

PE STUDY

A high-level overview of permanent establishments around the world.

PREFACE

In the field of international corporate taxation, the concept of a permanent establishment (PE) is one of the most important issues. The PE concept originally refers to a legal construct that triggers – typically limited – tax liability under domestic law or serves as the key criterion for allocating taxing rights under bilateral tax treaties between the states participating in cross-border activities. In practice, however, for tax advisors, authorities, and multinational enterprises, the PE is far more than a mere technicality.

Anyone involved in the taxation of international business activities must deal with PEs and the resulting consequences. Many tax departments and professionals view the concept as a burden to be avoided at all costs – “whatever it takes” often seems to be the guiding principle. Yet one point must be clear from the outset: even the most sophisticated PE-avoiding strategies have their limits. Certain enterprises will, whether willingly or not, need to register and manage permanent establishments to accurately reflect their economic activities in compliance with applicable tax laws.

Properly structured, a PE can even open up new opportunities that were previously unattainable. In particular, Tax registrations in third countries can facilitate local sourcing and generate value creation without the requirement to treat indirect taxes such as value added taxes as a cost factor. At the same time, corporate-law-related registrations can create access to new markets and business opportunities.

The PE concept has a long and well-documented history. It was first mentioned around 1900 in the Prussian Income Tax Act as a reference point for tax liability. Since then, it has become an indispensable part of international tax law. While certain international developments – such as the OECD discussions about a new allocation formula to attribute taxing rights under Pillar I or specific withholding tax provisions in the UN Model Convention – attempt to reduce the role of the PE with the underlying physical presence requirements as the primary reference for allocating taxing rights, a complete abolition of this century-old concept from the international tax environment does not appear likely. Enterprises with cross-border activities and their tax consultants are therefore required to extensively deal with PE issues.



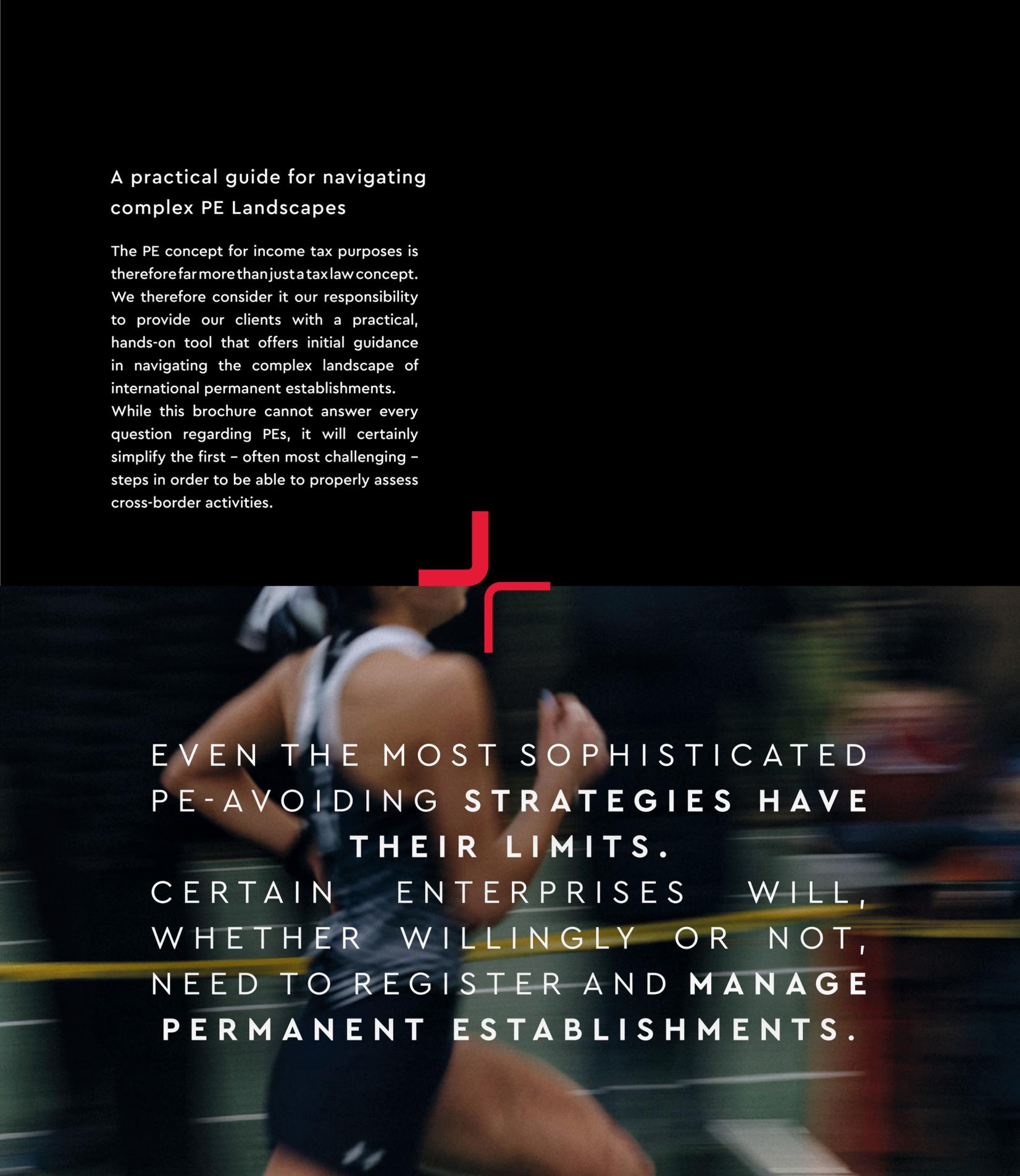
Stefan Bendlinger
Senior Partner
ICON (WTS Global in Austria)



Oliver Karte
Senior Manager
ICON (WTS Global in Austria)

A practical guide for navigating complex PE Landscapes

The PE concept for income tax purposes is therefore far more than just a tax law concept. We therefore consider it our responsibility to provide our clients with a practical, hands-on tool that offers initial guidance in navigating the complex landscape of international permanent establishments. While this brochure cannot answer every question regarding PEs, it will certainly simplify the first – often most challenging – steps in order to be able to properly assess cross-border activities.



EVEN THE MOST SOPHISTICATED
PE-AVOIDING STRATEGIES HAVE
THEIR LIMITS.
CERTAIN ENTERPRISES WILL,
WHETHER WILLINGLY OR NOT,
NEED TO REGISTER AND MANAGE
PERMANENT ESTABLISHMENTS.

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wts global

SECTION A:
GENERAL

- 1/** Is the concept of permanent establishment recognised in your country?
- 2/** According to the definition of your domestic law, which activities trigger a permanent establishment in your country?
- 3/** Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities?
- 4/** How is a permanent establishment registered in your country?
- 5/** Is it mandatory to open a bank account with a domestic bank for PE compliance?
- 6/** Will penalties be imposed if a permanent establishment is not registered immediately?
- 7/** If a permanent establishment exists for corporate income tax purposes, would it automatically exist for VAT purposes?

- 8/** If a permanent establishment exists for corporate income tax purposes, would it automatically exist for personal income or wage tax purposes?
- 9/** How is the profit of a permanent establishment determined?
- 10/** Is it obligatory to establish local bookkeeping for a permanent establishment?
- 11/** Is it possible to obtain certainty regarding the correct profit allocation (APA)?
- 12/** Does the corporate income tax treatment differ from that of a resident entity?
- 13/** Are there any withholding taxes on head office costs attributed to the PE?
- 14/** Is the profit after tax of a PE subject to a profit transfer tax (branch profit tax)?
- 15/** What is the local total income tax rate (example EUR 100,000)?

SECTION B:
DOUBLE TAXATION AGREEMENTS

- 16/** Does your country use the OECD or UN commentary to interpret double tax treaties?
- 17/** Do tax authorities apply a dynamic or static interpretation of OECD commentary?
- 18/** Does your country apply the Authorised OECD Approach (AOA)?

SECTION C:
FIXED PLACE OF BUSINESS
(Art. 5 (1) OECD MTC)

- 19/** Is there a time threshold after which a fixed place of business triggers a PE?
- 20/** Do fixed places engaged only in auxiliary/preparatory tasks trigger a PE?

SECTION D:
CONSTRUCTION AND INSTALLATION
PERMANENT ESTABLISHMENT (Art. 5 (3) OECD MTC)

- 21/** Is supervision/planning included in the definition of a construction/installation PE?
- 22/** Is there a time threshold after which construction/installation projects trigger a PE?
- 23/** Can subcontractors trigger a PE for the main contractor?
- 24/** If a project spans multiple tax years, how are profits taxed (Completed Contract vs. Percentage of Completion)?
- 25/** Which income components are attributed to a construction/installation PE?

SECTION E:
AGENT PERMANENT ESTABLISHMENTS

- 26/** Can an agent PE be avoided if the agent has no authority to sign contracts?
- 27/** If the local agent is remunerated at arm's length, will tax authorities still attribute profit to an agent PE?

AMERICA

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SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES

- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Having a local agent signing contracts on behalf of the non-resident
➤ Performing regularly for a non-resident

- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ NO

- 4/ How is a permanent establishment registered in your country?

 TAX AND COMMERCIAL REGISTRATION

- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO

- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ YES

- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ YES

- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES

- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
➤ PE Bookkeeping

- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES

- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ NO

- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO

- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ YES
Depending on the outlay type

- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ YES
7%

- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 35%



ARGENTINA



contact

Cristian Rosso Alba
rossoalba@rayrlaw.com

ROSSO ALBA & ROUGES
 Corrientes 311, Bs. As. Argentina
 Argentina

rossoalba.com

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?
 OECD UN

- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied?
 STATIC DYNAMIC

- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO

- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES

- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
6 months

- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES

- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion

- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Argentina

SECTION E

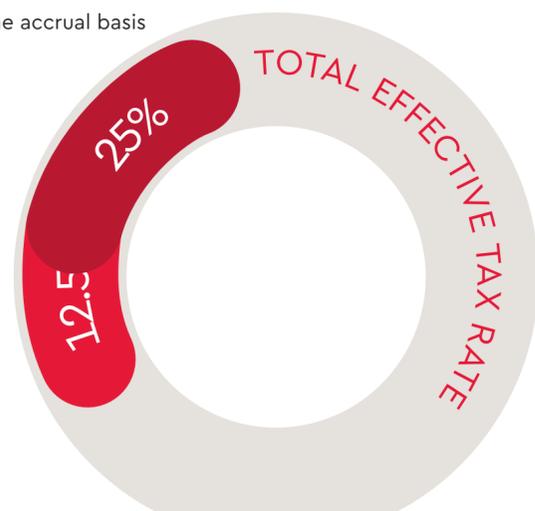
- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ No

- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ No

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ↗ NO
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? -
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ↗ NO
- 4/ How is a permanent establishment registered in your country?


TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ↗ YES
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ↗ YES
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ↗ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ↗ YES
- 9/ How is the profit of a permanent establishment determined?
 - ↗ PE Bookkeeping
 - ↗ Net profit resulting from the financial statements
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ↗ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ↗ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ↗ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ↗ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country?
 - ↗ YES
 - ↗ 12.5% follows the accrual basis
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ↗ 25% and 12.5%



BOLIVIA



contact

Pablo Ordoñez
pordonez@ppolegal.com

PPO Indacochea
 Av. San Martín Santa Cruz Bolivia
 Bolivia

ppolegal.com

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?
 OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied?
 STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ↗ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ↗ YES
↗ No, domestic regulations have not defined the criteria to determine when a fixed place of business constitutes a permanent establishment. With regard to the previous item, we would like to note that Bolivia is not a member of the OECD and is not obliged to apply the OECD criteria and guidelines.
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ↗ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ↗ NO
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ↗ YES
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ↗ NO
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ↗ In Bolivia, corporate income tax is levied on an annual basis, and there are no special rules for projects
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ↗ Income from services rendered inside Bolivia

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ↗ NO
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ↗ NO

SECTION A	
1/ Is the concept of permanent establishment recognised in your country?	↗ YES
2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country?	↗ Having a local agent signing contracts on behalf of the non-resident
3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling?	↗ NO
4/ How is a permanent establishment registered in your country?	↗ There is no legal obligation to register the permanent establishment neither at the Chamber of Commerce nor before the tax authorities in Brazil
5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country?	↗ NO
6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded?	↗ NO
7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?	↗ NO
8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment?	↗ NO
9/ How is the profit of a permanent establishment determined?	↗ Deemed Profit
10/ Is it obligatory to establish a local bookkeeping for a permanent establishment?	↗ NO
11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement?	↗ NO
12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity?	↗ NO
13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?	↗ YES
14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country?	↗ NO
15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000?	-

BRAZIL



contact

Stephanie Makin
sjm@machadoassociados.com.br

Machado Associados
Avenida Brigadeiro Faria
Lima, nº 1656 – 11 floor
Brazil

machadoassociados.com.br/en

SECTION B	
16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?	OECD UN
17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied?	STATIC DYNAMIC
18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes?	↗ NO
SECTION C	
19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment?	↗ NO
20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?	↗ NO
SECTION D	
21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3))	↗ NO
22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?	↗ NO
23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country?	↗ NO
24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)?	↗ Not applicable to Brazil
25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country?	↗ Income from the delivery of equipment
SECTION E	
26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident?	↗ YES
27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident?	↗ NO

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES

- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Home office
➤ Having a local agent signing contracts on behalf of the non-resident

- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES

- 4/ How is a permanent establishment registered in your country? 📄 → 🏢 → ✅
TAX AND COMMERCIAL REGISTRATION

- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ YES

- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ NO

- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO

- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES

- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods

- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES

- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES

- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO

- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ YES

- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ YES
Chile has a integrated income tax system

- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 35% for Tax treaty Countries and 44.45% for non treaty countries



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN

- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC

- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO

- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES

- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ NO

- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES

- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion

- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Chile

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO

- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

CHILE



contact

Jorge Espinosa
jespinosa@egbabogados.com

EGB ABOGADOS
 Avenida El Valle 576, Of 401,
 Huechuraba, Santiago
 Chile

egbabogados.com

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Having a local agent signing contracts on behalf of the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ No
- 4/ How is a permanent establishment registered in your country? Tax registration is always required.
Depending on the type of PE, commercial registration may be necessary.
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ YES
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
➤ PE Bookkeeping
➤ The PE profits will be determined according to the risks, functions, assets and personnel involved in the company's activities.
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ Yes
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ No
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ No
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ Yes
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ YES
20%
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 35%



COLOMBIA



contact

Federico Lewin
flewin@lewinywills.com

Lewin & Wills
 Cl. 72 #4-03 Bogotá Colombia
 Colombia

lewinywills.com

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ NO
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ NO
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ NO
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Colombia

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ↗ YES

- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ↗ Having a fixed place of business
↗ Rendering construction services
↗ Rendering installation services
↗ Home office
↗ Having a local agent signing contracts on behalf of the non-resident

- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ↗ YES

- 4/ How is a permanent establishment registered in your country?

