

# 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.



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## 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.

A blurred background image of a woman in athletic wear running on a track. A red graphic element, resembling a stylized 'L' or a corner bracket, is positioned above the text.

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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| SECTION A:<br>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:<br>DOUBLE TAXATION AGREEMENTS                                    |   |
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| 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)?                       |
| <div>SECTION C:<br/>FIXED PLACE OF BUSINESS<br/>(Art. 5 (1) OECD MTC)</div> |   |
| 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:<br>CONSTRUCTION AND INSTALLATION<br>PERMANENT ESTABLISHMENT (Art. 5 (3) OECD MTC) |   |
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| 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?                                       |
| <div>SECTION E:<br/>AGENT PERMANENT ESTABLISHMENTS</div>                                     |   |
| 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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| Argentina          | 11 | Guatemala | 29 |
| Bolivia            | 13 | Honduras  | 31 |
| Brazil             | 15 | Mexico    | 33 |
| Chile              | 17 | Panama    | 35 |
| Colombia           | 19 | Paraguay  | 37 |
| Costa Rica         | 21 | Peru      | 39 |
| Dominican Republic | 23 | USA       | 41 |
| Ecuador            | 25 | Venezuela | 43 |
| El Salvador        | 27 |           |    |



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?  | <div><div>Having a fixed place of business</div><div>Rendering construction services</div><div>Rendering installation services</div><div>Having a local agent signing contracts on behalf of the non-resident</div><div>Performing regularly for a non-resident</div></div> |
| 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?   | <div><div><div><div></div><div></div><div></div></div><div></div><div></div><div></div></div><div>TAX AND COMMERCIAL REGISTRATION</div></div>   |
| 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?   | <div><div>Transfer pricing methods</div><div>PE Bookkeeping</div></div>   |
| 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?  | <div><div>YES</div><div>Depending on the outlay type</div></div>  |
| 14/ | Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country?   | <div><div>YES</div><div>7%</div></div>  |
| 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?   | <div><div>35%</div><div>TOTAL EFFECTIVE TAX RATE</div></div>  |



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SECTION B

|     |   |  |
|-----|---|--|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div><div>OECD</div><div>UN</div></div>        |
| 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? | <div><div>STATIC</div><div>DYNAMIC</div></div> |
| 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

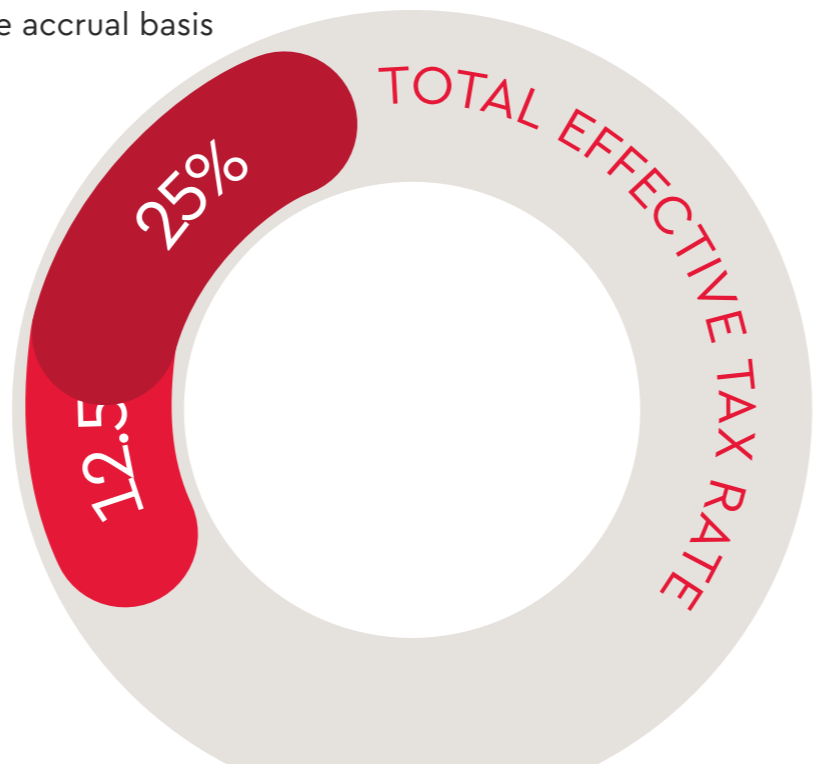
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| 21/ | Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3))  | YES  |
| 22/ | Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | <div><div>YES</div><div>6 months</div></div>                         |
| 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)? | <div><div>Percentage of Completion</div></div>                       |
| 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?   | <div><div>Income from services rendered inside Argentina</div></div> |

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?   | <div></div> <div>TAX AND COMMERCIAL REGISTRATION</div> |
| 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<br>↗ 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<br>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%  |



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SECTION B

|     |   |                                      |
|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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?   | - |  |

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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<br>➤ Rendering construction services<br>➤ Home office<br>➤ 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?   | <br>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<br>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   |



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SECTION B

|     |   |                                      |
|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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 |

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<br>➤ 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.<br>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<br>➤ PE Bookkeeping<br>➤ 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<br>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



