%, legal entities are generally required to pay the difference to make an effective tax rate of 10% on such income.

The standard corporate income tax rate is 30%. A reduced rate of 25% applies where taxable income is no more than USD150,000.

Companies with taxable income exceeding USD500,000 are subject to an additional 5% special contribution tax (*contribución especial de grandes contribuyentes para el plan de seguridad pública*). Telecommunications service providers (as defined) are subject to an additional 5% special contribution tax (*contribución especial para la seguridad ciudadana y convivencia*).

Taxable income generally includes any taxable capital gains in respect of assets that have been disposed of within 12 months of acquisition. Gains in respect of assets disposed of more than 12 months after acquisition are generally subject to tax at the rate of 10%. Capital losses can generally be carried forward for five years and offset against future capital gains.

Unutilized ordinary losses may not be carried forward or back.

Group tax consolidation is not available in El Salvador; consequently losses cannot be offset against the profits of another company in the same group.

The tax year is generally the calendar year.

Corporate income tax returns are generally due for filing within four months following the end of the tax year.

Legal entities (excluding agricultural and farming business) are generally required to make monthly advance payments of corporate income tax of 1.75% of gross monthly income. Any remaining corporate income tax due is generally payable within four months following the end of the tax year.

## ¶2902 PERSONAL TAXES

Resident and non-resident individuals are generally subject to tax on their income sourced in El Salvador. An exception applies in relation to income



## ¶3502 PERSONAL TAXES

Resident individuals are generally subject to tax on their worldwide income.

Non-resident individuals are generally subject to tax on their Greek source income, subject to the terms of any relevant tax treaty.

Individuals are generally subject to personal income tax on their taxable employment and pension income at the following rates:

Taxable Income (EUR)	Rate
Up to 20,000	22%
20,001 – 30,000	29%
30,001 – 40,000	37%
40,001 and over	45%

Certain categories of worker are subject to personal income tax on their employment and pension income at different rates.

Income from business activities is generally subject to tax at the rate of 26% on taxable income of up to EUR50,000, and 33% on taxable income exceeding EUR50,000. Individual farm businesses are subject to tax on their taxable income at the rate of 13%. Certain other tax reductions and exemptions may also apply.

Individuals may be subject to an alternative minimum tax when imputed income is higher than total income, and to a special solidarity tax at progressive rates.

Taxable capital gains from the transfer of immovable property or securities are generally subject to tax at the rate of 15%, subject to deductions, exemptions and any temporary suspensions that may apply.

Income from capital is generally subject to tax at the following rates:

Income Category	Rate
Dividends	10%*
Interest	15%
Rights (royalties)	20%
Immovable property	15% on income up to EUR12,000; 35% on income from EUR12,001 - EUR35,000; 45% on income EUR35,001 and over

\*set to increase to 15% on January 1, 2017.

Inheritance and gift tax is generally levied at rates that vary depending on the relationship between the donor/deceased and the beneficiary, and the value of the inheritance or gift, subject to exemptions.

There is no wealth tax.

## ¶3503 EMPLOYMENT RELATED COSTS AND TAXES

### ¶3503.1 Fringe benefits

There is no separate fringe benefits tax. Unless specifically exempt, taxable benefits-in-kind form part of the taxable income of individuals and are subject to personal income tax.

### ¶3503.2 Social security costs

Employers and employees are generally required to make social security contributions, subject to salary ceilings.

## ¶3504 WITHHOLDING TAXES ON PAYMENTS ABROAD

The rates of withholding tax on the following payments made abroad by companies are generally:

	Rate
Dividends	10%
Interest	15%, exempt in certain circumstances
Rights (royalties)	20%

Dividend payments that satisfy the provisions of the EU Parent-Subsidiary Directive are not subject to withholding tax. Interest and royalty payments that satisfy the provisions of the EU Interest and Royalties Directive are not subject to withholding tax.

For payments made to recipients in countries with which Greece has a double tax treaty, the rates of withholding tax may be reduced under the terms of the treaty.

## ¶3505 VALUE ADDED TAX

VAT is generally levied on the supply of goods and services in Greece, on the intra-Community (EU) acquisition of goods, and on the importation of goods.