 TAX REGISTRATION

- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ↗ NO

- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ↗ YES

- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ↗ YES

- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ↗ YES

- 9/ How is the profit of a permanent establishment determined? ↗ Deemed Profit
↗ Transfer pricing methods
↗ PE Bookkeeping

- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ↗ YES

- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ↗ YES

- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ↗ NO

- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ↗ YES

- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ↗ YES
15%

- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ↗ 30%



COSTA RICA



contact

Erik Ramírez
eramirez@fayca.com

FAYCATAX
 Costa Rica

fayca.com

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?
 OECD UN

- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied?
 STATIC DYNAMIC

- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ↗ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ↗ NO

- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ↗ YES

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ↗ NO

- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ↗ YES
183 Days

- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ↗ NO

- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ↗ Percentage of Completion

- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ↗ Income from services rendered inside Costa Rica

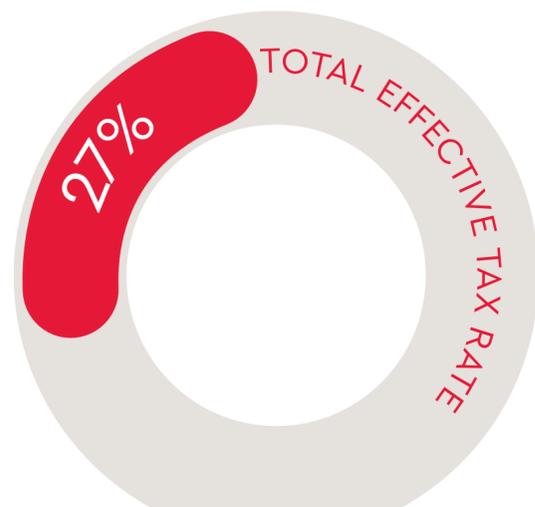
SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ↗ YES

- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ↗ YES

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Having a local agent signing contracts on behalf of the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ Yes
- 4/ How is a permanent establishment registered in your country? ➤  TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ Yes
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ Deemed Profit
➤ Transfer pricing methods
➤ Deduct expenses attributable to the PR
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ NO
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ YES
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 27%



DOMINICAN REPUBLIC



contact

Montserrat Vinals
M.vinalsp@phlaw.com

Pellerano & herrera
Av Abraham Lincoln 1019 Edificio
Pages More 5to piso Piantini
Dominican Republic

phlaw.com

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ NO

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ YES
182 days
continuously or not
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
6 months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Dominican Republic

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES

- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Home office
➤ Having a local agent signing contracts on behalf of the non-resident

- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES

- 4/ How is a permanent establishment registered in your country? 📄 → 🏢 → ✅
TAX AND COMMERCIAL REGISTRATION

- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ YES

- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ YES

- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ YES

- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES

- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
➤ PE Bookkeeping

- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES

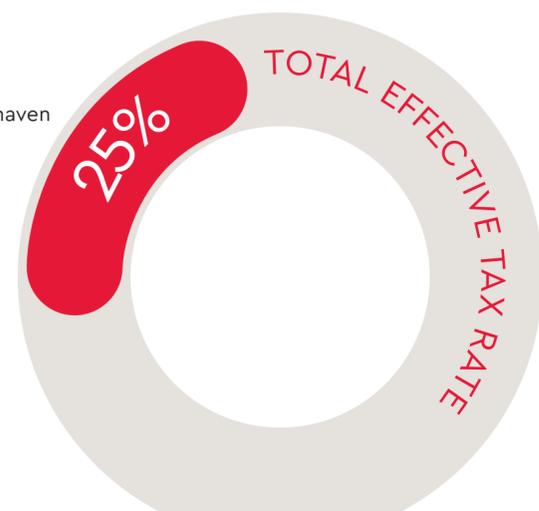
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES

- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO

- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ YES

- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ YES
10% – 14% Tax haven

- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 25%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN

- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC

- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ YES
6 months

- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ YES

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES

- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
6 months

- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES

- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion

- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Ecuador

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES

- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

ECUADOR



contact

George Mackay
george.mackay@las.biz

Legal Advisors Solution S.C..
 Av. República del Salvador N35-40
 y Portugal, Edificio Athos, piso 6
 Ecuador

las.biz

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Having a local agent signing contracts on behalf of the non-resident
➤ Rendering services for more than 183 days within a 12-month period; carrying out economic activities on a continuous basis in Salvadoran territory.
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ NO
- 4/ How is a permanent establishment registered in your country? ➤  TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
➤ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ NO
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ The corporate income tax rate is **25%** when the net taxable income (EUR 100,000) does not exceed the **USD 150,000** threshold. If the taxable income exceeds this amount, the rate increases to **30%**



TAX AND COMMERCIAL REGISTRATION



EL SALVADOR



contact

Rolando Suria
rsuria@mayora-mayora.com

Mayora & Mayora S.C.
Avenida Los Espliegos, Colonia
San Francisco, Número 30
El Salvador

mayora-mayora.com

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ NO

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
More than 183 days within a 12-month period
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside El Salvador

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ↗ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ↗ Having a fixed place of business
↗ Rendering construction services
↗ Having a local agent signing contracts on behalf of the non-resident
↗ Exclusive agents with certain powers to decide on behalf of their principal.
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ↗ YES
- 4/ How is a permanent establishment registered in your country? 
TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ↗ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ↗ NO
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ↗ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ↗ YES
- 9/ How is the profit of a permanent establishment determined? ↗ PEs are deemed resident taxpayers and are subject to the same rules and obligations.
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment?
↗ The tax administration only recognizes PEs if they have been registered as a branch before the Commercial Registry. As such (a branch) they are deemed resident companies obligated to keep full accounting records. However, if a non-resident undertakes activities that should create a PE, but it is not registered as a branch, then the tax authorities will consider it as foreign company without legal presence, subject to the withholding regime.
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ↗ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ↗ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ↗ YES
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ↗ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000?
↗ 1) Net profit regime: 25% or
↗ 2) Gross income tax regime: 7%.



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ↗ NO

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ↗ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ↗ YES

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ↗ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ↗ YES
6 months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ↗ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ↗ This depends on the type of project. Usually percentage completion method, but developers of real estate may elect the completed contract method.
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ↗ Income from services rendered inside Guatemala

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ↗ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ↗ YES

GUATEMALA



contact

Juan Foncea Ferrate
jfoncea@mayora-mayora.com

Mayora & Mayora, S.C.
15 calle 1-04 z.10, Ed. Céntrica
Plaza, torre I, of. 301, Guatemala,
Guatemala

mayora-mayora.com/en

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ↗ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ↗ Having a fixed place of business
↗ Having a local agent signing contracts on behalf of the non-resident
↗ Others¹
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ↗ YES
- 4/ How is a permanent establishment registered in your country? 
TAX REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ↗ YES
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ↗ YES
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ↗ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ↗ YES
- 9/ How is the profit of a permanent establishment determined? ↗ The taxable net income of a commercial company is determined by deducting from its gross income the amount of ordinary and necessary expenses incurred in generating the taxable income for the tax period, duly verified and paid or accrued.
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ↗ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ↗ NO
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ↗ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ↗ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ↗ YES
If profits or dividends or any other form of profit-sharing are distributed to a foreigner, a **10%** withholding tax must be applied.
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ↗ **25%**

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ↗ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ↗ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ↗ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ↗ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ↗ YES
3 months
Corporate income tax
6 months
Local business tax
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ↗ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ↗ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ↗ Income from services rendered inside Honduras

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ↗ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ↗ NO

HONDURAS



contact

Andrea Pereira
apereira@mayora-mayora.com

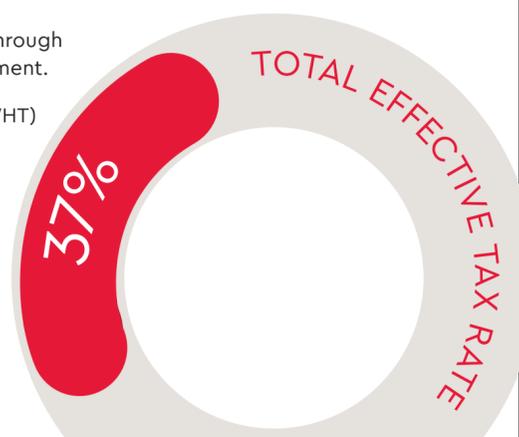
Mayora & Mayora, S.C.
 Centro Morazán, Torre 2,
 Piso 14, Local 21414
 Honduras

mayora-mayora.com

¹Translation: When a foreign company in Honduras: a) Maintains fixed places or centers of economic activity, such as: i. Any management center of the activity; ii. Any branch, agency, or office acting on behalf of and for the account of a foreign company; iii. Factories, workshops, real estate, or other similar facilities. iv. Mines, mineral deposits, quarries, forests, factories, and other centers for the exploitation or extraction of natural resources; and v. Warehouses for the storage of goods intended for domestic trade and not solely for demonstration or exhibition. b) Has an office for: i. The practice of technical, financial, or any other type of consulting to develop projects related to contracts or agreements made within or outside the country; and ii. The provision of services usable by individuals working in public performances, such as theater, film, television, and radio artists, musicians, athletes, sellers of airline and maritime transportation tickets for use in Honduras or abroad. A foreign company is also considered to have a Permanent Establishment in Honduras if it has a person or entity acting on its behalf and habitually carrying out economic activities in the country, provided that such activities are not conducted within the ordinary scope of their own business, in any of the following ways: a) Having the authority to conclude contracts in the name of the company or legally bind the persons or companies for whom they work; b) Being contractually linked to carry out economic activities on behalf of the persons or companies for whom they work; and, c) Paying, on behalf of a foreign company, the cost of renting premises, services, or expenses related to the development of an economic activity. For these purposes, an independent agent is considered not to be acting within the ordinary scope of their activities when they fall under any of the following circumstances: a) Holding inventories of goods or merchandise used to make deliveries on behalf of the non-resident; b) Assuming risks on behalf of the non-resident; c) Acting under the general control of the non-resident; and, d) Receiving a fixed remuneration regardless of the outcome of their activities.

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ↗ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ↗ Having a fixed place of business
↗ Rendering construction services
↗ Rendering installation services
↗ Home office
↗ Having a local agent signing contracts on behalf of the non-resident
↗ Others¹
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ↗ YES
- 4/ How is a permanent establishment registered in your country? TAX REGISTRATION is always required. However, commercial registration is solely required for some types of PEs, such as branches. Usually, the project PE does not require commercial registration.
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ↗ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ↗ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ↗ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ↗ YES
- 9/ How is the profit of a permanent establishment determined? ↗ Deemed Profit
↗ Transfer pricing methods
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ↗ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ↗ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ↗ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ↗ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ↗ YES
10%. It can be reduced through a Double Taxation Agreement.
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ↗ 37% (30% CIT and 10% WHT)



MEXICO



contact

Mauricio Bravo
mbravo@turanzas.com.mx

Turanzas, Bravo y Ambrosi,
 S.C. Paseo de los Tamarindos 100,
 piso 3, Col. Bosques de las Lomas,
 Alc. Cuajimalpa, C.P. 05120,
 Ciudad de México
 Mexico

turanzas.com.mx/en

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ↗ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ↗ YES
 ↗ There is no specific time threshold in the law. However, the 6-month threshold provided in the Commentary on Art. 5 of the OECD MC is generally accepted
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ↗ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ↗ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ↗ YES
 183 calendar days, whether consecutive or otherwise, within a twelve-month period
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ↗ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ↗ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ↗ Income from services rendered inside your country

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ↗ NO
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ↗ YES

¹Foreign resident insurance companies receiving income from premiums collected within Mexico or issuing insurances on risks located within Mexico through a person other than an independent agent, except in the case of reinsurance. Conducting business activities in Mexico through an independent agent that does not act in the ordinary course of his business. Performing business activities in Mexico through a "fideicomiso" (trust). Home office, in similar terms than those provided in the Commentary on Art. 5 of the OECD MC (this EP hypothesis is not expressly provided in law, since it is covered by the fixed-place-of-business hypothesis).

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES

- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Home office
➤ Having a local agent signing contracts on behalf of the non-resident
➤ habitual rendering of services in Panama for more than 183 days within a fiscal year (territorial source principle and service PEs under treaties).

- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ NO

- 4/ How is a permanent establishment registered in your country?

 TAX REGISTRATION

- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO

- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)

- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO

- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES

- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
➤ PE Bookkeeping

- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES

- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ NO

- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO

- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO

- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO

- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 25% (standard corporate income tax rate in Panama; 2025).



PANAMA



contact

Abner Arosemena
abner.rosemena@rbc.com.pa

Rivera Bolívar & Castañedas
 Attorneys at Law
 Panama City, Panamá

rbc.com.pa

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?
 OECD UN

- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied?
 STATIC DYNAMIC

- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ NO

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO

- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES

- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
183 days

- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES

- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion

- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Panama

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES

- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES

- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Having a local agent signing contracts on behalf of the non-resident
➤ A PE is deemed to exist when a construction, installation, or assembly project lasts more than twelve (12) months. Presumption for natural persons: when a non-resident individual renders services in Paraguay for more than 120 days (consecutive or not) within a 12-month period, a permanent establishment is presumed

- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES

- 4/ How is a permanent establishment registered in your country?

 TAX REGISTRATION

- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ YES

- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ YES

- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ YES

- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES

- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
➤ PE Bookkeeping
➤ Certain adjustments may be required under specific Paraguayan tax regulations (VAT adjustments, local tax incentives, or depreciation rules)

- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES

- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ NO

- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO

- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ YES

- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ YES
Tax on Dividends and Profits: 15%

- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 10% = EUR 10



PARAGUAY



contact

Fabrizio Benavente
fbenavente@ferrere.com

Ferrere Abogados
 Avda. Santa Teresa N°
 2106 Torre 1 Piso 25
 Paraguay

ferrere.com/es/

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?
 OECD UN

- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied?
 STATIC DYNAMIC

- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ YES
➤ The only deadline expressly provided for in Paraguayan law is more than 12 months for construction or assembly activities. In all other cases, EP status is established from the start of the activity at a fixed place of business.

- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES

- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
12 months

- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES

- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion

- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Paraguay

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO

- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ↗ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ↗ Having a fixed place of business
↗ Rendering construction services
↗ Rendering installation services
↗ Having a local agent signing contracts on behalf of the non-resident
↗ Others¹
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ↗ NO
- 4/ How is a permanent establishment registered in your country? 
TAX REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ↗ YES
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ↗ YES
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ↗ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ↗ YES
- 9/ How is the profit of a permanent establishment determined? ↗ Transfer pricing methods
↗ PE Bookkeeping
↗ PE is considered as a independent taxpayer. It will be subject to income tax only on Peruvian source income (calculated applying general income tax rules)
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ↗ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ↗ NO
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ↗ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ↗ YES
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ↗ YES
Income tax on dividends (5%). Presumptive distribution of dividends on the net taxable income reported in the annual corporate income tax return.
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ↗ ncome tax of **29.5%**
(with monthly advance payments of **1.5%** on net income)

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ↗ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ↗ YES
Physical presence in Peruvian territory for more than 183 days in any 12-month period
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ↗ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ↗ NO
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ↗ YES
183 days in any 12-month period
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ↗ NO
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ↗ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ↗ Income from services rendered inside Peru

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ↗ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ↗ YES

PERU



contact

Luisa Godomar
lgodomar@rubio.pe

Estudio Rubio Leguía Normand
Av. Dos de Mayo 1321,
San Isidro, Lima
Peru

rubio.pe

¹Peru has Permanent Establishment rules similar to OECD rules. A non-resident company constitutes a PE when it has: (i) a fixed place of business in Peru through which an enterprise or entity of any nature constituted abroad carries on, totally or partially, its activities; (ii) Construction, installation or maintenance works or projects and supervision activities, with a duration of more than 183 days in any 12-month period; (iii) the provision of services for the same or related project or service, for more than 183 days in any 12-month period; iv) a dependent agent who acts in the country on behalf of a foreign entity, who has and habitually exercises in the country, powers to enter into contracts on behalf of the foreign entity or habitually plays the leading role in the conclusion of contracts routinely entered into without substantial modification of the foreign entity; or who habitually maintains in the country stocks of goods or merchandise to be marketed in the country on behalf of such entity. Such contracts are entered into (i) on their behalf, (ii) for the transfer of the right of ownership or the right of use of goods owned by them or over which they have the right of use, or, (iii) for the provision of services by them). There is not a PE, when carry on preparatory or auxiliary activities (those that are not an essential and significant part of the activities of the foreign company), unless such activities together with others carried out in the country by it and/or its related parties constitute complementary functions that are part of the operation of a cohesive business.

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ↗ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ↗ Having a fixed place of business
↗ Rendering construction services
↗ Rendering installation services
↗ Home office
↗ Having a local agent signing contracts on behalf of the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ↗ NO
- 4/ How is a permanent establishment registered in your country? 
TAX REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ↗ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ↗ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ↗ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ↗ YES
- 9/ How is the profit of a permanent establishment determined? ↗ Transfer pricing methods
↗ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ↗ NO
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ↗ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ↗ YES
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ↗ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ↗ YES
30% can be reduced by Treaty
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ↗ Federal 21% plus state corporate income tax (varies by state, averaging 6.5%), giving an average combined rate around 26%. branch profits tax of 30% (often reduced by Treaty) on after-tax earnings not reinvested in the branch (the dividend equivalent amount).

USA



contact

Andrew Wail
awai@gtmtax.com

Global Tax Management
 656 East Swedesford Road,
 Suite 200, Wayne PA 19087
 USA

gtmtax.com

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ↗ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ↗ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ↗ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ↗ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ↗ YES
Varies by Treaty, generally 12 months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ↗ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ↗ Normal U.S. tax accounting rules apply. CCM is permitted for certain small taxpayers and eligible contracts.
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ↗ Income from services rendered inside USA

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ↗ NO
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ↗ YES

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country?
 ↗ Ownership of stores, warehouses, mills, among other facilities. Carrying of mining and hydrocarbons activities. Facilities used for the purchase of goods and services. Immovable property owned and leased to third parties. There is also a concept of fixed basis applicable to individuals, with a treatment similar to P.E.s
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? YES
- 4/ How is a permanent establishment registered in your country?

 TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? YES
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? YES
- 9/ How is the profit of a permanent establishment determined?
 ↗ Basically P.E. bookkeeping with certain limitations under the law and regulations. No application of transfer pricing methods and no deduction is allowed for intra-company (H.O. or other P.E. payments). Apportionment of H.O. common costs is allowed under the Regulations.
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment?
 ↗ If there is an actual P.E. it is advisable to have segregated bookkeeping
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? NO
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? YES
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country?
 ↗ YES
 Same as the one for dividends, a flat 34%. It applies on excess of financial (books) income over taxable net income. It applies irrespective of whether any amounts are distributed
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000?
 ↗ The effective rate is close to **34%**

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?
 OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied?
 STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes?
 ↗ NO

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment?
 ↗ YES
 Only for construction and installation. More than 6 months
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?
 ↗ YES

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3))
 ↗ NO
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?
 ↗ YES
 Over 6 months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country?
 ↗ NO
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)?
 ↗ There are no particular rules under the law or regulations. While there is no court or administrative authority, there is a risk that the tax authority attempts to tax both fiscal years without applying any of the methods
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country?
 ↗ Income from services rendered outside Venezuela

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident?
 ↗ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident?
 ↗ NO

VENEZUELA



contact

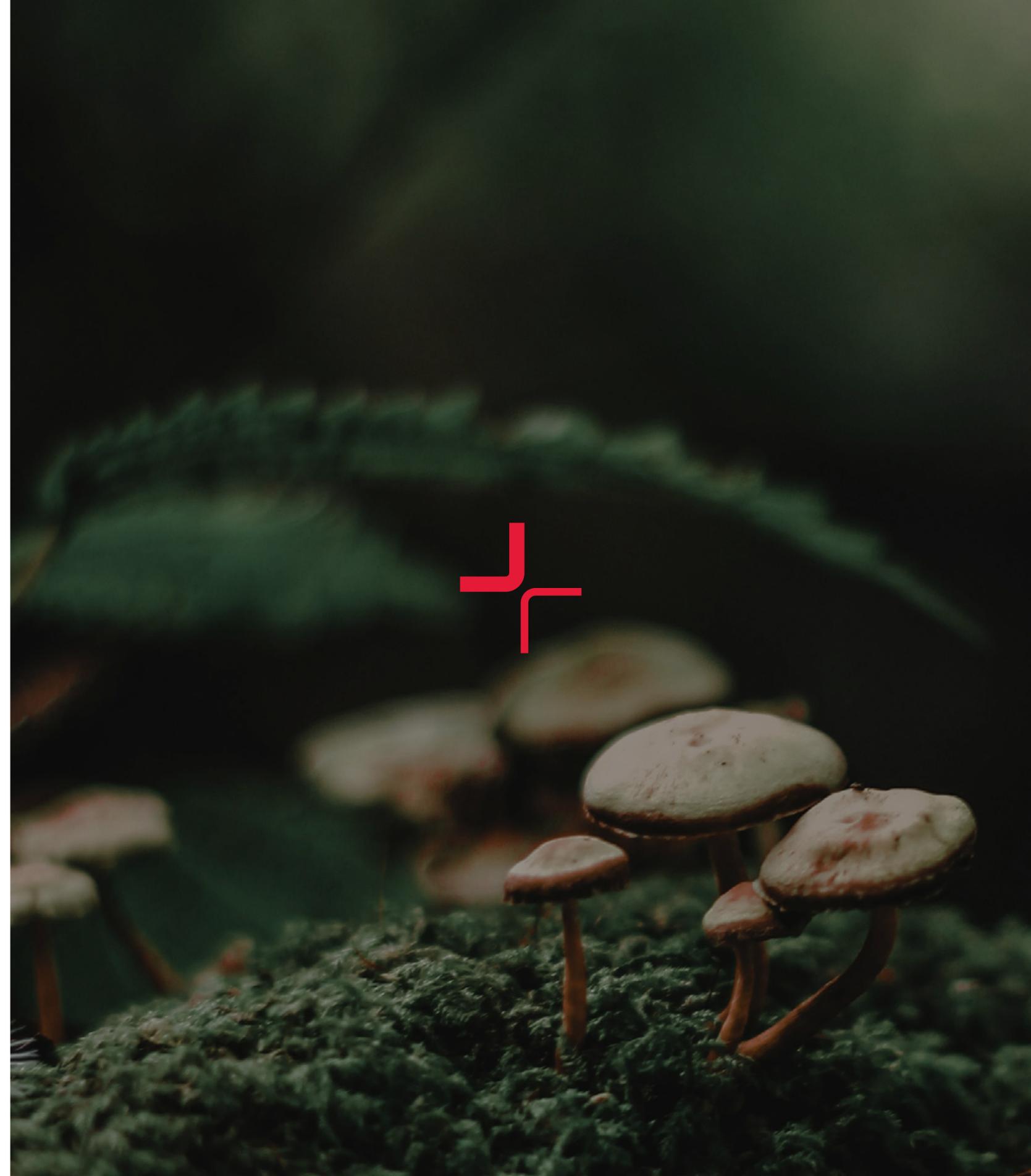
Juan Carlos Garantón-Blanco
jgaranton@tpa.com.ve

Torres, Plaz & Araujo (TPA)
 Torres Europa, p. 2, Av. Fco de Miranda, Caracas, Estado Miranda
 Venezuela

torresplazaraujo.com

EUROPE

Austria	47	Luxembourg	75
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Czech Republic	53	Norway	81
Cyprus	55	Poland	83
Estonia	57	Portugal	85
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Greece	65	Switzerland	93
Hungary	67	Türkiye	95
Italy	69	Ukraine	97
Latvia	71	United Kingdom	99
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SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES

- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Home office
➤ Having a local agent signing contracts on behalf of the non-resident

- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES

- 4/ How is a permanent establishment registered in your country?


TAX REGISTRATION

- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO

- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)

- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO

- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES

- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
➤ PE Bookkeeping

- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ NO

- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES

- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO

- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO

- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO

- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 23%



AUSTRIA



contact

Matthias Mitterlehner
matthias.mitterlehner@icon.at

ICON Wirtschaftstreuhand
 GmbH
 Stahlstrasse 14, 4020 Linz
 Österreich

icon.at

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?
 OECD UN

- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied?
 STATIC DYNAMIC

- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ NO

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO

- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES

- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
6 months

- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES

- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Completed Contract Method

- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Austria

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO

- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES

- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤
 - Having a fixed place of business
 - Rendering construction services
 - Rendering installation services
 - Home office
 - Having a local agent signing contracts on behalf of the non-resident
 - Services PE; local agent oBo foreign Co w/o PoA

- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES

- 4/ How is a permanent establishment registered in your country? ➤
 - There is no separate registration requirement for PEs of a foreign company in Belgium. However, the foreign company itself needs to be registered in Belgium, which is accomplished through a Belgian VAT registration or the setting up of a Belgian payroll.

- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO

- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤
 - Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)

- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO

- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES

- 9/ How is the profit of a permanent establishment determined? ➤
 - Transfer pricing methods

- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ NO

- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES

- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO

- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO

- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO

- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 20% or 25%



BELGIUM



contact

Ahmed El Jilali
ahmed.eljilali@tiberghien.com

Tiberghien BV
 Havenlaan 86/C/B419,
 1000 Brussels, Belgium

tiberghien.com

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN

- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC

- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ YES
In principle, 30 days.

- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ YES

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES

- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
In principle, 30 days.

- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES

- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤
 - Percentage of Completion

- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤
 - Income from services rendered inside Belgium

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO

- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Having a local agent signing contracts on behalf of the non-resident
➤ Carrying out on a long-term basis of commercial transactions in the country, even when the non-resident does not have a permanent agent or a fixed place of business.
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ NO
- 4/ How is a permanent establishment registered in your country? ➤ OTHER
 Registration with a special (BULSTAT) register.
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
➤ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ NO
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 10%



BULGARIA



contact

Veselina Petkova
veselina.petkova@delchev-lawfirm.com

Delchev & Partners Law Firm
 8 Tsar Kaloyan str., 2nd floor,
 Sofia 1000, Bulgaria

delchev-lawfirm.com

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ NO
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Bulgaria

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Home office
➤ Having a local agent signing contracts on behalf of the non-resident
➤ Having shares in a local subsidiary
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ NO
- 4/ How is a permanent establishment registered in your country? ➤  TAX REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ Deemed Profit
➤ Transfer pricing methods
➤ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ NO
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 21%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ YES

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
6 months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Czech Republic

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

CZECH REPUBLIC



contact

Jana Kotíková
jana.kotikova@alferypartner.com

WTS Alfery s.r.o.
 Václavské náměstí 40, Prague
 Česko

alferypartner.com

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country?
 2/ Having a fixed place of business
 2/ Building site
 2/ Rendering construction services
 2/ Rendering installation services
 2/ Rendering of supervisory services in connection with a building site, construction or installation project
 2/ Having a local agent signing contracts on behalf of the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? YES
- 4/ How is a permanent establishment registered in your country?

 TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? YES
- 9/ How is the profit of a permanent establishment determined?
 2/ AOA (subject to the double tax treaty)
 2/ Transfer pricing methods
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? YES
 There is a requirement that the PE maintains audited financial statements
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000?
 2/ 12.5%
 e Expected 15% from JAN 2026



CYPRUS



contact

Nicos Tapolos
nicos.tapolos@wtscyprus.com

WTS (Cyprus) Ltd
 Stovolou 47, Nicosia, Cyprus

wtscyprus.com

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?
 OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied?
 STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? YES
 2/ Local legislation states that a building site or construction or installation project, or supervisory activities in connection therewith constitute a permanent establishment only if they last for more than three months. Further, Cyprus tax treaties may provide certain time thresholds for specific activities
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? YES
 3 months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? NO
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? In accordance with IFRS
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? Income from services rendered inside Cyprus

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? NO

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Having a local agent signing contracts on behalf of the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES
- 4/ How is a permanent establishment registered in your country?