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SECTION B

|     |   |                                      |
|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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/<br>Is the concept of permanent establishment recognised in your country?  | ➤ YES   |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?  | ➤ Having a fixed place of business<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ Having a local agent signing contracts on behalf of the non-resident |
| 3/<br>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/<br>How is a permanent establishment registered in your country?   | <div></div> <div>TAX REGISTRATION</div>   |
| 5/<br>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/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?  | ➤ YES   |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?   | ➤ Deemed Profit<br>➤ Transfer pricing methods<br>➤ PE Bookkeeping   |
| 10/<br>Is it obligatory to establish a local bookkeeping for a permanent establishment?  | ➤ YES   |
| 11/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?   | ➤ YES   |
| 14/<br>Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country?  | ➤ YES<br>15%  |
| 15/<br>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



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SECTION B

|  |                                      |
|--|--------------------------------------|
| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 17/<br>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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 18/<br>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/<br>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/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?                              | ➤ YES |

SECTION D

|  |   |
|--|---|
| 21/<br>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/<br>Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ➤ YES<br>183 Days                                 |
| 23/<br>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/<br>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/<br>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/<br>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/<br>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<br>↗ Rendering construction services<br>↗ Rendering installation services<br>↗ 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?   | <br>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<br>↗ Transfer pricing methods<br>↗ 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



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SECTION B

|     |   |                                      |
|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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<br>182 days<br>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

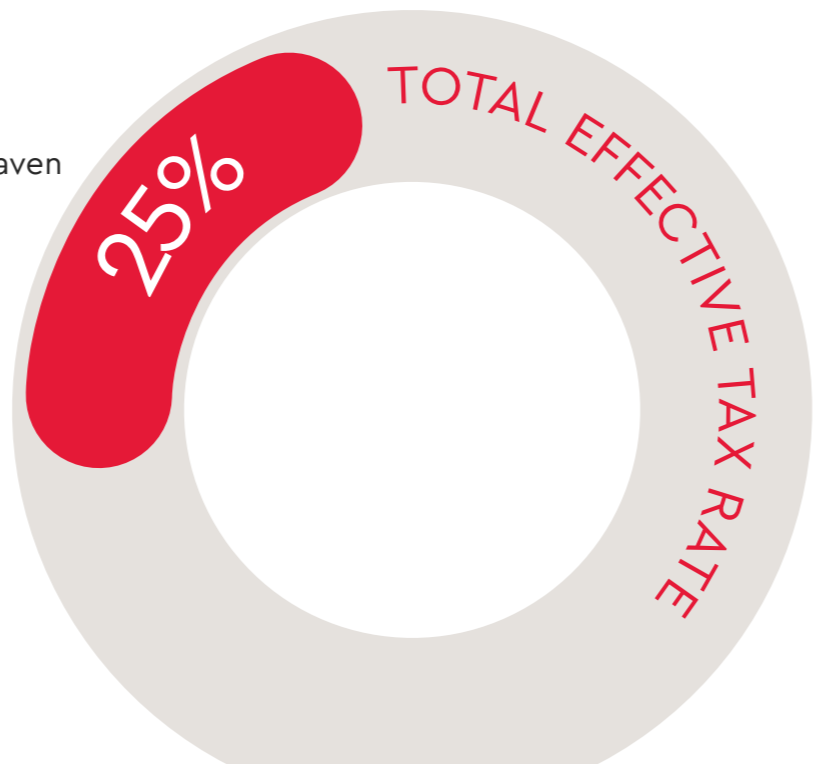
|     |   |   |
|-----|---|---|
| 21/ | Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3))  | ↗ YES   |
| 22/ | Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ↗ YES<br>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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ 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?   | <div></div> <div>TAX AND COMMERCIAL REGISTRATION</div>  |
| 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<br>➤ 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<br>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%   |



ECUADOR



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SECTION B

|     |   |                                      |
|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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<br>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<br>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 |

SECTION A

|  |   |
|--|---|
| 1/<br>Is the concept of permanent establishment recognised in your country?  | ➤ YES   |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?  | ➤ Having a fixed place of business<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ Rendering services for more than 183 days within a 12-month period; carrying out economic activities on a continuous basis in Salvadoran territory. |
| 3/<br>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/<br>How is a permanent establishment registered in your country?   | <div></div> <div>TAX AND COMMERCIAL REGISTRATION</div> <div>➤ NO</div>  |
| 5/<br>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?  |   |
| 6/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?  | ➤ YES   |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?   | ➤ Transfer pricing methods<br>➤ PE Bookkeeping  |
| 10/<br>Is it obligatory to establish a local bookkeeping for a permanent establishment?  | ➤ YES   |
| 11/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?   | ➤ NO  |
| 14/<br>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/<br>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 <b>25%</b> when the net taxable income (EUR 100,000) does not exceed the <b>USD 150,000</b> threshold. If the taxable income exceeds this amount, the rate increases to <b>30%</b>   |



EL SALVADOR



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SECTION B

|  |                                      |
|--|--------------------------------------|
| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 17/<br>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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 18/<br>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/<br>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/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?                              | ➤ NO |