The standard VAT rate is 24%. A reduced rate of 13% applies to certain supplies, including certain basic foodstuffs, and hotel accommodation. A reduced rate of 6% applies to medicines, books, newspapers and magazines. Certain supplies are VAT exempt with credit, including exports, and intra-Community supplies. Certain supplies are VAT exempt without credit, including hospital and medical services, dental services, social services, educational services, and certain financial and insurance services.

Traders whose gross income (without VAT) in the preceding year did not exceed EUR10,000 are not generally subject to VAT (certain exclusions from this rule apply).

## ¶4609 FORMS OF DOING BUSINESS

### ¶4610 COMPANIES

#### ¶4610.1 Joint stock corporation (kabushiki kaisha – KK)

The KK is one of the most common business structures used by businesses in Japan. It is governed by directors and officers, and has perpetual life and limited liability.

Legal authority for the management of a joint stock corporation lies with the directors. At least one director must be appointed by resolution or at a shareholders' meeting. If there is a board of directors, at least three directors must be appointed. A representative director may be specifically appointed; if not, the directors become representative directors. At least one representative director must be a resident of Japan.

Directors can be held personally liable to the entity and to third parties for:

- Damages resulting from personal transactions with the corporation;
- Approval of illegal distribution of profit;
- Granting loans from the corporation to a director;
- Acting in competition with the corporation; or
- Violation of law or of the articles of incorporation.

#### ¶4610.2 Limited liability company (godo kaisha)

An LLC can be incorporated with a single member, and no member is required to have unlimited liability. All members of an LLC have the right to participate in the business, but the articles of incorporation may designate operating officers to manage and represent the company. At least one member must be a resident of Japan.

Generally, an LLC is a much simpler business form than the KK. There is no requirement for directors to be appointed.

### ¶4611 PARTNERSHIPS

#### ¶4611.1 Voluntary partnership (nin'i kumiai)

A voluntary partnership (VP) is an association defined in the Civil Code whereby each participant contracts to contribute to the VP and jointly conduct a business. Each partner has unlimited liability to the business. Investments are not limited to financial investments; investments in the form of labor and other assets or services with property value are recognized. Operations are conducted by each partner, or by a partner entrusted with the operations by each of the other members.

The VP is not subject to corporation tax. The distribution of profits and losses is done in accordance with the investment ratios of each partner. The

allocable share of income from the VP flows through to each partner and is included in the tax return in the tax year which includes the last day of the partner's tax year, whether or not the income has been distributed to or losses have been separately assumed by each partner.

A VP's real estate losses cannot be attributed to an individual partner who does not participate in the management of the association. A corporate partner that is not involved in an important part of the management of the VP cannot take losses for tax purposes in excess of its capital contribution or take any losses if the partner cannot be expected to bear the losses arising from its activities.

#### ¶4611.2 Limited liability partnership (yugen sekinin jigyo kumiai)

Members of a limited liability partnership (LLP) are liable only to the extent of their capital contributions. Allocations of profits may be based on capital contributed or on such factors as services or know-how. All partners must participate in the LLP's management. An LLP is not an incorporated entity and is therefore not subject to corporation tax. Losses of an LLP generally flow through to the partners, but losses arising from real estate activities are limited to the current balance of each partner's capital account. Undeducted losses may be carried forward to future years of corporate partners, but may not be carried forward by individual partners.

#### ¶4611.3 Silent partnership (tokumei kumiai)

A silent (or anonymous) partnership (AP) is defined in the Commercial Code as formed when a contract is concluded between a participant (the AP investor) and the business of another partner (the business proprietor), where the AP investor is entitled to the distribution of a fixed portion of the profits, as defined in the contract, generated by that business. AP investors have limited liability. The AP investor contributes cash or other property to the business proprietor who then manages the property for the business. A partner becomes an AP investor through a contract with the business proprietor only, and does not need to have contracts with other AP investors.

An AP is not an incorporated entity and is not subject to corporation tax. Income is allocated to each partner under the agreement and is included in the partners' taxable income in the tax year which includes the last day of the AP's tax year, whether or not the income has been distributed.

Real estate losses from an AP cannot be attributed to an individual partner who does not participate in the AP's management. A corporate partner of an AP that is not involved in an important part of the AP's management cannot take losses for tax purposes in excess of its capital contribution or take any loss if the AP cannot be expected to bear the losses arising from its activities.