 TAX REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
➤ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ PE needs a separate tax accounting and limited annual report must be prepared, but these can be prepared and kept outside of Estonia.
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ NO
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 22/78 (22% on gross profit)



ESTONIA



contact

Kaido Künnapas
kaido.kunnapas@sorainen.com

Sorainen Law Firm
 Rotermanni 6, Tallinn 10111
 Estonia

sorainen.com

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?
 OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied?
 STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ NO
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ NO
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ NO
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ In Estonia, profits of a PE are taxed upon allocating the profits from PE to the HQ (similar to taxation of dividends from a company).
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Estonia

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ↗ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ↗ Having a fixed place of business
↗ Rendering construction services
↗ Rendering installation services
↗ Home office
↗ Having a local agent signing contracts on behalf of the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ↗ YES
- 4/ How is a permanent establishment registered in your country?
↗ In case a PE is established only for short-term and temporary business operations in Finland, it would be sufficient to register the PE only for Tax Administration's basic information register and prepayment register. In case business operations in Finland are expected to have a more permanent nature, the PE should be registered also at the Business Register as a branch in Finland.
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ↗ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ↗ NO
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ↗ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ↗ YES
- 9/ How is the profit of a permanent establishment determined?
↗ Deemed Profit
↗ Transfer pricing methods
↗ PE Bookkeeping
↗ The Profit of the PE is determined by transfer pricing methods, but at the same time, the PE should have a separate bookkeeping and prepare an income statement and balance sheet to support the numbers on the tax return. If a PE does not voluntarily submit a tax return, the Tax Administration may determine the taxable profit of the PE.
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ↗ PE should have a separate bookkeeping (see previous question). The bookkeeping is not required to be arranged locally. However the income statement and balance sheet should be prepared according to Finnish regulation.
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ↗ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ↗ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ↗ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ↗ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ↗ 20%



FINLAND



contact

Elina Pehkonen
elina.pehkonen@svalneratlas.com

Svalner Atlas Finland Oy
 Eteläesplanadi 8, 00130 Helsinki
 Finland

svalneratlas.com/fi

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ↗ NO

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ↗ YES
 ↗ Generally a fixed place of business may trigger a PE when exceeding 6 months time. Exceptions according to tax treaty thresholds may exist especially in construction and assembling industries.
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ↗ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ↗ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ↗ YES
 ↗ The threshold varies between tax treaties but is generally between 6 – 18 months depending of the tax treaty.
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ↗ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ↗ PE's profit will be calculated based on Act on Business tax (Elinkeinoverolaki) and transfer pricing methods. This applies also on companies operating on construction and assembling business.
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ↗ Income from services rendered inside Finland

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ↗ NO
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ↗ YES

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Having a local agent signing contracts on behalf of the non-resident
➤ French notion of a 'complete commercial cycle'
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES
- 4/ How is a permanent establishment registered in your country? 
TAX REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ YES
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
➤ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ Local bookkeeping or mapping of foreign IFRS bookkeeping.
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ YES
25% but exemption rules for EU CIT taxable entities or DTT exemption.
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ EUR 25,000



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ YES
6 months
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ NO
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ NO
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ NO
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside France

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

FRANCE



contact

Timotheus Tangermann
timotheus.tangermann@fidal.com

FIDAL
4-6, avenue d'Alsace -
Tour Prisma - 92400 Courbevoie
France

fidal.com

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES

- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Having a local agent signing contracts on behalf of the non-resident
➤ Place of management

- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES

- 4/ How is a permanent establishment registered in your country? 📄 → 🏢 → 📝
TAX REGISTRATION

- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ YES

- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ YES

- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO

- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES

- 9/ How is the profit of a permanent establishment determined? ➤ PE Bookkeeping
➤ AOA -e.g. cost plus method with mark up for routine function

- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ In case of qualified functions performed in the PE, a local bookkeeping requirement – or the amendment of the foreign bookkeeping based on local requirements – exists.

- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ NO

- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO

- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO

- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO

- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ Approximately 30% (Corporate Income Tax, Solidarity Surcharge and Trade Tax)



GERMANY



contact

Sandra Winter
Sandra.Winter@wts.de

WTS GmbH
 Friedenstraße 22,
 81671 München
 Deutschland

wts.com/de

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN

- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC

- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ YES
 ➤ No specific threshold for fixed place of business. But PE must be "permanent". Rule of thumb: 6 months.

- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ YES

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES

- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
 ➤ Only if construction or assembly work, including localized or floating work, if a) the individual construction or assembly work or b) one of several construction or assembly projects that exist in parallel, or c) several consecutive construction or assembly projects without interruption last longer than six months.

- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES

- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Depends on discussion with competent tax authority

- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Germany

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO

- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ↗ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ↗ Having a fixed place of business
↗ Rendering construction services
↗ Rendering installation services
↗ Home office
↗ Having a local agent signing contracts on behalf of the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ↗ NO
- 4/ How is a permanent establishment registered in your country? 
TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ↗ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ↗ YES
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ↗ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ↗ YES
- 9/ How is the profit of a permanent establishment determined? ↗ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ↗ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ↗ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ↗ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ↗ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ↗ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ↗ 22%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ↗ NO

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ↗ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ↗ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ↗ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ↗ YES
3 months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ↗ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ↗ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ↗ Income from services rendered inside Greece

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ↗ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ↗ NO

GREECE



contact

Stavrina Iatridou
[siatridou@
accountingsolutions.gr](mailto:siatridou@accountingsolutions.gr)

Accounting Solutions
Zaloggou 4
Greece

accountingsolutions.gr

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Home office
➤ Having a local agent signing contracts on behalf of the non-resident
➤ Having shares in a local subsidiary
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES
- 4/ How is a permanent establishment registered in your country? ➤ 
TAX REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ NO
- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
➤ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 9% corporate income tax,
2 local business tax
(tax base is net sales revenue)



HUNGARY



contact

David Varnai
david.varnai@wtsklient.hu

WTS Klient Business
Advisory Ltd.
HU-1143 Budapest,
Stefánia út 101-103.
Hungary

wtsklient.hu

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
3 months
Corporate income tax
6 months
Local business tax
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Hungary

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country?
- Having a fixed place of business
 - Rendering construction services
 - Rendering installation services
 - Having a local agent signing contracts on behalf of the non-resident
 - A significant and continuous economic presence in the territory of Italy arranged in such a way as not to result into a physical presence in the territory itself
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? YES
- 4/ How is a permanent establishment registered in your country?
-  TAX REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? YES
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? YES
- 9/ How is the profit of a permanent establishment determined?
- Transfer pricing methods
 - PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? 27.9%



ITALY



contact

Giovanni Rolle
giovanni.rolle@ra-wts.it

WTS R&A Studio Tributario
 Piazza Sant'Angelo, 1
 Italia

ra-wts.it

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? YES
3 months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? NO
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? Depends on the GAAPs adopted
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? Income from services rendered inside Italia

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? NO
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? YES

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ↗ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ↗ Having a fixed place of business
↗ Rendering construction services
↗ Rendering installation services
↗ Having a local agent signing contracts on behalf of the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ↗ YES
- 4/ How is a permanent establishment registered in your country? 📄 → 🏢 → ✅
TAX REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ↗ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ↗ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ↗ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ↗ YES
- 9/ How is the profit of a permanent establishment determined? ↗ Transfer pricing methods
↗ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ↗ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ↗ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ↗ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ↗ YES
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ↗ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ↗ 20%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? ↗ NO
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ↗ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ↗ NO
12 months
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ↗ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ↗ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ↗ NO
12 months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ↗ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ↗ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ↗ Income from services rendered inside Latvia

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ↗ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ↗ YES

LATVIA



contact

Aija Lasmane
aija.lasmane@sorainen.com

Sorainen ZAB, SIA
 Krišjāņa Valdemāra
 iela 21 – 11, Rīga
 Latvia

sorainen.com

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Home office
➤ Having a local agent signing contracts on behalf of the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES
- 4/ How is a permanent establishment registered in your country? ➤  TAX REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ Deemed Profit
➤ Transfer pricing methods
➤ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ NO
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ YES
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 16%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ YES
6 months
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
Depends on the treaty
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Lithuania

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

LITHUANIA



contact

Povilas Užkuraitis
Povilas.Uzkuraitis@Sorainen.com

Sorainen
 Gedimino ave. 44A, Vilnius,
 LT-01110, Lithuania

Sorainen.com

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES

- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Having a local agent signing contracts on behalf of the non-resident
➤ Others¹

- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES

- 4/ How is a permanent establishment registered in your country? 📄 → 🏢 → ✅
TAX AND COMMERCIAL REGISTRATION

- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO

- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ NO

- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO

- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES

- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
➤ PE Bookkeeping

- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES

- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ NO

- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO

- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO

- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO

- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 21.73%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN

- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC

- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO

- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ YES

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES

- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
6 months

- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES

- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion

- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Luxembourg

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES

- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

LUXEMBOURG



contact

Jeronimo Chavarria
jeronimo.chavarria@tiberghien.com

Tiberghien Luxembourg

tiberghien.com

¹Having a place where the management is located. Having branch offices, manufacturing establishments, warehouses, purchasing, sales, or other facilities which serve the owner or co-owner of the business, or his permanent representative (e.g. an authorized signatory or a manager), in the conduct of the business. Regarding construction projects, only to the extent that the duration project(s) carried out in the same community exceeds, or are expected to exceed, 6 months. Special rules apply to companies engaged in railway, mining and supply of gas, water, electricity or heat. To avoid conflicts of interpretation between domestic law and tax treaties, Luxembourg laws and regulations clarify that to the extent the permanent establishment notion is defined in a given tax treaty, the recognition of a permanent establishment will be based exclusively on the basis of the criteria of that tax treaty concluded by Luxembourg with another country. Tax treaties concluded by Luxembourg largely follow the OECD Income and Capital Model. The definition of permanent establishment therefore generally corresponds to the definition provided by article 5 of the OECD Income and Capital Model.

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ↗ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ↗ We do not have a definition of Permanent Establishment in domestic law. The OECD definition applies on the basis of bilateral DTAs entered into with other jurisdictions.
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ↗ YES
- 4/ How is a permanent establishment registered in your country?  TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ↗ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ↗ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ↗ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ↗ NO
- 9/ How is the profit of a permanent establishment determined? ↗ Transfer pricing methods
↗ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ↗ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ↗ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ↗ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ↗ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ↗ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ↗ 35%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ↗ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ↗ YES
↗ Building, construction, installation project >12 months (based on OECD model not domestic law)
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ↗ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ↗ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ↗ YES
>12 months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ↗ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ↗ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ↗ Income from services rendered inside Malta

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ↗ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ↗ NO

MALTA



contact

Silvio Cilia
silvio@corriericilia.com

Corrieri Cilia
Level 4, Ewropa Business
Centre, Triq Dun Karm,
Birkirkara BKR 9034
Malta

corriericilia.com

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES

- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Home office
➤ Having a local agent signing contracts on behalf of the non-resident

- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES

- 4/ How is a permanent establishment registered in your country? 📄 → 🏢 → ✅
TAX AND COMMERCIAL REGISTRATION

- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO

- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)

- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO

- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES

- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods

- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ NO

- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES

- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO

- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO

- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO

- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 19%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN

- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC

- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO

- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES

- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
12 months
(depending on the tax treaty)

- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES

- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion

- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Netherlands

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO

- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

NETHERLANDS



contact

Roemer Schimmelpenningh
Roemer.schimmelpenningh@svalneratlas.com

Anne van der Kooi
Anne.vanderkooi@svalneratlas.com

Svalner Atlas | Advisors
 Stadhouderskade 1 Amsterdam
 Netherlands

atlas.tax

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Home office
➤ Having a local agent signing contracts on behalf of the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ NO
- 4/ How is a permanent establishment registered in your country? ➤ COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
➤ PE Bookkeeping
➤ OECD Report on the Attribution of Profits to Permanent Establishments
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ NO
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 22%



NORWAY



contact

Ulf SørDAL
uso@sands.no

SANDS
Nygårdsgaten 95, 5008 Bergen
Norway

sands.no/en/

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? ➤ OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? ➤ STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ YES
➤ A time threshold of six months applies as a starting point (Rt. 2004 p. 957). However, the lower limit of the time requirement must be assessed in light of the activities carried out, which means that a PE may also be established for activities of shorter duration.
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES 12 months unless the conditions for PE under the basic rule are considered to be met by a shorter duration.
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ A manufacturing contract (e.g., construction of buildings) is taxed upon completion, whereas services are taxed on an ongoing basis.
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Norway

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ↗ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ↗ Having a fixed place of business
↗ Rendering construction services
↗ Rendering installation services
↗ Having a local agent signing contracts on behalf of the non-resident
↗ Home office PE is currently subject to disputes in Poland. Recognition of such a PE is not certain, but a risk exists.
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ↗ YES
- 4/ How is a permanent establishment registered in your country? 
TAX REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ↗ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ↗ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ↗ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ↗ YES
- 9/ How is the profit of a permanent establishment determined? ↗ Transfer pricing methods
↗ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ↗ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ↗ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ↗ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ↗ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ↗ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ↗ 19%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ↗ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ↗ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ↗ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ↗ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ↗ YES
12 months (but subject to the applicable DTT)
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ↗ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ↗ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ↗ Income from services rendered inside Poland

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ↗ NO
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ↗ YES

POLAND



contact

Ewelina Buczkowska
ewelina.buczkowska@wtssaja.pl

Doradztwo Podatkowe
WTS&SAJA Sp. z o.o.
ul. Roosevelta 22, Bałtyk
Building 13th floor,
60-829 Poznań
Poland

wtssaja.pl

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ↗ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ↗ Having a fixed place of business
↗ Rendering construction services
↗ Rendering installation services
↗ Having a local agent signing contracts on behalf of the non-resident
↗ Service PE
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ↗ YES
- 4/ How is a permanent establishment registered in your country? 
TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ↗ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ↗ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ↗ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ↗ YES
- 9/ How is the profit of a permanent establishment determined? ↗ Transfer pricing methods
↗ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ↗ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ↗ NO
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ↗ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ↗ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ↗ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ↗ 20%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ↗ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ↗ YES
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ↗ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ↗ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ↗ YES
6 months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ↗ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ↗ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ↗ Income from services rendered inside Portugal

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ↗ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ↗ NO

PORTUGAL



contact

Francisca de Landerset
fsl@vda.pt

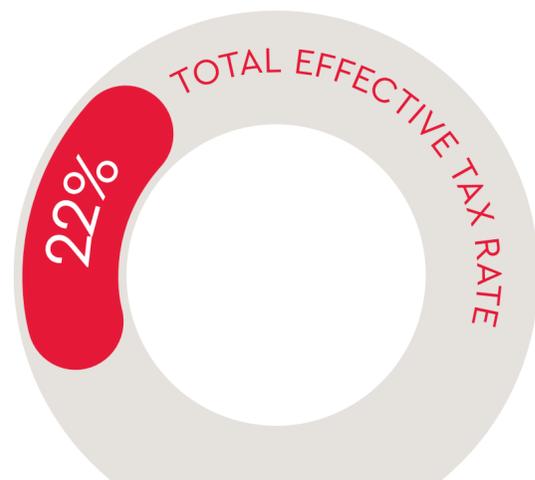
Vieira de Almeida &
Associados (Vda)
Rua Dom Luís I, 28
Portugal

vda.pt

A construction, installation or assembly site or worksite, as well as the related coordination, supervision and oversight activities, where the duration of that site or worksite or the duration of those activities exceeds six months; Installations, platforms or ships used for prospecting or exploiting natural resources, when the duration of their activity exceeds 90 days; Service provision activities, including consultancy services, provided by a company, through its own employees or other persons hired by the company to carry out such activities in Portuguese territory, provided that such activities are carried out during a period or periods which, in total, exceed 183 days in a 12-month period beginning or ending in the tax period in question. In the case of subcontracting, the subcontractor is deemed to have a permanent establishment on the building site if they carry out their activity there for a period of more than six months. Installations, platforms or ships used for prospecting or exploiting natural resources, when the duration of their activity exceeds 90 days; Service provision activities, including consultancy services, provided by a company, through its own employees or other persons hired by the company to carry out such activities in Portuguese territory, provided that such activities are carried out during a period or periods which, in total, exceed 183 days in a 12-month period beginning or ending in the tax period in question; In the case of subcontracting, the subcontractor is deemed to have a permanent establishment on the building site if they carry out their activity there for a period of more than six months.