SECTION D

|  |  |
|--|--|
| 21/<br>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/<br>Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ➤ YES<br>More than 183 days within a 12-month period |
| 23/<br>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/<br>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/<br>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/<br>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/<br>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  |

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|-----|--|---|
| 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<br>➤ Rendering construction services<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ 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?   | <div></div> <div>TAX AND COMMERCIAL REGISTRATION</div>  |
| 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?<br>➤ 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: <b>25%</b> or<br>➤ 2) Gross income tax regime: <b>7%</b> .  |



## GUATEMALA



### contact

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| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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                                 |

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| 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 |

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| 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<br>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 competed 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   |

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| 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 |

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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<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ Others <sup>1</sup>  |
| 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?   | <div></div> <div>TAX REGISTRATION</div>  |
| 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<br>If profits or dividends or any other form of profit-sharing are distributed to a foreigner, a <b>10%</b> 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?   | ➤ <b>25%</b>   |

<sup>1</sup>Translation: 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.

## HONDURAS



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| SECTION B |   |                                      |
| 16/       | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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                                |

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| 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 |

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| 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<br>3 months<br>Corporate income tax<br>6 months<br>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                             |

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| 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  |

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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<br>✔ Rendering construction services<br>✔ Rendering installation services<br>✔ Home office<br>✔ Having a local agent signing contracts on behalf of the non-resident<br>✔ Others <sup>1</sup> |
| 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<br>✔ 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<br>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)  |

<sup>1</sup>Foreign 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).



## MEXICO



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| SECTION B |   |  |
| 16/       | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>  |
| 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? | <div>STATIC</div> <div>DYNAMIC</div>   |
| 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<br><i>✔ 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</i> |
| 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<br>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  |

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| 1/<br>Is the concept of permanent establishment recognised in your country?  | ➤ YES  |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?  | ➤ Having a fixed place of business<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ habitual rendering of services in Panama for more than 183 days within a fiscal year (territorial source principle and service PEs under treaties). |
| 3/<br>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/<br>How is a permanent establishment registered in your country?   | <div></div> <div>TAX REGISTRATION</div> <div>➤ NO</div>  |
| 5/<br>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?  |  |
| 6/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?  | ➤ NO   |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?   | ➤ Transfer pricing methods<br>➤ PE Bookkeeping   |
| 10/<br>Is it obligatory to establish a local bookkeeping for a permanent establishment?  | ➤ YES  |
| 11/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?   | ➤ NO   |
| 14/<br>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/<br>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

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| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 17/<br>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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 18/<br>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                                 |

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|---|------|
| 19/<br>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/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?                              | ➤ NO |

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|--|---|
| 21/<br>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/<br>Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ➤ YES<br>183 days                             |
| 23/<br>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/<br>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/<br>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 |

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| 26/<br>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/<br>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  |

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|--|---|
| 1/<br>Is the concept of permanent establishment recognised in your country?  | ➤ YES   |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?  | ➤ Having a fixed place of business<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ 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/<br>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/<br>How is a permanent establishment registered in your country?   | <div></div> <div>TAX REGISTRATION</div>   |
| 5/<br>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/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?  | ➤ YES   |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?   | ➤ Transfer pricing methods<br>➤ PE Bookkeeping<br>➤ Certain adjustments may be required under specific Paraguayan tax regulations (VAT adjustments, local tax incentives, or depreciation rules)  |
| 10/<br>Is it obligatory to establish a local bookkeeping for a permanent establishment?  | ➤ YES   |
| 11/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?   | ➤ YES   |
| 14/<br>Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country?  | ➤ YES<br>Tax on Dividends and Profits: <b>15%</b>   |
| 15/<br>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?  | ➤ <b>10%</b> = EUR 10   |



## PARAGUAY



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|  |                                      |
|--|--------------------------------------|
| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 17/<br>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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 18/<br>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                                |

|   |       |
|---|-------|
| 19/<br>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 |
| ➤ <i>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.</i> |       |
| 20/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?  | ➤ NO  |

|  |   |
|--|---|
| 21/<br>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/<br>Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ➤ YES<br>12 months                              |
| 23/<br>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/<br>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/<br>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 |

|  |       |
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| 26/<br>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/<br>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 |

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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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ Others <sup>1</sup> |
| 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?   | <div></div> <div>TAX REGISTRATION</div>   |
| 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<br>➤ PE Bookkeeping<br>➤ 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<br>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 <b>29.5%</b><br>(with monthly advance payments of <b>1.5%</b> on net income)   |

<sup>1</sup>Peru 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 depedent 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.