### ¶4612 BRANCHES

A branch office must be registered with the Ministry of Justice, have a registered representative resident in Japan, and have a registered business address

in writing if requested by the other party. The legislated notice periods required range from one month to three months, depending on the length of employment. A contract of employment may be terminated without notice in certain circumstances.

#### ¶5223.2 Pensions and other benefits

Social security contributions (see ¶5203.2) generally provide associated benefits.

#### ¶5224 VISAS

The Swiss rules regarding visas apply to entry to Liechtenstein. Visas available for entry into Switzerland include:

- Schengen visa;
- National visa; and
- Airport transit visa.

Liechtenstein issues a small number of residence permits each year to Swiss nationals and to citizens of European Economic Area (EEA) member states. Residence permits may be issued to citizens of other countries in special cases.

Subject to conditions, foreigners may generally purchase real property in Liechtenstein after 10 years of residency in the country.

#### ¶5225 TRADE UNIONS

Workers' organizations unions may negotiate and conclude collective agreements with employers or employers' associations.

## Lithuania

### ¶5300 TAXATION

Facts and figures as presented in section ¶5300 are correct as of September 6, 2016.

#### ¶5301 CORPORATE INCOME TAXES

Lithuanian taxable entities, which are legal entities incorporated in Lithuania in accordance with Lithuanian legislation, and foreign taxable entities with a permanent establishment in Lithuania, are generally subject to tax on their worldwide income.

Other foreign taxable entities are generally subject to tax on their Lithuanian source income, subject to the terms of any relevant tax treaty.

The standard corporate income tax rate is 15%. A reduced rate of 5% generally applies to entities with annual turnover not exceeding €300,000, and with an average of no more than 10 employees, subject to exceptions. The reduced 5% rate also applies to entities whose income from agricultural activities exceeds 50%. A 0% tax rate applies to qualifying social enterprises (see "Tax Incentives for Businesses").

Dividends received by a Lithuanian taxable entity from another Lithuanian taxable entity are tax exempt if the receiving company holds at least 10% of the paying company's voting shares for an uninterrupted period of at least 12 months.

Taxable capital gains are generally included in taxable income and taxed accordingly. Capital gains from the transfer of shares in a company that is subject to corporate income tax or an equivalent tax, and is registered in an European Economic Area (EEA) jurisdiction or in a country with which Lithuania has a tax treaty, are exempt from tax if:

- The shares are not transferred to the issuer; and
- More than 25% of the shares have been held for a period of at least two years (at least three years in cases of reorganization).

Unutilised losses can generally be carried forward indefinitely and offset against future profits or gains (exceptions apply in certain circumstances), subject to a maximum deduction of 70% of taxable income (this limitation does not apply to small companies subject to the 5% corporate income tax rate). Losses incurred from the transfer of securities/derivatives may be carried forward for five years and may only be offset against income of the same type.

Group tax consolidation is not permitted in Lithuania and every legal entity is taxed separately on its own income. However, transfers of losses within a group of companies may be permitted if certain conditions are met.

## ¶15805 VALUE ADDED TAX (VAT)

VAT is levied on the sale of goods, leasing and the provision of services as well as imports. The general VAT rate is 16%. A 0% rate also applies to food (other than prepared food for consumption on or off the premises), medicine and certain other items, subject to exceptions. There are also VAT exempt transactions, which include, but are not limited to, the sale of land, books, used personal property, partnership interests, credit instruments, residential construction, medical services and educational services, provided specific requirements are satisfied.

There is no VAT registration threshold. In computing the VAT liability, input VAT may generally be credited against output VAT.

Foreign residents visiting Mexico could get back VAT paid during their stays in Mexico under certain rules.

Exports of goods are taxed at a 0% tax rate.

Certain services rendered to abroad and listed by the VAT law are taxed at 0%, but certain requirements must be complied with.

Imports of goods into Mexican territory could be subject to a 0% tax rate when such goods are involved in the export of finished goods to abroad. Certain requirements apply.

## ¶15806 OTHER TAXES

### ¶15806.1 Excise taxes

There is an excise tax on items such as alcoholic beverages, tobacco, junk food, soft drinks, fuels and pesticides.

### ¶15806.2 Real estate tax

State governments impose a real estate tax on the ownership of real property at varying rates, based on the assessed value of the property. Certain types of real property may be exempt from payment of the real estate tax.

### ¶15806.3 Transfer taxes

There is a tax on the transfer of real estate imposed by the state governments at varying rates.