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Having a local agent signing contracts on behalf of the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES
- 4/ How is a permanent establishment registered in your country? 
TAX REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ NO
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 22%



SLOVENIA



contact

Mateja Babič
mateja.babic@wts-tax.si

WTS TAX d.o.o.
Zanova ulica 3, 4000 Kranj
Slovenia

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ YES
Only in construction projects is 6 months
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

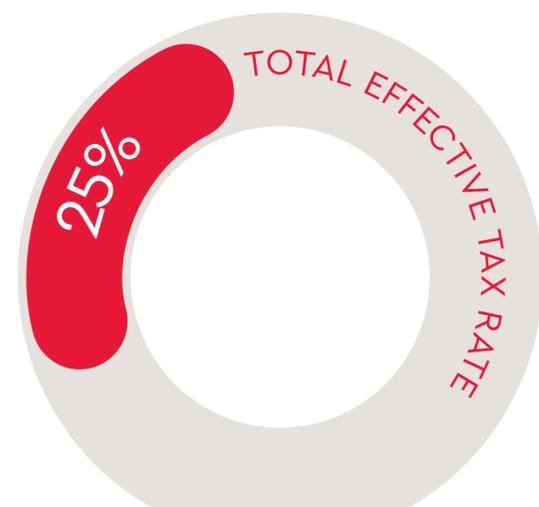
- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
6 months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Slovenia

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Home office
➤ Having a local agent signing contracts on behalf of the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES
- 4/ How is a permanent establishment registered in your country? Tax registration if PE other than a branch /
Tax and Commercial registration if it is a branch
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ YES
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ YES
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ YES
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 25%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ YES

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
6 months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Spain

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

SPAIN



contact

Marina Esquerrà
marinaesquerra@arcoabogados.es

ARCO Abogados y
 Asesores Tributarios
 Barcelona
 Spain

arcoabogados.es

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Home office
➤ Having a local agent signing contracts on behalf of the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES
- 4/ How is a permanent establishment registered in your country? ➤ Not possible to register a PE in Sweden as such. Certain registrations for tax purposes (e.g., employer, „F-tax“) may however be necessary because of the activities performed in Sweden.
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ No
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ A general obligation to keep bookkeeping applies to all permanent establishments.
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 20.6%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ YES
6 months
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
6 months according to Swedish domestic law (may be extended under the applicable tax treaty).
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Depends
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Sweden

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

SWEDEN



contact

Erik Nilsson
erik.nilsson@svalneratlas.com

Svalner Atlas Sweden KB
 Lästmakargatan 3,
 111 44 Stockholm
 Sweden

svalneratlas.com/sv

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES

- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
 - A permanent establishment is defined as a fixed place of business through which the business of an enterprise is wholly or partly carried on (e.g. branch, office, factory etc.). Further, building sites or construction/installation projects lasting more than 12 months also create a permanent establishment. The conditions for the creation of a permanent establishment through a home office are very strict in Switzerland, and it remains questionable whether a PE would be recognized on this basis at all.

- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES

- 4/ How is a permanent establishment registered in your country? ➤ 

TAX AND COMMERCIAL REGISTRATION

- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO

- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)

- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO

- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES

- 9/ How is the profit of a permanent establishment determined? ➤ PE Bookkeeping

- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ *Under Swiss law, a permanent establishment (PE) is not a separate legal entity. It is part of the foreign head office. Nevertheless, for Swiss tax purposes, the PE must determine its Swiss taxable profit and capital independently. The PE must keep separate accounts (or at least separate records) that allow the Swiss tax authorities to clearly identify which income and expenses are attributable to the PE. This does not necessarily have to be a full statutory bookkeeping system in Switzerland.*

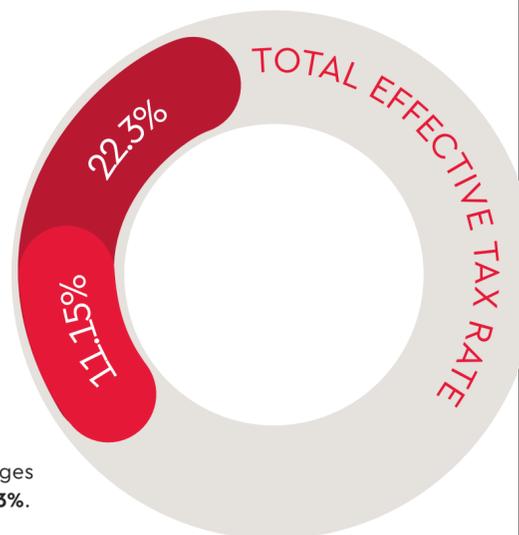
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES

- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO

- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO

- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO

- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ Depends on the canton and city in which the PE is located. The effective tax rate ranges between **11.15%** and **22.3%**.



SWITZERLAND



contact

Amanda Heinz
a.heinz@wengervieli.ch

Wenger Vieli AG
 Dufourstrasse 56, 8034 Zurich
 Switzerland

wengervieli.ch/

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN

- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC

- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ YES

- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ NO

- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
12 months

- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES

- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion

- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Switzerland

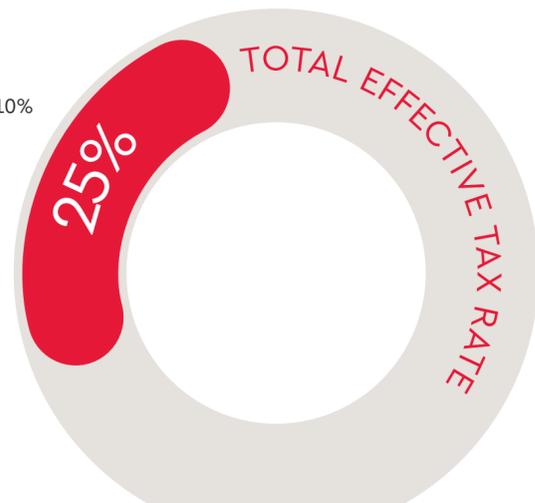
SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO

- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Home office (provided that the authority (right of disposal) over home offices and the requirement of continuity are ensured)
➤ Having a local agent signing contracts on behalf of the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ NO
- 4/ How is a permanent establishment registered in your country? ➤ 
- TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ YES
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ YES
if a PE is registered
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ YES
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ YES 15%
(local rate and sometimes it is 10% or 5% as per the DTTs)
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 25%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ YES
6 months
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ YES
as per local law (however as per most of the DTT's No)

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
6 months (12 months in some certain DTTs)
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ If it is a long term construction work, then it is done as completed contract method
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Türkiye

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

TÜRKİYE



contact

Serhat Umut Aydin
serhat.aydin@wtstaurus.com

WTS TAURUS
Sultan Selim Mahallesi • Turan Sokak • No:5 • Levent No5 Plaza
• Kat:4 • İç Kapı: 53 • 34415 • Kağıthane • İstanbul • Türkiye

wtstaurus.com

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES

- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Home office
➤ Having a local agent signing contracts on behalf of the non-resident
➤ Others¹

- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ NO

- 4/ How is a permanent establishment registered in your country? 
TAX AND COMMERCIAL REGISTRATION

- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO

- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)

- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO

- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES

- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
➤ PE Bookkeeping
➤ Merely PE bookkeeping suffice for annual PE budget within UAH 10 million; above that, TP rules apply

- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ Literally local bookkeeping is not mandatory, practically required to comply

- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ NO

- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO

- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO

- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO

- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 18%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN

- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC

- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ YES
183 days in general;
12 months for construction, installation and related supervision

- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES

- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
12 months

- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES

- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ There is certain flexibility in this respect, yet percentage of completion may prevail

- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Ukraine

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO

- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

UKRAINE



contact

Alexander Minin
a.minin@wts.ua | am@kmp.ua

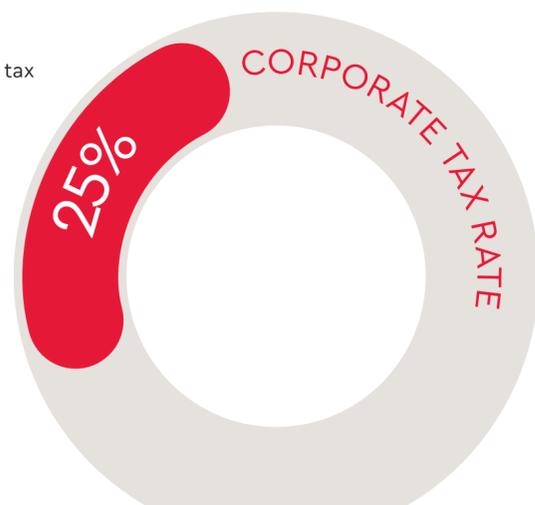
WTS Consulting Ukraine/
 KM Partners
 5, Pankivska Str., Kyiv,
 01033, Ukraine

wts.ua | kmp.ua

¹rendering services (except for provision of personal) through employees staying in Ukraine in total in excess of 183 days in any 12 months period; persons that habitually exercise (based on formal authority or merely factually) negotiation on behalf of certain non-resident or group of affiliated non-residents on substantial terms and conditions of contracts that are finally signed by the non-residents persons or entities (except for customs or bonded warehouse) that habitually keep stocks of goods owned by non-resident out of which supplies are made in Ukraine on behalf of the non-resident extraction of mineral resources warehouse or depot controlled by a non-resident out of which the goods are supplied server of the non-resident.

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ↗ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ↗ Having a fixed place of business
↗ Rendering construction services
↗ Rendering installation services
↗ Having a local agent signing contracts on behalf of the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ↗ NO
- 4/ How is a permanent establishment registered in your country? 📄 → 🏢 → ✅
TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ↗ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ↗ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ↗ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ↗ YES
- 9/ How is the profit of a permanent establishment determined? ↗ Transfer pricing methods
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ↗ NO
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ↗ NO
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ↗ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ↗ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ↗ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ↗ The corporation tax rate is 25%.



UNITED KINGDOM



contact

Nadia Akbar
nadia.akbar@fticonsulting.com

FTI Consulting
 200 Aldersgate, Aldersgate Street, London EC1A 4HD
 United Kingdom

fticonsulting.com/uk/services/transactions/european-tax-advisory

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ↗ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ↗ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ↗ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ↗ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ↗ NO
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ↗ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ↗ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ↗ Income from services rendered inside UK

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ↗ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ↗ NO

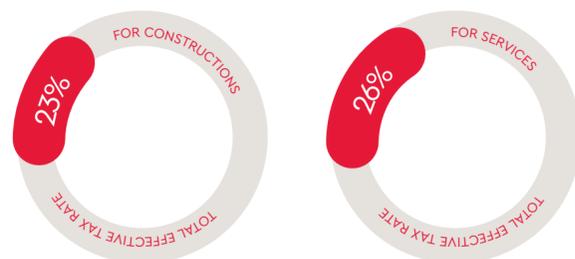
AFRICA & MIDDLE EAST

Algeria	103	Mozambique	119
Angola	105	Nigeria	121
Benin	107	Saudi Arabia	123
Cabo Verde	109	São Tomé E Príncipe	125
Côte D'ivoire	111	Senegal	127
Ghana	113	South Africa	129
Kenya	115	Tanzania	131
Malawi	117		



SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Home office
➤ Having a local agent signing contracts on behalf of the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES
- 4/ How is a permanent establishment registered in your country? ➤ 
TAX REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ YES
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ YES
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
➤ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ NO
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ YES
23% or 26%
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 23% for Constructions or 26% for services



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? ➤ OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? ➤ STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ YES
180 days
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
6 months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ NO
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Algeria

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

ALGERIA



contact

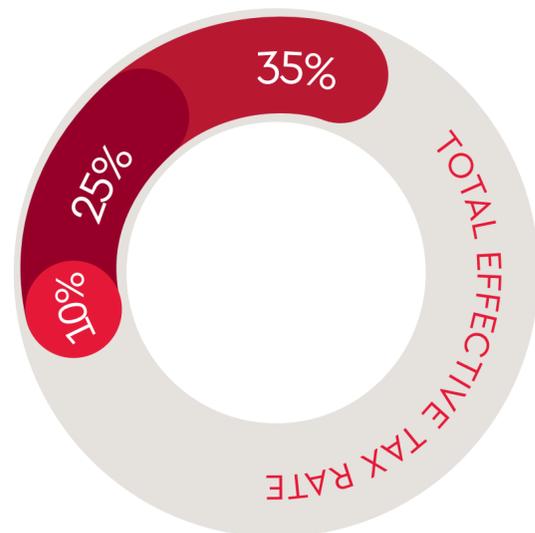
Akram Djamel Zazoua
d.zazoua@cabinet-zazoua.dz

Cabinet ZAZOUA
22, Abane Ramdane Street,
Algeria

cabinet-zazoua.dz

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Home office
➤ Having a local agent signing contracts on behalf of the non-resident
➤ Having shares in a local subsidiary
- Provision of services (including consultancy) in Angola for more than 90 days in any 12-month period; insurance business via non-independent persons receiving premiums or insuring local risks.*
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES
- 4/ How is a permanent establishment registered in your country? 
TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ YES
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ NO
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ YES
10%
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 25% (general CIT rate);
10% (agriculture/aquaculture/livestock/fisheries/silviculture);
35% (banking, insurance, telecom operators, Angolan oil companies)



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ NO

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ YES

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
90 days in any rolling 12-month period
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ NO
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Angola

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

ANGOLA



contact

Carolina Telles Ferreira
ctf@vda.pt

PRIME Advogados (VdA
Legal Partner)
Edifício Torre X, Rua Manuel
Fernandes Caldeira, N.º 5, 9.º
D Coqueiros, Luanda, Angola

[primeadvogados.co.ao/
pt/sobre-nos/](http://primeadvogados.co.ao/pt/sobre-nos/)

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Home office
➤ Others¹
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES
- 4/ How is a permanent establishment registered in your country? ➤ 
TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ YES
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ YES
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ YES
5%
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 30%



BENIN



contact

Avoungnassou C.G.Romuald
avoungnassou.romuald@faceafrica.bj

Face Africa tax & legal Bénin SA
Square 140, Aidjedo district,
ANPE building, 1st floor Cotonou
Benin

faceafrica.bj

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? ➤ OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? ➤ STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ NO

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
3 months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ NO
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Benin

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

¹ – a warehouse, including when it is made available to a person for the storage of goods belonging to others; – a factory; – a workshop; – a mine, an oil or gas well, a quarry, or other place of extraction of natural resources; – an installation or structure used for the exploration or exploitation of natural resources. – a construction site, a project for assembly or installation, or supervisory activities carried out there, when such site, project or activities last for more than three (3) months; – the provision of services, including consultancy services, by an enterprise acting through employees or other personnel engaged by the enterprise for this purpose, but only if such activities are carried out for the same project or a related project in Benin for one or more periods totaling more than one hundred and eighty-three (183) days within any twelve (12) month period.