PERU




contact

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|-----------|---|--|
| SECTION B |   |  |
| 16/       | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div><div>OECD</div><div>UN</div></div>  |
| 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? | <div><div>STATIC</div><div>DYNAMIC</div></div>   |
| 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<br>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<br>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  |

|           |  |   |
|-----------|--|---|
| 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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ 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?   | <div></div> <div>TAX REGISTRATION</div>   |
| 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<br>➤ 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<br>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 <b>21%</b> plus state corporate income tax (varies by state, averaging 6.5%), giving an average combined rate around <b>26%</b> . branch profits tax of <b>30%</b> (often reduced by Treaty) on after-tax earnings not reinvested in the branch (the dividend equivalent amount). |

## USA




## contact

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| SECTION B |   |  |
| 16/       | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>  |
| 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? | <div>STATIC</div> <div>DYNAMIC</div>   |
| 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<br>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  |

|     |   |   |
|-----|---|---|
| 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?<br>➤ 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 | ➤ Having a fixed place of business<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ 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?  | <div></div> <div>TAX AND COMMERCIAL REGISTRATION</div>  |
| 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?<br>➤ 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.   | ➤ PE Bookkeeping  |
| 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<br>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 <b>34%</b>   |

## VENEZUELA



## contact

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|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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                                 |

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| 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<br>Only for construction and installation.<br>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  |

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|-----|--|---|
| 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<br>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)?<br>➤ 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 |


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| 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  |

# EUROPE

|                |    |                |    |
|----------------|----|----------------|----|
| Austria        | 47 | Luxembourg     | 75 |
| Belgium        | 49 | Malta          | 77 |
| Bulgaria       | 51 | Netherlands    | 79 |
| Czech Republic | 53 | Norway         | 81 |
| Cyprus         | 55 | Poland         | 83 |
| Estonia        | 57 | Portugal       | 85 |
| Finland        | 59 | Slovenia       | 87 |
| France         | 61 | Spain          | 89 |
| Germany        | 63 | Sweden         | 91 |
| Greece         | 65 | Switzerland    | 93 |
| Hungary        | 67 | Türkiye        | 95 |
| Italy          | 69 | Ukraine        | 97 |
| Latvia         | 71 | United Kingdom | 99 |
| Lithuania      | 73 |                |    |



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<br>↗ Rendering construction services<br>↗ Rendering installation services<br>↗ Home office<br>↗ 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?   | <div></div> <div>TAX REGISTRATION</div>   |
| 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<br>↗ 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



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SECTION B

|     |   |                                      |
|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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<br>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<br>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<br>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 |

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|--|--|
| 1/<br>Is the concept of permanent establishment recognised in your country?  | ➤ YES  |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?  | ➤ Having a fixed place of business<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ Services PE; local agent oBo foreign Co w/o PoA     |
| 3/<br>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/<br>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/<br>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/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?  | ➤ NO   |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?   | ➤ Transfer pricing methods   |
| 10/<br>Is it obligatory to establish a local bookkeeping for a permanent establishment?  | ➤ NO   |
| 11/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?   | ➤ NO   |
| 14/<br>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/<br>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

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|--|--------------------------------------|
| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 17/<br>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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 18/<br>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                                |

|   |                                 |
|---|---------------------------------|
| 19/<br>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<br>In principle, 30 days. |
| 20/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?                              | ➤ YES                           |

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| 21/<br>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/<br>Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ➤ YES<br>In principle, 30 days.                |
| 23/<br>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/<br>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/<br>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 |

|  |      |
|--|------|
| 26/<br>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/<br>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/<br>Is the concept of permanent establishment recognised in your country?  | ➤ YES   |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?  | ➤ Having a fixed place of business<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ 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/<br>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/<br>How is a permanent establishment registered in your country?   | ➤ OTHER<br>Registration with a special (BULSTAT) register.  |
| 5/<br>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/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?  | ➤ NO  |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?   | ➤ Transfer pricing methods<br>➤ PE Bookkeeping  |
| 10/<br>Is it obligatory to establish a local bookkeeping for a permanent establishment?  | ➤ YES   |
| 11/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?   | ➤ NO  |
| 14/<br>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/<br>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

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|--|--------------------------------------|
| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 17/<br>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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 18/<br>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                                |

|   |      |
|---|------|
| 19/<br>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/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?                              | ➤ NO |

|  |   |
|--|---|
| 21/<br>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/<br>Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ➤ NO  |
| 23/<br>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/<br>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/<br>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 |

|  |       |
|--|-------|
| 26/<br>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/<br>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/<br>Is the concept of permanent establishment recognised in your country?  | ↗ YES  |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?  | ↗ Having a fixed place of business<br>↗ Rendering construction services<br>↗ Rendering installation services<br>↗ Home office<br>↗ Having a local agent signing contracts on behalf of the non-resident<br>↗ Having shares in a local subsidiary |
| 3/<br>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/<br>How is a permanent establishment registered in your country?   | <br>TAX REGISTRATION   |
| 5/<br>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/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?  | ↗ NO   |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?   | ↗ Deemed Profit<br>↗ Transfer pricing methods<br>↗ PE Bookkeeping  |
| 10/<br>Is it obligatory to establish a local bookkeeping for a permanent establishment?  | ↗ NO   |
| 11/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?   | ↗ NO   |
| 14/<br>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/<br>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%  |



CZECH REPUBLIC



contact

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SECTION B

|  |                                      |
|--|--------------------------------------|
| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 17/<br>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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 18/<br>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


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|---|-------|
| 19/<br>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/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?                              | ↗ YES |