### ¶15806.4 Stamp duty

There is no stamp duty in Mexico.

## ¶15807 TAX INCENTIVES FOR BUSINESSES

### ¶15807.1 Maquiladoras

Special rules apply to Maquiladoras, manufacturing entities that process or assemble imported materials and parts for resale to the country of origin or

other parts of the world. Tax advantages include those that relate to tax-exempt benefits provided to employees, VAT and the use of machinery and equipment in Mexico owned by non-residents.

### ¶15807.2 Research and development (R&D) expenditure

Mexico's government provides incentives for R&D. The National Council for Science and Technology grants direct cash subsidies for qualifying R&D projects.

### ¶15807.3 Special Economic Zones (SEZ)

Qualifying enterprises established in a SEZ may benefit from preferential tax and customs rates and other financial incentives for a minimum of eight years.

### ¶15807.4 Immediate deduction of fixed assets

From October 1, 2015 to December 31, 2017 qualifying capital investment may be deducted from taxable income in the year incurred, including fixed asset investment by qualifying SMEs, and investment in transport infrastructure, hydrocarbon projects, and generation, transmission, distribution and supply of energy.

### ¶15807.5 Other incentives

Incentives are granted for national cinematographic and theatrical production for employers who hire elderly or disabled persons and for real estate trusts.

## ¶15808 FORMS OF DOING BUSINESS

### ¶15809 COMPANIES

Stock corporations are generally the most common vehicles for foreign and national investments in Mexico. The most common form is the anonymous society (*sociedad anónima* – S.A.). An S.A. is a separate legal entity. It must have at least two shareholders and has a minimum amount of fixed capital as agreed by the shareholders. An S.A. must also have a publicly executed corporate charter and by-laws. Capital contributions may be paid in cash or in-kind. For those paid in cash, at least 20% must be paid-up on incorporation. Changes to the amount of authorized capital are treated as amendments to the S.A.'s corporate charter. Shares generally have a stated value. All shares must be registered shares. Some shares may have limited voting rights.

The shareholders in an S.A. are only liable for the debts and obligations of the S.A. to the extent of their share of capital. If foreign shareholders are permitted, the foreign shareholders are required to consider themselves as Mexican nationals with regard to their shares or equity ownership interest and they must agree not to invoke the protection of their governments with regard to matters involving their ownership. The charter and by-laws of an S.A. are

Taxable capital gains in respect of immovable property acquired on or after July 1, 2016 are taxed as follows:

Holding period	Tax Rate
up to 1 year	10%
over 1 year - 2 years	7.5%
over 2 years - 3 years	5%
over 3 years	0%

Taxable gains from immovable property acquired before July 1, 2016 are taxed at 5% if held for up to three years, and 0% if held over three years.

Capital losses may be deducted from capital gains if the loss relates to an asset that would have been taxable if it had made a gain. Unutilized capital losses may be carried forward for a period of six years for offset against future capital gains.

Taxable capital gains in respect of securities held for less than four years (excluding such gains made by banking or insurance companies) are classified as a separate head of income. The tax rates for tax year 2017 for filers are 15% for securities held for less than 12 months, 12.5% for securities held for 12 months or more but for less than two years and 7.5% for securities held for two to less than four years. For non-filers, the tax rates for tax year 2017 are 18% for securities held for less than 12 months, 16% for securities held for 12 months or more but for less than two years, and 11% for securities held for two to less than four years. Losses in respect of such securities may only be offset against gains from the same kind of securities made during the same tax year, and cannot be carried forward. Gains in respect of securities held for four years or more are not subject to tax.

Other losses may generally be offset against taxable income, or carried forward for six years and offset against future profits, subject to restrictions in certain circumstances; for example, speculative business losses may only be offset against future speculative business gains.

Group tax consolidation is available in Pakistan; consequently losses can generally be offset against the profits of another company in the same group.

The tax year ends on June 30. Companies may apply to use an alternative tax year (known as a special tax year) which is generally granted if the applicant has demonstrated a compelling need to use an alternative tax year. Tax returns are generally due for filing by December 31 of the year following the tax year end (for companies whose tax year ends between January 1 and June 30) or by September 30 of the year following the tax year end (for other companies). Companies may apply for an extended filing date. The maximum extension is generally 15 days, unless there are exceptional circumstances that justify a longer extension. A filing date extension does not extend the corporate income tax payment deadline. Tax returns must be submitted electronically.