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Having a local agent signing contracts on behalf of the non-resident
➤ Provision of in-country services or supervision of works over a sustained period, and maintaining facilities (e.g., warehouse/sales outlet) at the enterprise's disposal
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES
- 4/ How is a permanent establishment registered in your country? ➤  TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ NO
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 21%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ NO

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ YES
➤ For service PEs (including consultancy by non-residents via staff), the threshold is more than 183 days in any 12-month period; for other cases (construction/installation, related supervision, drilling), it is over 183 days (with no 12-month aggregation).
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
183 days
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Cabo Verde

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

CABO VERDE



contact

Carolina Telles Ferreira
ctf@vda.pt

SSA Advogados
(VdA Legal Partner)
Edifício Santa maria, nº
302, 3º andar, Chã de
Areia, Praia, Cabo Verde

[vda.pt/en/vda-legal-partners/
cabo-verde/10618/](http://vda.pt/en/vda-legal-partners/cabo-verde/10618/)

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Home office
- All tax conventions signed by Côte d'Ivoire consider that in the following situations, there is a permanent establishment
- | | | | | |
|--|-----------------------|---|----------------|--------------|
| (i) a place of management | (ii) a branch | (iii) an office | (iv) a factory | (v) workshop |
| (vi) a mine, quarry, or any other place of extraction of natural resources | (vii) a point of sale | (viii) a warehouse made available to a person for the storage of another person's goods | | |
- Either way, permanent establishment's definition can be different according to the convention between Ivory Coast and others states.
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES
- 4/ How is a permanent establishment registered in your country? ➤ 
TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ YES
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ PE Bookkeeping
➤ Taxable profit is calculated as follow: All charges are deducted from all profits to determine accountant result. This accounted result is subjected to certain tax adjustments by putting back into the base non deductables charges and deducting non-taxable profits.
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ NO
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ YES
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 25%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ YES
6 months
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
6 months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ NO
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Normally, profits are yearly taxable. Therefore, percentage of completion method is the principle. However, *Cependant, projects beginning during the second semester of a given year and completed during the following year will be taxed in completion year (completed contract method)*
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Côte d'Ivoire

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

CÔTE D'IVOIRE



contact

Myriam Soumahoro
myriam.soumahoro
[@faceafrica.ci](https://www.facebook.com/faceafrica.ci)

FACE AFRICA TAX & LEGAL
 Côte d'Ivoire

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Home office
➤ Provision of services
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES
- 4/ How is a permanent establishment registered in your country? 
TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ YES
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ YES
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
➤ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ YES
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ YES
8%
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ EUR 8.000



GHANA



contact

Theophilus Tawiah
theophilus.tawiah@wtsnobisfields.com

WTS NOBISFIELDS
 Ghana

wtsnobisfields.com

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

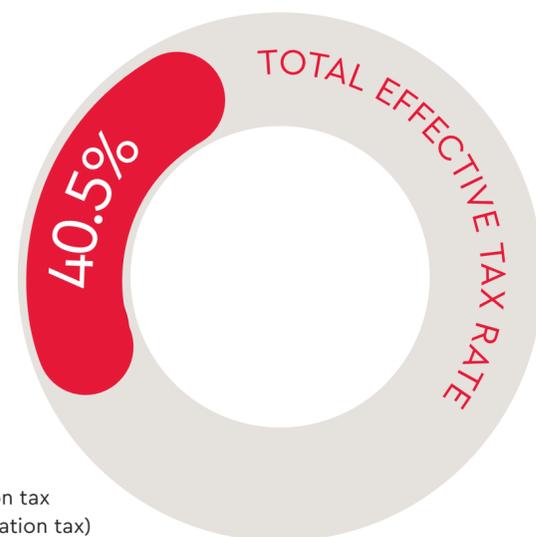
- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
90 days
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ NO
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Ghana

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Having a local agent signing contracts on behalf of the non-resident
➤ Others¹
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES
- 4/ How is a permanent establishment registered in your country? Legal (Government register) and Tax registration
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ YES
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ YES
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ NO
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ YES
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ YES
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ YES
15%
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 40.5%
(30% corporation tax and 15% repatriation tax)



KENYA



contact

Emmanuel Laalia
ELaalia@vivaafriallp.com

Viva Africa Consulting LLP
 3rd Floor, Kiganjo House,
 Rose Avenue off Denis
 Pritt Road, PO Box 50719
 – 00200, Nairobi
 Kenya

vivaafriallp.com

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
More than 183 days
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ It depends on the approach applicable in accounting for profits in that sector.
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Kenya

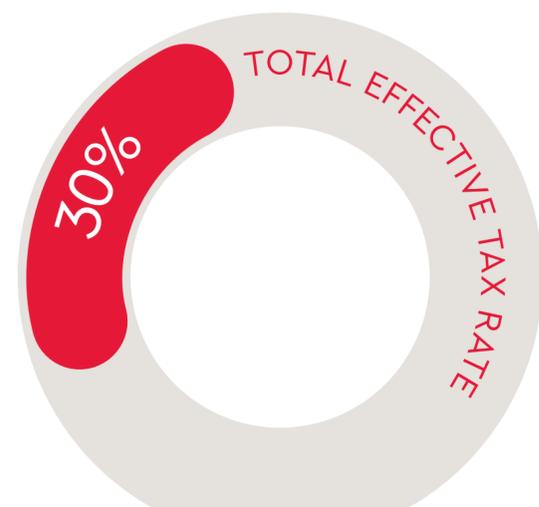
SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

¹ (i) any supervisory activity connected to a building site, construction, assembly or installation project, which continues for a period of more than 183 days. (ii) an installation or structure used in the exploration for natural resources, where the exploration continues for a period of 91 days or more. (iii) the provision of services, including consultancy services, by a person through employees or other personnel engaged for that purpose for a period exceeding 91 days in a 12-month period.

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Home office
➤ Having a local agent signing contracts on behalf of the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES
- 4/ How is a permanent establishment registered in your country? ➤ 
TAX REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ YES
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ YES
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ Attribution of Profits under AOA
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ YES
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ YES
5%
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 30%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? ➤ OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? ➤ STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ YES

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ NO
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ NO
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Malawi

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

MALAWI



contact

Wame Pearson
wame.pearson@tdwebsolutions.com

Pearson Tax Chambers
Box 572, Blantyre
Malawi

ptaxchambers.com

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Having a local agent signing contracts on behalf of the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES
- 4/ How is a permanent establishment registered in your country? ➤ 
TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ NO
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 32% (general CIT rate).
A reduced 10% rate applies to agricultural, livestock, aquaculture, and urban transport activities until 31.12.2025.



MOZAMBIQUE



contact

Carolina Telles Ferreira
ctf@vda.pt

GDA Advogados
(VdA Legal Partner)
Av. Marginal, nº 141,
Edifício Torres Rani, 10º Piso,
Maputo, Moçambique

[gdaadvogados.com/
en/about-us/](https://gdaadvogados.com/en/about-us/)

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ NO

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ YES
➤ There is no numerical threshold for a general fixed place of business. A specific six-month threshold applies, among others, to construction, installation, or assembly sites.
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

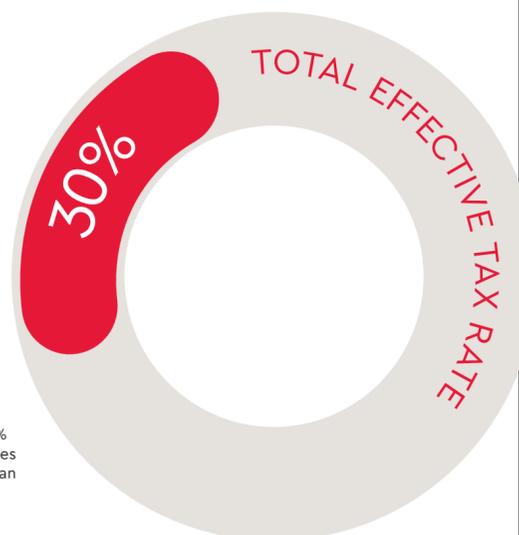
- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
6 months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ NO
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Mozambique

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction, installation services and other ancillary matters irrespective of the number of splits
➤ Rendering installation services
➤ Having a local agent signing contracts on behalf of the non-resident
➤ Maintaining a stock of goods or merchandise
➤ Furnishing services through employees, agents, subcontractors and other persons engaged by the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES
- 4/ How is a permanent establishment registered in your country? ➤ 
TAX REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ Deemed Profit
➤ PE Bookkeeping/Allocation Rules
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment?
➤ If the PE generates taxable income in Nigeria, it must maintain local bookkeeping to comply with Nigerian tax laws and file annual tax returns with the FIRS. However, if the PE operates on a deemed profit basis, it may not need full local bookkeeping but must still keep minimum tax records to support tax filings.
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ YES
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 30%
 However from January 2026, a minimum effective tax rate of 15% would be applicable for companies which are constituent entities of an MNE group.



NIGERIA



contact

Kelechi Okparaocha
Kelechi@wtsblackwoodstone.com

WTS BLACKWOODSTONE
 No 8 Office Apartments, Plot 8,
 Rasheed Alaba Williams Street,
 Lekki Phase 1, Lagos, Nigeria

wtsblackwoodstone.com

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? ➤ OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? ➤ STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ NO
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ BOTH¹
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Nigeria

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

¹ Nigeria allows both the „Completed Contract Method“ and the „Percentage of Completion Method“ (PoCM), but in practice: For long-term contracts (e.g., construction projects), Nigeria usually applies the Percentage of Completion Method (PoCM), meaning profits are taxed as they are earned over multiple years. The Completed Contract Method (taxing profits only in the year of project completion) may be allowed in specific cases where revenue recognition rules permit it.

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Home office
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES
- 4/ How is a permanent establishment registered in your country? 📄 → 🏢 → ✅
TAX REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ YES
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ NO
- 9/ How is the profit of a permanent establishment determined? ➤ Deemed Profit
➤ Transfer pricing methods
➤ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ if the PE doesn't want to be assessed arbitrary
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ YES
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 20%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
Following DTT
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Saudi Arabia

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

SAUDI ARABIA



contact

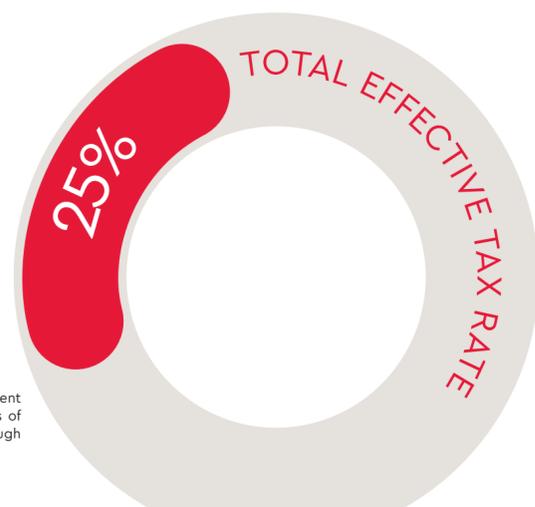
Mohamed Sultan
sultan@sadagahcpa.com

SADAGAH CPA – WTS Global
Saudi Arabia

sadagahcpa.com

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ↗ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ↗ Having a fixed place of business
↗ Rendering construction services
↗ Rendering installation services
↗ Having a local agent signing contracts on behalf of the non-resident
↗ Other¹
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ↗ YES
- 4/ How is a permanent establishment registered in your country?  TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ↗ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ↗ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ↗ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ↗ YES
- 9/ How is the profit of a permanent establishment determined? ↗ PE Bookkeeping
↗ Determination by indirect methods where the taxable base cannot be directly and accurately ascertained due to accounting or compliance failures, based on objective indicators and available evidence.
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ↗ NO
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ↗ NO
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ↗ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ↗ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ↗ YES
20%
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ↗ 25%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ↗ NO

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ↗ YES
↗ A construction, installation, or assembly site, where the duration of the site or of the works or activity exceeds six months.
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ↗ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ↗ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ↗ YES
More than six months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ↗ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)?
↗ Profits may be determined by completed contract or percentage of completion; the latter is mandatory where there are partial invoices matching the degree of completion, and for own-account works sold in fractions over periods exceeding one year.
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ↗ Income from services rendered inside São Tomé e Príncipe

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ↗ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ↗ NO

SÃO TOMÉ E PRÍNCIPE



contact

Carolina Telles Ferreira
ctf@vda.pt

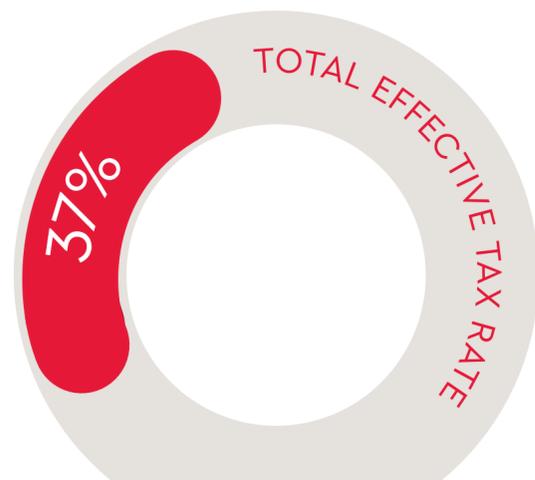
VNA Advogados
(VdA Legal Partner)
Avenida das Nações Unidas
Bairro 3 de Fevereiro
CP 3 São Tomé – São
Tomé e Príncipe

[vnaadvogados.com/
en/about-us/](http://vnaadvogados.com/en/about-us/)

¹ Activities of coordination, supervision and oversight connected with construction, installation or assembly sites that otherwise fall within the permanent establishment rule (including where the relevant duration thresholds are met). The use of installations, platforms or drilling ships for the purposes of prospecting or exploiting natural resources, subject to the duration conditions applicable to construction or installation sites. Any other fixed place through which the core business of the enterprise is wholly or partly carried on, other than activities of a preparatory or auxiliary character.