SECTION D

|  |   |
|--|---|
| 21/<br>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/<br>Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ↗ YES<br>6 months                                     |
| 23/<br>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/<br>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/<br>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

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| 26/<br>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/<br>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 |

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|--|---|
| 1/<br>Is the concept of permanent establishment recognised in your country?  | ✔ YES   |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?  | ✔ Having a fixed place of business<br>✔ Building site<br>✔ Rendering construction services<br>✔ Rendering installation services<br>✔ Rendering of supervisory services in connection with a building site, construction or installation project<br>✔ Having a local agent signing contracts on behalf of the non-resident |
| 3/<br>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/<br>How is a permanent establishment registered in your country?   | <div></div> <div>TAX AND COMMERCIAL REGISTRATION</div> <div>✔ NO</div>  |
| 5/<br>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/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?  | ✔ NO  |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?   | ✔ AOA (subject to the double tax treaty)<br>✔ Transfer pricing methods  |
| 10/<br>Is it obligatory to establish a local bookkeeping for a permanent establishment?  | ✔ YES<br>There is a requirement that the PE maintains audited financial statements  |
| 11/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?   | ✔ NO  |
| 14/<br>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/<br>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?  | ✔ <b>12.5%</b><br>e Expected 15% from JAN 2026  |



## CYPRUS



### contact

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|--|--|
| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div><div>OECD</div><div>UN</div></div>        |
| 17/<br>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? | <div><div>STATIC</div><div>DYNAMIC</div></div> |
| 18/<br>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  |

|  |       |
|--|-------|
| 19/<br>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 |
| ✔ 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/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?   | ✔ NO  |

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|--|---|
| 21/<br>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/<br>Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ✔ YES<br>3 months                             |
| 23/<br>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/<br>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/<br>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 |

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|--|-------|
| 26/<br>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/<br>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/  | 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<br>➤ 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?   | <div></div> <div>TAX REGISTRATION</div>               |
| 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<br>➤ 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<br>(22% on gross profit)  |



## ESTONIA



### contact

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|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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                                |

|     |  |      |
|-----|--|------|
| 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 |

|     |   |  |
|-----|---|--|
| 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 profits upon payment 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   |

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|-----|---|------|
| 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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ 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?   | ➤ <i>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.</i>                           |
| 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<br>➤ Transfer pricing methods<br>➤ PE Bookkeeping<br><br>➤ <i>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 and 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.</i> |
| 10/ | Is it obligatory to establish a local bookkeeping for a permanent establishment?   | ➤ <i>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.</i>  |
| 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

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SECTION B

|     |   |                                      |
|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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 |
|     | ➤ <i>Generally a fixed place of business may trigger a PE when exceeding 6 months time. Exeptions according to tax treaty tresholds may exist especially in construction and assembling industries.</i> |       |
| 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  |
|     | ➤ <i>The treshold varies between tax treaties but is generally between 6 – 18 months depending of the tax treaty.</i>   |  |
| 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)? | ➤ <i>PE's profit will be calcuted based on Act on Business tax (Elinkeinoverolaki) and transfer pricing methods. This applies also on companies operating on construction and assembling business.</i> |
| 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<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ 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?   | <div> →  → </div> <div>TAX REGISTRATION</div> |
| 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<br>➤ 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<br>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  |



FRANCE



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SECTION B

|     |   |  |
|-----|---|--|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div><div>OECD</div><div>UN</div></div>        |
| 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? | <div><div>STATIC</div><div>DYNAMIC</div></div> |
| 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<br>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 |

|  |   |
|--|---|
| 1/<br>Is the concept of permanent establishment recognised in your country?  | ➤ YES   |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?  | ➤ Having a fixed place of business<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ Place of management |
| 3/<br>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/<br>How is a permanent establishment registered in your country?   | <div></div> <div>TAX REGISTRATION</div>   |
| 5/<br>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/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?  | ➤ NO  |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?   | ➤ PE Bookkeeping<br>➤ AOA -e.g. cost plus method with mark up for routine function  |
| 10/<br>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/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?   | ➤ NO  |
| 14/<br>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/<br>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 <b>30%</b> (Corporate Income Tax, Solidarity Surcharge and Trade Tax)   |



GERMANY



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|  |                                      |
|--|--------------------------------------|
| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 17/<br>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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 18/<br>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                                |

|   |       |
|---|-------|
| 19/<br>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/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?                              | ➤ YES |

|   |  |
|---|--|
| 21/<br>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/<br>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<br>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/<br>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/<br>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/<br>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       |

|  |      |
|--|------|
| 26/<br>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/<br>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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ 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?   | <div> →  → </div> <div>TAX AND COMMERCIAL REGISTRATION</div> |
| 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%  |



GREECE



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SECTION B

|     |   |                                      |
|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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<br>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  |

SECTION A

|  |  |
|--|--|
| 1/<br>Is the concept of permanent establishment recognised in your country?  | ➤ YES  |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?  | ➤ Having a fixed place of business<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ Having shares in a local subsidiary |
| 3/<br>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/<br>How is a permanent establishment registered in your country?   | <div></div> <div>TAX REGISTRATION</div>  |
| 5/<br>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/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?  | ➤ NO   |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?   | ➤ Transfer pricing methods<br>➤ PE Bookkeeping   |
| 10/<br>Is it obligatory to establish a local bookkeeping for a permanent establishment?  | ➤ YES  |
| 11/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?   | ➤ NO   |
| 14/<br>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/<br>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,<br>2 local business tax<br>(tax base is net sales revenue)  |