Companies are generally required to make quarterly advance payments of corporate income tax. Any remaining corporate income tax due is payable with the submission of the corporate tax return.

## ¶6502 PERSONAL TAXES

Resident individuals are subject to income tax on their worldwide income. Non-resident individuals are subject to income tax on their Pakistan source income.

Where salary income exceeds 50% of an individual's total taxable income, the following tax rates apply to resident and non-resident individuals (subject to deductions and allowances):

Taxable Income	Tax Rate
Up to PKR400,000	0%
Over PKR400,000 - PKR500,000	2% of the amount exceeding PKR400,000
Over PKR500,000 - PKR750,000	PKR2,000 plus 5% on the amount exceeding PKR500,000
Over PKR750,000 - PKR1.4m	PKR14,500 plus 10% on the amount exceeding PKR750,000
Over PKR1.4m - PKR1.5m	PKR79,500 plus 12.5% on the amount exceeding PKR1.4m
Over PKR1.5m - PKR1.8m	PKR92,000 plus 15% on the amount exceeding PKR1.5m
Over PKR1.8m - PKR2.5m	PKR137,000 plus 17.5% on the amount exceeding PKR1.8m
Over PKR2.5m - PKR3m	PKR259,500 plus 20% on the amount exceeding PKR2.5m
Over PKR3m - PKR3.5m	PKR359,500 plus 22.5% on the amount exceeding PKR3m
Over PKR3.5m - PKR4m	PKR472,000 plus 25% on the amount exceeding PKR3.5m
Over PKR4m - PKR7m	PKR597,000 plus 27.5% on the amount exceeding PKR4m
Over PKR7m	PKR1,422,000 plus 30% on the amount exceeding PKR7m

## ¶16809 CORPORATIONS

Corporations may be stock or non-stock corporations. Stock corporations are those which have capital stock divided into shares, and are authorized to distribute to shareholders dividends or allotments of the surplus profits on the basis of the shares held. All other corporations are non-stock corporations.

A corporation may be formed by at least five, but no more than 15, natural persons, the majority of whom must be resident in the Philippines. For a stock corporation, each incorporator must own or be a subscriber to at least one share of the capital stock of the corporation.

At least 25% of the authorized capital stock as stated in the corporation's articles of incorporation must be subscribed at the time of incorporation, and at least 25% of the total subscription must be paid upon subscription. The paid-up capital must be not be less than PHP5,000.

Corporations are administered by the annual general meeting, and by a board of directors or trustees.

The name of a corporation must not be identical, or deceptively or confusingly similar, to the name of an existing corporation, or to any other name protected by law. The name must not be patently deceptive, confusing, or contrary to existing laws.

Corporations must be registered with the Securities and Exchange Commission (SEC). A corporation becomes a separate legal entity from the date of issuance of a certificate of incorporation by the SEC.

Corporations are taxed at the corporate level and are subject to corporate income tax.

## ¶16810 PARTNERSHIPS

A general partnership exists where, by contract, two or more persons bind themselves to contribute money, property, or industry to a common fund with the intention of dividing the profits among themselves. A general partnership may also be formed by two or more persons for the exercise of a profession (general professional partnership). Partners are liable pro rata with all of their property.

In a limited partnership, there must be at least one general partner and at least one limited partner. A limited partnership must be formed by a signed and sworn certificate, which must be filed with the SEC. General partners are liable pro rata with all of their property. Limited partners are liable (i) for the difference between the contribution actually made and that stated in the certificate as having been made, and (ii) for any unpaid contribution which the partner has agreed in the certificate to make in the future at the time and on the conditions stated in the certificate. A limited partner that takes control in the business becomes liable as a general partner.

Partnerships are required to be registered with the SEC. Partnerships are separate legal entities.

Partnerships (excluding general professional partnerships) are taxed as corporations. Income from a general professional partnership is taxed in the hands of the partners.

## ¶16811 SOLE PROPRIETORSHIP

A sole proprietorship arises when an individual undertakes a business in their own right, and the individual is personally liable for the debts and obligations of the business. Sole proprietorships are required to register with the Department of Trade and Industry (DTI) and other relevant authorities.

The profits of a sole proprietorship are subject to personal income tax.