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Home office
➤ Having a local agent signing contracts on behalf of the non-resident
- The Senegalese tax authorities have the ability to make an assessment of PE risk on a case by case basis taking into account the nature of activities performed by the foreign entity.*
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES
- 4/ How is a permanent establishment registered in your country? 
TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ YES
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ Deemed Profit
➤ Transfer pricing methods
➤ PE Bookkeeping
➤ The tax code provides for specific limitations regarding the deductibility of head office expenses.
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ NO
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ YES
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ YES
20%
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 37%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ YES

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ NO
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ NO
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Senegal

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

SENEGAL



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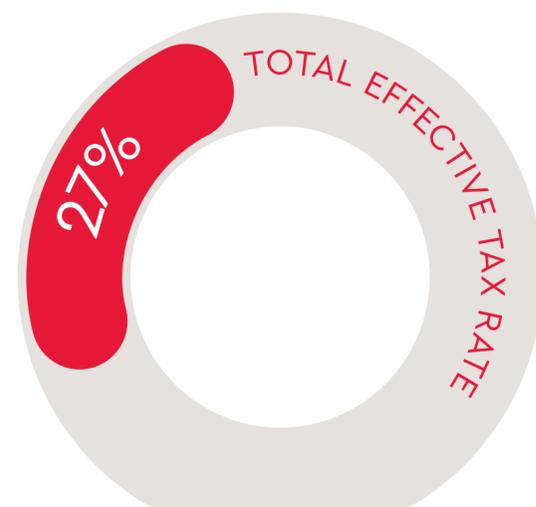
El Hadji Sidy Diop
sidy.diop@faecafrika.sn

FACE Africa tax & legal
Dakar, Place de l'Indépendance,
SDIH Bulding, 4th Floor
Senegal

faceafrica.sn

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Having a local agent signing contracts on behalf of the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ NO
- 4/ How is a permanent establishment registered in your country? 
TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ YES
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
➤ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ While not obligatory, it is recommended.
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ NO
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 27%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
12 months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside South Africa

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

SOUTH AFRICA



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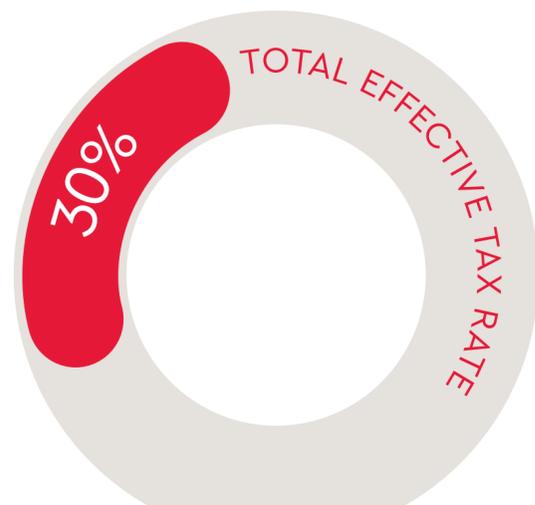
Hendri Herbst
hherbst@renmere.co.za

Renmere
Oude Postkantoor, C/o Bird and
Plein Street, Stellenbosch, 7600
South Africa

renmere.co.za

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ↗ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ↗ Having a fixed place of business
↗ Rendering construction services
↗ Rendering installation services
↗ Home office
↗ Having a local agent signing contracts on behalf of the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ↗ NO
- 4/ How is a permanent establishment registered in your country? 
TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ↗ YES
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ↗ YES
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ↗ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ↗ YES
- 9/ How is the profit of a permanent establishment determined? ↗ Transfer pricing methods
↗ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ↗ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ↗ NO
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ↗ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ↗ YES
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ↗ YES
10%
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ↗ 30%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ↗ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ↗ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ↗ YES

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ↗ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ↗ YES
6 months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ↗ NO
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ↗ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ↗ Income from services rendered inside Tanzania

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ↗ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ↗ NO

TANZANIA



contact

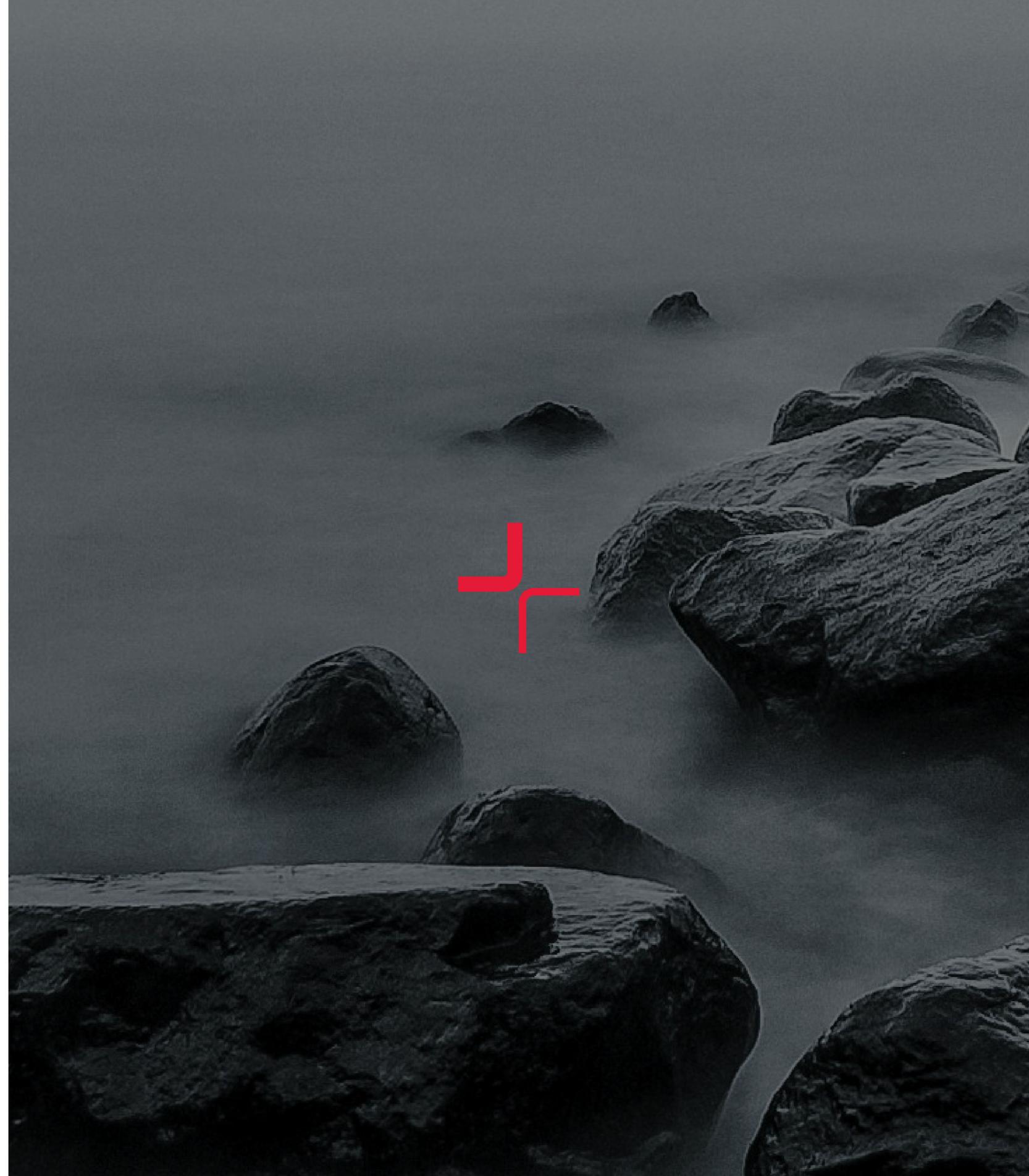
Jiduma Luhende
jiduma.luhende@rookconsultants.co.tz

Rook Consultants
P.O. Box 80024, Dar es Salaam
Tanzania

rookconsultants.co.tz

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SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES

- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤
 - Having a fixed place of business
 - Rendering construction services
 - Rendering installation services
 - Having a local agent signing contracts on behalf of the non-resident
 - Substantial equipment is used or installed

- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES

- 4/ How is a permanent establishment registered in your country?


TAX AND COMMERCIAL REGISTRATION

- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO

- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ YES

but may be mitigated by making a voluntary disclosure to tax authority

- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO

- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES

- 9/ How is the profit of a permanent establishment determined? ➤

Relevant business activity approach (also known as the single business approach)

- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ NO

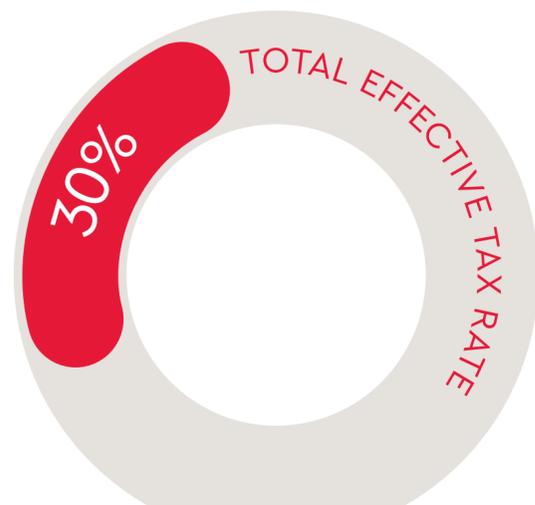
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES

- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO

- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO

- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO

- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 30%



AUSTRALIA



contact

Graem McClelland
graem.mcclelland@wtsaustralia.com

Nuwaru Pty Limited
 Australia

wtsaustralia.com

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?
 OECD UN

- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied?
 STATIC DYNAMIC

- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ NO

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ YES

Presumption is 6 months in official guidelines but dependent on relevant tax treaty

- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES

- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES

Presumption is 6 months in official guidelines but dependent on relevant tax treaty

- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES

- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤

Earnings method applies - right to payment is relevant

- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤

Income from services rendered inside Australia

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES

- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Having a local agent signing contracts on behalf of the non-resident
➤ Rendering services
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES
- 4/ How is a permanent establishment registered in your country? 📄 → 📄 → ✅
TAX REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ Deemed Profit
➤ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ NO
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ YES
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ YES
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 25% but the profit allocation may be re-determined



CHINA



contact

Ened Du
ened.du@wts.cn

WTS China
Unit 06-07, 20th Floor, Building 1,
Shengbang International Tower,
No.1318 North Sichuan Road,
Hongkou District, Shanghai
China

wts.cn

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ YES

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ NO
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Depending on the negotiation with the tax bureau
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside China

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ↗ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ↗ Having a fixed place of business
↗ Rendering construction services
↗ Rendering installation services
↗ Having a local agent signing contracts on behalf of the non-resident
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ↗ YES
- 4/ How is a permanent establishment registered in your country? 
TAX REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ↗ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ↗ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ↗ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ↗ NO
- 9/ How is the profit of a permanent establishment determined? ↗ Deemed Profit
↗ Transfer pricing methods
↗ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ↗ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ↗ NO
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ↗ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ↗ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ↗ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ↗ 8.25%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ↗ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ↗ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ↗ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ↗ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ↗ NO
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ↗ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ↗ Percentage of Completion
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ↗ Income from services rendered inside Hong Kong

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ↗ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ↗ NO

HONG KONG



contact

Mei Yeo
mei.yeo@taxiseasia.com

Taxise Asia LLC
61 Robinson Road ·
#17-01A · Singapore 068893
Hong Kong

taxiseasia.com

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ↗ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ↗ Having a fixed place of business
↗ Rendering construction services
↗ Rendering installation services
↗ Home office
↗ Having a local agent signing contracts on behalf of the non-resident
↗ *Indian tax treaties generally adopt the PE definition from the OECD as well as UN Model. It has the concept of fixed place PE (including construction / installation/ assembly projects). Agency PE and Service PE.*
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ↗ YES
- 4/ How is a permanent establishment registered in your country? From tax law perspective a Tax registration (Permanent Account Number) would be required. Depending on the type of PE (for e.g. a branch) other registrations would also be required.
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ↗ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ↗ NO
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ↗ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ↗ YES
- 9/ How is the profit of a permanent establishment determined? ↗ Deemed Profit
↗ Transfer pricing methods
↗ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ↗ If a fixed place of business is established in India (say a branch) then it would attract book keeping compliance as well.
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ↗ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ↗ YES
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ↗ YES
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ↗ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ↗ **Eur 35,700** (basic tax rate is **35%** and surcharge of **2%**). Surcharge of **5%** is applicable if income exceeds **INR 10,00,00,000**.