HUNGARY



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SECTION B

|  |                                      |
|--|--------------------------------------|
| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 17/<br>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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 18/<br>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/<br>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/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?                              | ➤ NO |

SECTION D

|  |   |
|--|---|
| 21/<br>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/<br>Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ➤ YES<br>3 months<br>Corporate income tax<br>6 months<br>Local business tax |
| 23/<br>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/<br>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/<br>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/<br>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/<br>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/<br>Is the concept of permanent establishment recognised in your country?  | ➤ YES   |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?  | ➤ Having a fixed place of business<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ 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/<br>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/<br>How is a permanent establishment registered in your country?   | <div></div> <div>TAX REGISTRATION</div>   |
| 5/<br>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/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?  | ➤ YES   |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?   | ➤ Transfer pricing methods<br>➤ PE Bookkeeping  |
| 10/<br>Is it obligatory to establish a local bookkeeping for a permanent establishment?  | ➤ YES   |
| 11/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?   | ➤ NO  |
| 14/<br>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/<br>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

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|--|--------------------------------------|
| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 17/<br>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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 18/<br>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                                |

|   |      |
|---|------|
| 19/<br>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/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?                              | ➤ NO |

|  |   |
|--|---|
| 21/<br>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/<br>Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ➤ YES<br>3 months                             |
| 23/<br>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/<br>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/<br>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 |

|  |       |
|--|-------|
| 26/<br>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/<br>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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ 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?   | <div></div> <div>TAX REGISTRATION</div>  |
| 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<br>➤ 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%  |



## LATVIA




## contact

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|           |   |   |
|-----------|---|---|
| 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 <div>DYNAMIC</div>                     |
| 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<br>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<br>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   |

|     |  |   |
|-----|--|---|
| 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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ 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?   | <div></div> <div>TAX REGISTRATION</div>   |
| 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<br>➤ Transfer pricing methods<br>➤ 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%   |



## LITHUANIA



### contact

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|     |   |  |
|-----|---|--|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div><div>OECD</div><div>UN</div></div>        |
| 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? | <div><div>STATIC</div><div>DYNAMIC</div></div> |
| 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  |

|     |  |                   |
|-----|--|-------------------|
| 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<br>6 months |
| 20/ | Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?                              | ➤ NO              |

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|-----|---|--|
| 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<br>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 |

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|-----|---|-------|
| 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<br>➤ Rendering construction services<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ Others <sup>1</sup> |
| 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?   | <div></div> <div>TAX AND COMMERCIAL REGISTRATION</div>                                   |
| 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<br>➤ 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%   |



<sup>1</sup>Having a place where the management is located. Having branch offices, manufacturing establishments, warehouses, purchasing, sales, or other offices, and 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, minim 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.

## LUXEMBOURG



### contact

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|           |   |   |
|-----------|---|---|
| SECTION B |   |   |
| 16/       | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>                     |
| 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? | <div>STATIC</div> <div>DYNAMIC</div>              |
| 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<br>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  |

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?   | <div> →  → </div> <div>TAX AND COMMERCIAL REGISTRATION</div> |
| 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<br>➤ 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%  |



MALTA



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SECTION B

|     |   |                                      |
|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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<br>>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  |

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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ 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?   | <div> →  → </div> <div>TAX AND COMMERCIAL REGISTRATION</div> |
| 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%  |



NETHERLANDS



contact

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SECTION B

|     |   |                                      |
|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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<br>12 months<br>(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 |

SECTION A

|  |   |
|--|---|
| 1/<br>Is the concept of permanent establishment recognised in your country?  | ➤ YES   |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?  | ➤ Having a fixed place of business<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ Having a local agent signing contracts on behalf of the non-resident |
| 3/<br>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/<br>How is a permanent establishment registered in your country?   | COMMERCIAL REGISTRATION   |
| 5/<br>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/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?  | ➤ NO  |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?   | ➤ Transfer pricing methods<br>➤ PE Bookkeeping<br>➤ OECD Report on the Attribution of Profits to Permanent Establishments   |
| 10/<br>Is it obligatory to establish a local bookkeeping for a permanent establishment?  | ➤ YES   |
| 11/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?   | ➤ NO  |
| 14/<br>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/<br>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

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SECTION B

|  |                                      |
|--|--------------------------------------|
| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 17/<br>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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 18/<br>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/<br>Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment?<br>➤ 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. | ➤ YES |
| 20/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?   | ➤ NO  |

SECTION D

|  |   |
|--|---|
| 21/<br>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/<br>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/<br>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/<br>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)?<br>➤ A manufacturing contract (e.g., construction of buildings) is taxed upon completion, whereas services are taxed on an ongoing basis. |   |
| 25/<br>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/<br>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/<br>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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ 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?   | <div></div> <div>TAX REGISTRATION</div>  |
| 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<br>➤ 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%  |