## ¶16812 BRANCHES

A foreign corporation formed, organized, or existing under the laws of another jurisdiction, and whose laws allow Filipino citizens and corporations to do business in that jurisdiction, may conduct business activities in the Philippines through a branch. A licence from the SEC and a certificate of authority from the relevant Government agency generally need to be obtained. The licence application needs to include certain information, including the name and address of a Philippine resident agent who is authorized to accept summons and process in all legal proceedings and, pending the establishment of a local office, all notices affecting the corporation.

Branches are taxed at the corporate level and are subject to corporate income tax.

## ¶16813 AUDIT AND ACCOUNTING REQUIREMENTS

Corporations are required to prepare financial statements, including a balance sheet and a profit and loss statement, which show in reasonable detail the assets and liabilities of the corporation and the result of its operations. Financial statements must generally be signed and certified by an independent certified public accountant. If the paid-up capital of the corporation is below set limits, the financial statements may instead be certified under oath by the treasurer or any responsible officer of the corporation.

Large and publicly accountable corporations are required to prepare their financial statements in accordance with the Philippine Financial Reporting Standards (PFRS) which are International Financial Reporting Standards (IFRS) with limited modifications. Small and medium-sized entities (as defined) are required to prepare their financial statements in accordance with the PFRS, or the PFRS for SMEs, which are the same as IFRS for SMEs. Micro-sized entities may use the PFRS for SMEs, or the accounting standards that were in effect before the transition to PFRS.

management structure is comprised of the assembly of members (or sole member), a supervisory board with at least three members, and one or more directors.

#### ¶7509.2 Joint stock companies

A joint stock company may be formed by one or more shareholders who may be natural and/or legal persons. The capital stock of a joint stock company is divided into shares. Shareholders are not generally liable for the obligations of the company.

The minimum share capital requirement is generally RSD3m. An increased minimum share capital requirement may apply in certain circumstances. Shares and other securities issued by the company for public subscription must be in accordance with the capital market legislation. Joint stock companies may issue ordinary or preference shares, with or without par value.

A joint stock company may be managed by a unicameral or bicameral management structure.

A unicameral management structure is comprised of the assembly of members (or sole member) and one or more directors or a board of directors (with at least three members). A public joint stock company is required to appoint a board of directors, one of which must be an independent director. The board of directors of a public joint stock company is required to appoint an audit committee, the chairman of which must be an independent director, and at least one member must be a certified auditor.

A bicameral management structure is comprised of the assembly of members (or sole member), a supervisory board with at least three members, and one or more executive directors or an executive committee. If there are three or more executive directors, an executive committee is formed. A public joint stock company is required to have at least three executive directors. The supervisory board of a public joint stock company is required to have at least one independent member.

#### ¶7509.3 Business names and registration

The business name must include its name, legal form and headquarter location. The name must not be the same as the name of another legal entity, offend public morality, or be misleading in relation to the company's legal form or main activities. Certain other restrictions in relation to the registered business name also apply.

Companies are separate legal entities and required to be registered in the Companies Register.

### ¶7510 PARTNERSHIPS

#### ¶7510.1 General partnerships

A general partnership may be formed by two or more partners. Partners are jointly and severally liable to an unlimited extent for the debts and obligations of the partnership.

General partnerships are separate legal entities and are required to be registered in the Companies Register.

#### ¶7510.2 Limited partnerships

A limited partnership may be formed by at least one general partner and at least one limited partner. General partners are jointly and severally liable to an unlimited extent for the debts and obligations of the partnership. The liability of limited partners is limited to the amount of their unpaid contribution. Limited partners are not permitted to manage or represent the partnership.

Limited partnerships are separate legal entities and are required to be registered in the Companies Register.

### ¶7511 INDIVIDUAL ENTREPRENEURS

An individual may conduct business activities in Serbia as an entrepreneur. Individual farmers are not generally considered to be individual entrepreneurs unless specified legislation provides otherwise. An individual entrepreneur is liable for the debts and obligations of the business with all of their assets.

Individual entrepreneurs are required to be registered in the Register of Entrepreneurs.

### ¶7512 BRANCHES AND REPRESENTATIVE OFFICES

A foreign company may conduct business activities in Serbia through a branch. A branch is not a separate legal entity, and the parent company is responsible for the obligations of the branch.

Branches are required to be registered in the Companies Register.