INDIA



contact

Radhakishan Rawal
radhakishan.rawal@dhruvaadvisors.com

Dhruva Advisors LLP
 1101, One World Center,
 11th Floor, Tower 2B, 841,
 Senapati Bapat Marg,
 Elphistone Road (West),
 Mumbai 400 013, India

dhruvaadvisors.com

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ↗ NO

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ↗ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ↗ NO

SECTION D

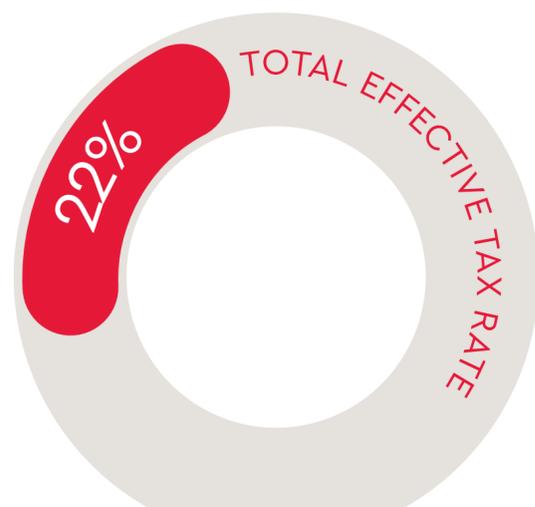
- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ↗ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ↗ YES
Generally six months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ↗ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ↗ Percentage of Completion
- 25/ Which of the following income components of a construction/ installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ↗ Income from services rendered inside India

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ↗ NO
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ↗ YES

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Home office
➤ Having a local agent signing contracts on behalf of the non-resident
➤ Provision of services by non-residents
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ NO
- 4/ How is a permanent establishment registered in your country? ➤ 
- TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ YES
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ YES
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES
- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
➤ PE Bookkeeping
➤ Force of Attraction Rule, Effectively Connected Income
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ YES
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ YES
20%
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 22%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ NO

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
➤ Based on tax treaty
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Method used is not regulated in tax regulation in Indonesia
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Indonesia

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

INDONESIA



contact

Tomy Harsono
tomy.harsono@consulthink.co.id

consulthink
Green Office Park 9 Wing A,
3rd Floor, Zone 6,
Jl. Grand Boulevard BSD City,
Kel. Sampora, Kec. Cisauk,
Tangerang, Banten 15345
Indonesia

consulthink.co.id

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES

- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤
 - Having a fixed place of business
 - Rendering construction services
 - Rendering installation services
 - Having a local agent signing contracts on behalf of the non-resident
 - *Home office that meets certain criteria. Supervisory activities in connection with building site, construction, installation or assembly project. This habitually plays a principal role leading to conclusion of contracts that are routinely concluded without material modification.*

- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ NO

- 4/ How is a permanent establishment registered in your country?


TAX REGISTRATION

- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO

- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)

- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO

- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES

- 9/ How is the profit of a permanent establishment determined? ➤
 - Transfer pricing methods
 - PE Bookkeeping

- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ PE shall prepare separate accounts. The records need not be in Malaysia, provided its accessible from Malaysia.

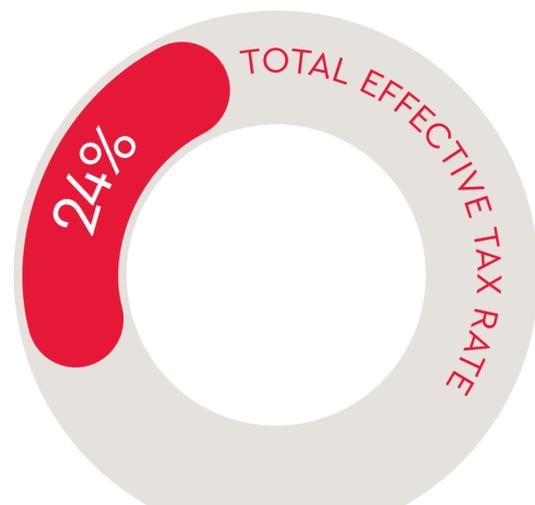
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES

- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ YES

- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO

- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO

- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 24%



MALAYSIA



contact

Thenesh Kannaa
thenesh@tratax.my

TRATAX
 Malaysia

tratax.my

SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?
 OECD UN

- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied?
 STATIC DYNAMIC

- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ NO

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO

- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ YES

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES

- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
5 months in any 12 month period

- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES

- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion

- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Malaysia

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO

- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES

- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤
 - Having a fixed place of business
 - Rendering construction services
 - Rendering installation services
 - Having a local agent signing contracts on behalf of the non-resident
 - *A mine, an oil or gas well, a quarry or any other place of extraction of natural resources e.g. agricultural property. Exploration responsibilities for resources. Substantial equipment is operated for more than six months*

- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES

- 4/ How is a permanent establishment registered in your country? ➤



TAX AND COMMERCIAL REGISTRATION

- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO

- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤
 - Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)

- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO

- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES

- 9/ How is the profit of a permanent establishment determined? ➤
 - Relevant business activity approach (also known as the single business approach)

- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤
 - Minimum local bookkeeping reported via income tax return

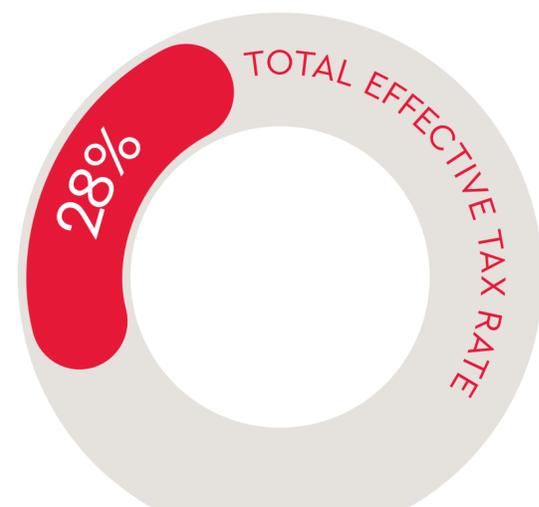
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES

- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO

- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO

- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO

- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 28%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?
 OECD UN

- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied?
 STATIC DYNAMIC

- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ NO

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO

- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES

- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
 - 6 months

- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES

- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤
 - Earnings method applies - right to payment is relevant

- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤
 - Income from services rendered inside New Zealand

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES

- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

NEW ZEALAND



contact

Declan Mordaunt
declan.mordaunt@wtsaustralia.com

Nuwaru Pty Limited
 Level 17/175 Pitt Street,
 Sydney, NSW, 2000
 New Zealand

wtsaustralia.com

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES

- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Having a local agent signing contracts on behalf of the non-resident
➤ Others¹

- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES

- 4/ How is a permanent establishment registered in your country? 📄 → 🏢 → 📝
TAX AND COMMERCIAL REGISTRATION

- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ YES

- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ YES

- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ YES

- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES

- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
➤ PE Bookkeeping

- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES

- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES

- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ YES

- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO

- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ YES
15%

- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 29%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN

- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC

- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ YES
90 days for building site construction assembly or installation project

- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES

- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
90 days for building site construction assembly or installation project

- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES

- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion

- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Pakistan

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES

- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

PAKISTAN



contact

Muzammal Rasheed
muzammalr@enfoque.com.pk

Enfoque Consulting (Pvt) Ltd
 144 First Floor, Street 88 FECHS,
 E-11/2 Islamabad 44000
 Pakistan

enfoque.com.pk

¹Other instances that trigger permanent establishment include a mine oil or gas well, quarry or any other place of extraction of natural resources, an agricultural pastoral or forestry property, virtual business presence in Pakistan including any business where transactions are conducted through internet, or any other electronic medium with or without having any physical presence, any substantial equipment installed or other asset or property capable of activity giving rise to income cohesive business operation Other instances that trigger permanent establishment include a mine oil or gas well, quarry or any other place of extraction of natural resources, an agricultural pastoral or forestry property, virtual business presence in Pakistan including any business where transactions are conducted through internet, or any other electronic medium with or without having any physical presence, any substantial equipment installed or other asset or property capable of activity giving rise to income cohesive business operation

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES
- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Having a local agent signing contracts on behalf of the non-resident
➤ Home office subject to facts and circumstances
- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ NO
- 4/ How is a permanent establishment registered in your country? 
TAX AND COMMERCIAL REGISTRATION
- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO
- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ YES
- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO
- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ NO
- 9/ How is the profit of a permanent establishment determined? ➤ Transfer pricing methods
➤ PE Bookkeeping
- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES
- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ NO
- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO
- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ NO
- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO
- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 17%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN
- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC
- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ NO

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO
- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ NO

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES
- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
Subject to treaty, generally 6 months
- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ NO
- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Generally, tax is assessed on income earned as reflected in the company's financial statement.
- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Singapore

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO
- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ NO

SINGAPORE



contact

Eugene Lim
eugene.lim@taxiseasia.com

Taxise Asia LLC
61 Robinson Road,
Robinson Center, #17
01A, 068893
Singapore

taxiseasia.com

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES

- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤
 - Having a fixed place of business
 - Rendering construction services
 - Rendering installation services
 - Having a local agent signing contracts on behalf of the non-resident
 - In principle, under domestic law, every company that engages in economic activity has a permanent establishment in Thailand. Although most DTAs provide for different regulations, Thailand's foreign investment law forces companies to register legally from day one, which in turn requires a registered address and thus a fixed place of business. Companies legally operating in Thailand therefore always have a permanent establishment in Thailand.

- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ YES

- 4/ How is a permanent establishment registered in your country? ➤



TAX AND COMMERCIAL REGISTRATION

- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ NO

- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ YES

- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ NO

- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ NO

- 9/ How is the profit of a permanent establishment determined? ➤
 - Transfer pricing methods
 - PE Bookkeeping

- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ YES

- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES

- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ NO

- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ YES

- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ YES
10%

- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 20%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN

- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC

- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ NO

- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ YES

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES

- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ NO

- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ NO

- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤
 - income tax is triggered in the year the income is received
 - income tax is triggered in the year the income is received

- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤
 - Income from the delivery of equipment

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ YES

- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

THAILAND



contact

Till Morstadt
till.morstadt@lorenz-partners.com

Lorenz & Partners
 27th Fl, Bangkok City Tower,
 179 South Sathorn Road,
 Bangkok 10120
 Thailand

lorenz-partners.com

SECTION A

- 1/ Is the concept of permanent establishment recognised in your country? ➤ YES

- 2/ According to the definition of your domestic law, which activities trigger a permanent establishment in your country? ➤ Having a fixed place of business
➤ Rendering construction services
➤ Rendering installation services
➤ Having a local agent signing contracts on behalf of the non-resident

- 3/ Is it possible to obtain certainty regarding the existence or non-existence of a permanent establishment from the tax authorities, for example, by applying for an advanced ruling? ➤ NO

- 4/ How is a permanent establishment registered in your country? 📄 → 🏢 → ✅
TAX AND COMMERCIAL REGISTRATION

- 5/ Is it mandatory to open a bank account with a domestic bank to manage the tax or non-tax compliance obligations of a permanent establishment in your country? ➤ YES

- 6/ Will penalties be imposed if a permanent establishment is not registered immediately but, for example, after one year due to an unexpected delay that causes the threshold for construction projects to be exceeded? ➤ YES

- 7/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country? ➤ YES

- 8/ If a permanent establishment exists for corporate income tax purposes, is there an obligation to withhold tax on the employment income of employees working at the permanent establishment? ➤ YES

- 9/ How is the profit of a permanent establishment determined? ➤ Deemed Profit
➤ PE Bookkeeping

- 10/ Is it obligatory to establish a local bookkeeping for a permanent establishment? ➤ Depends on which tax declarations that PE chose

- 11/ Is it possible to obtain certainty regarding the correct profit allocation to a permanent establishment, for example, by applying for a (unilateral) advance pricing agreement? ➤ YES

- 12/ Does the corporate income taxation of a permanent establishment (e.g. deductible expenses, tax rate, loss carry forward etc.) differ from that of a resident legal entity? ➤ YES

- 13/ Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment? ➤ YES

- 14/ Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country? ➤ NO

- 15/ What is the local total income tax rate, assuming a corporation with business profits allocated to a permanent establishment in the amount of EUR 100,000? ➤ 20%



SECTION B

- 16/ Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties? OECD UN

- 17/ Do the tax authorities in your country apply or advocate a dynamic interpretation of the OECD commentary on the model convention, meaning they apply the newest commentary to all tax treaties, or do they use a static interpretation where only the commentary valid at the time the tax treaty was concluded is applied? STATIC DYNAMIC

- 18/ Does your country apply the Authorised OECD Approach (AOA), also known as the 'functionally separate entity approach,' where the permanent establishment is treated as a separate, independent third-party entity for taxation purposes? ➤ YES

SECTION C

- 19/ Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? ➤ YES
6 months or 3 months

- 20/ Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country? ➤ YES

SECTION D

- 21/ Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3)) ➤ YES

- 22/ Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment? ➤ YES
6 months or 3 months

- 23/ Is the presence time of a subcontractor considered as the presence time of the general contractor when determining the existence of a permanent establishment in your country? ➤ YES

- 24/ In the case that a project starts in one tax year and is completed in a different tax year, will the project's profits be taxed only in the year of completion (completed contract method), or in each tax year during the project execution (percentage of completion method)? ➤ Percentage of Completion

- 25/ Which of the following income components of a construction/installation project will be attributed to a construction/installation permanent establishment according to domestic law in your country? ➤ Income from services rendered inside Vietnam

SECTION E

- 26/ Can an agent permanent establishment be avoided in your country if the agent does not have the authority to sign contracts on behalf of the non-resident? ➤ NO

- 27/ In the case of related companies, if the remuneration paid to the local agent is in line with the arm's length principle, will the tax authorities in your country still attribute taxable profit to the agent permanent establishment of the non-resident? ➤ YES

VIETNAM



contact

Julien Tran
j.tran@rba-asia.com

RBA WTS Tax Vietnam
 8th Floor, TMS Building,
 172 Hai Ba Trung Street,
 Tan Dinh Ward, Ho Chi Minh City
 Vietnam

rba-asia.com

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For more information please see: wts.com

WTS Global P.O. Box 19201 | 3001 BE Rotterdam Netherlands
T +31 (10) 217 91 71 | F +31 (10) 217 91 70
wts.com | info@wts.com

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WTS TAX AG

Christian Schiessl
Partner

Christian.Schiessl@wts.de
+49 89 286462403

Friedenstraße 22
81671 München, Germany

SVALNER ATLAS GROUP AB

Ivo Kuipers
Partner

ivo.kuipers@svalneratlas.com
+31 627 034 971

Weteringschans 24
1017 SG Amsterdam, Netherlands

ICON WIRTSCHAFTSTREUHAND GMBH

Mag. Matthias Mitterlehner
Partner

matthias.mitterlehner@icon.at
+43 732 694126990

Stahlstraße 14
4020 Linz, Austria

WTS GLOBAL
INTERNATIONAL CORPORATE
TAX GSL CO-HEAD &
EUROPE REGIONAL LEADER