POLAND



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SECTION B

|     |   |  |
|-----|---|--|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div><div>OECD</div><div>UN</div></div>        |
| 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? | <div><div>STATIC</div><div>DYNAMIC</div></div> |
| 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<br>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 |

|     |  |  |
|-----|--|--|
| 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<br>✔ Rendering construction services<br>✔ Rendering installation services<br>✔ Having a local agent signing contracts on behalf of the non-resident<br>✔ 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?   | <div></div> <div>TAX AND COMMERCIAL REGISTRATION</div>   |
| 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<br>✔ 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%  |



## PORTUGAL



### contact

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|     |   |                                      |
|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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                                |

|     |  |       |
|-----|--|-------|
| 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  |

|     |   |   |
|-----|---|---|
| 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<br>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 |

|     |   |       |
|-----|---|-------|
| 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  |

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.

|     |  |  |
|-----|--|--|
| 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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ 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?   | <div></div> <div>TAX REGISTRATION</div>  |
| 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

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|     |   |                                      |
|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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                                |

|     |  |  |
|-----|--|--|
| 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<br>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   |

|     |   |   |
|-----|---|---|
| 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<br>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 |

|     |   |      |
|-----|---|------|
| 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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ 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 /<br>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%   |



## SPAIN



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Spain

[arcoabogados.es](http://arcoabogados.es)

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|-----------|---|--|
| SECTION B |   |  |
| 16/       | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>                |
| 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? | <div>STATIC</div> <div>DYNAMIC</div>         |
| 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<br>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  |

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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ 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%   |



SWEDEN



contact

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SECTION B

|     |   |                                      |
|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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<br>6 months |
| 20/ | Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?                              | ➤ NO              |

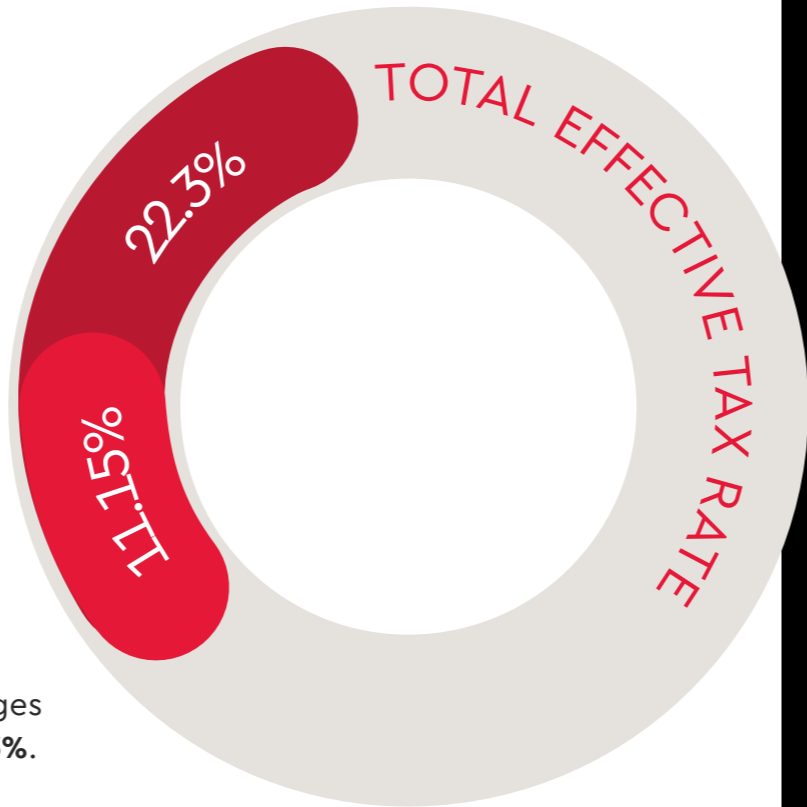
SECTION D

|     |   |  |
|-----|---|--|
| 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<br>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 |

|     |  |   |
|-----|--|---|
| 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<br>➤ Rendering construction services<br>➤ 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?   | <div></div> <div>TAX AND COMMERCIAL REGISTRATION</div>  |
| 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.<br>The effective tax rate ranges between <b>11.15%</b> and <b>22.3%</b> .  |



## SWITZERLAND



### contact

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|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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                                |

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|-----|--|-------|
| 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  |

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|-----|---|--|
| 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<br>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 |

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|-----|---|------|
| 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 |

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| 1/<br>Is the concept of permanent establishment recognised in your country?  | ➤ YES   |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?  | ➤ Having a fixed place of business<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office (provided that the authority (right of disposal) over home offices and the requirement of continuity are ensured)<br>➤ Having a local agent signing contracts on behalf of the non-resident |
| 3/<br>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/<br>How is a permanent establishment registered in your country?   | <div></div> <div>TAX AND COMMERCIAL REGISTRATION</div> <div>➤ YES</div>   |
| 5/<br>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/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?  | ➤ YES<br>if a PE is registered  |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?   | ➤ Transfer pricing methods  |
| 10/<br>Is it obligatory to establish a local bookkeeping for a permanent establishment?  | ➤ YES   |
| 11/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?   | ➤ YES   |
| 14/<br>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%<br>(local rate and sometimes it is 10% or 5% as per the DTTs)   |
| 15/<br>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%   |