A foreign company may establish a representative office in Serbia. A representative office is not a separate legal entity, and the parent company is responsible for the obligations of the representative office. A representative office may perform activities that are preliminary and preparatory in nature.

Representative offices are required to be registered in the Companies Register.

### ¶7513 AUDIT AND ACCOUNTING REQUIREMENTS

Legal entities are generally required to prepare annual financial statements that provide a true and fair view of the entity's financial position and operating performance, and include the balance sheet, income statement, a report on the rest of the results (such as income and expenditure not recognised in the income statement), statement of retained earnings, statement of cash flows, and notes to the financial statements. Parent companies are generally required to prepare consolidated annual financial statements. Micro entrepreneurs and legal persons (as defined) may prepare simplified annual financial statements, including the balance sheet and income statement. Legal entities are also generally required to prepare an annual business report

## ¶8402 PERSONAL TAXES

Resident individuals are generally subject to personal income tax on their Thai source income (regardless as to whether such income is paid in or outside of Thailand), and on income from foreign sources that is brought into Thailand during the same year in which it is received. Non-resident individuals are generally subject to personal income tax on their Thai source income.

Individuals are generally taxed at the following rates (subject to allowances, deductions and exemptions):

Taxable Income (THB)	Tax Rate (%)
Up to 150,000	Exempt
More than 150,000 – 300,000	5
More than 300,000 – 500,000	10
More than 500,000 – 750,000	15
More than 750,000 – 1m	20
More than 1m – 2m	25
More than 2m – 4m	30
Over 4m	35

There is no separate capital gains tax. Taxable capital gains are generally included in taxable income, subject to exemptions.

Taxpayers may elect that certain income (including interest from certain bonds, from banks deposits up to set limits, and from other sources, and capital gains in respect of transfers of bonds, debentures, bills or debt instruments issued by a company or juristic partnership), be excluded from taxable income if such income has been subject to withholding tax at the rate of 15%.

Resident taxpayers may elect that dividends or shares of profits from certain entities, including registered companies or mutual funds, be excluded from taxable income if the dividend has been subject to withholding tax at the rate of 10%.

There have been no separate gift, inheritance, or wealth taxes in Thailand. From February 2016, an inheritance tax of 10% (5% when inherited by direct descendants) is imposed on estates valued at over THB100m.

## ¶8403 EMPLOYMENT RELATED COSTS AND TAXES

### ¶8403.1 Fringe benefits

There is no separate fringe benefits tax. Unless specifically exempt, taxable benefits-in-kind form part of the taxable income of individuals and are subject to personal income tax.

### ¶8403.2 Social security contributions

Employers and employees are each generally required to make social security contributions at the rate of 5% on employee salary of up to THB15,000 per month.

## ¶8404 WITHHOLDING TAXES ON PAYMENTS ABROAD

The rates of withholding tax on the following payments made abroad by companies are generally (subject to possible exemptions):

	%
Dividends	10
Interest	15
Royalties	15

For payments made to recipients in countries with which Thailand has a double tax treaty, the rates of withholding tax may be reduced under the terms of the treaty.

## ¶8405 VALUE ADDED TAX (VAT)

VAT is generally levied on the supply of goods and services in Thailand and on the importation of goods.

The standard VAT rate set by legislation is 10%. The standard VAT rate may be reduced by Royal Decree, and has been reduced to 7% since April 1, 1999. The government has confirmed that the 7% rate will remain in effect until September 30, 2016.

A 0% rate applies to certain supplies, including exports of goods not otherwise exempt from VAT, international transportation services by sea or air, and supplies between bonded warehouses and/or businesses located in a customs free zone. Certain supplies are VAT exempt, including certain agricultural products, newspapers, magazines, textbooks, medical services, educational services, domestic transportation services, and immovable property rentals.

The VAT registration threshold is generally annual turnover exceeding THB1.8m. Importers are also subject to VAT in Thailand.

Registered persons can generally recover the VAT with which they themselves are charged on their purchases of goods and services, subject to conditions and exceptions.

Certain businesses are excluded from VAT and are instead subject to specific business tax (SBT) (see "Other Taxes").

## ¶8406 OTHER TAXES

### ¶8406.1 Stamp duty

Stamp duty is levied at varying rates on certain instruments, including real property rentals, insurance policies, and transfers of shares, bonds, debentures and certificates of debt, subject to exemptions.