## TÜRKİYE



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|--|--------------------------------------|
| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 17/<br>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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 18/<br>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                                |

|   |   |
|---|---|
| 19/<br>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<br>6 months   |
| 20/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?                              | ➤ YES<br>as per local law (however as per most of the DTT's No) |

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| 21/<br>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/<br>Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ➤ YES<br>6 months (12 months in some certain DTTs)                                     |
| 23/<br>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/<br>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/<br>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   |

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| 26/<br>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/<br>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 |

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| 1/<br>Is the concept of permanent establishment recognised in your country?  | ➤ YES  |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?  | ➤ Having a fixed place of business<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ Others <sup>1</sup> |
| 3/<br>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/<br>How is a permanent establishment registered in your country?   | <div></div> <div>TAX AND COMMERCIAL REGISTRATION</div> <div>➤ NO</div>   |
| 5/<br>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/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?  | ➤ NO   |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?   | ➤ Transfer pricing methods<br>➤ PE Bookkeeping<br>➤ Merely PE bookkeeping suffice for annual PE budget within UAH 10 million; above that, TP rules apply   |
| 10/<br>Is it obligatory to establish a local bookkeeping for a permanent establishment?  | ➤ Literally local bookkeeping is not mandatory, practically required to comply   |
| 11/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?   | ➤ NO   |
| 14/<br>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/<br>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%  |



## UKRAINE



## contact

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|--|--------------------------------------|
| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 17/<br>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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 18/<br>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                                |

|   |   |
|---|---|
| 19/<br>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<br>183 days in general;<br>12 months for<br>construction, installation<br>and related supervision |
| 20/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?                              | ➤ NO  |

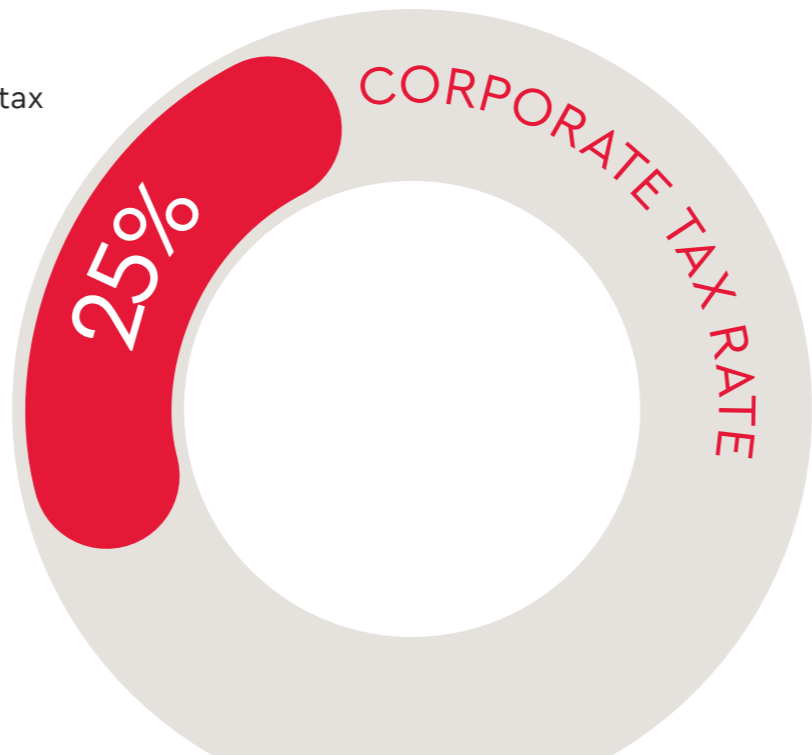
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|--|--|
| 21/<br>Is the supervision and/or planning of installation or construction included in the definition of a construction/installation permanent establishment in your country? (See paragraph 50 of the OECD model commentary 2017 on Art. 5 (3))  | ➤ YES  |
| 22/<br>Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ➤ YES<br>12 months   |
| 23/<br>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/<br>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/<br>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   |

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| 26/<br>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/<br>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 |

<sup>1</sup>rendering services (except for provision of personnel) 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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ 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?   | <div></div> <div>TAX AND COMMERCIAL REGISTRATION</div> <div>➤ NO</div>                               |
| 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 <b>25%</b> .   |



UNITED KINGDOM



contact

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SECTION B

|     |   |                                      |
|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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 |                     |     |



|     |  |   |
|-----|--|---|
| 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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ 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?   | <div></div> <div>TAX REGISTRATION</div>   |
| 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<br>➤ 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<br>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<br>26% for services  |



|     |   |                                      |
|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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                                |

|     |  |                   |
|-----|--|-------------------|
| 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<br>180 days |
| 20/ | Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?                              | ➤ NO              |

|     |   |  |
|-----|---|--|
| 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<br>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 |

|     |   |       |
|-----|---|-------|
| 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




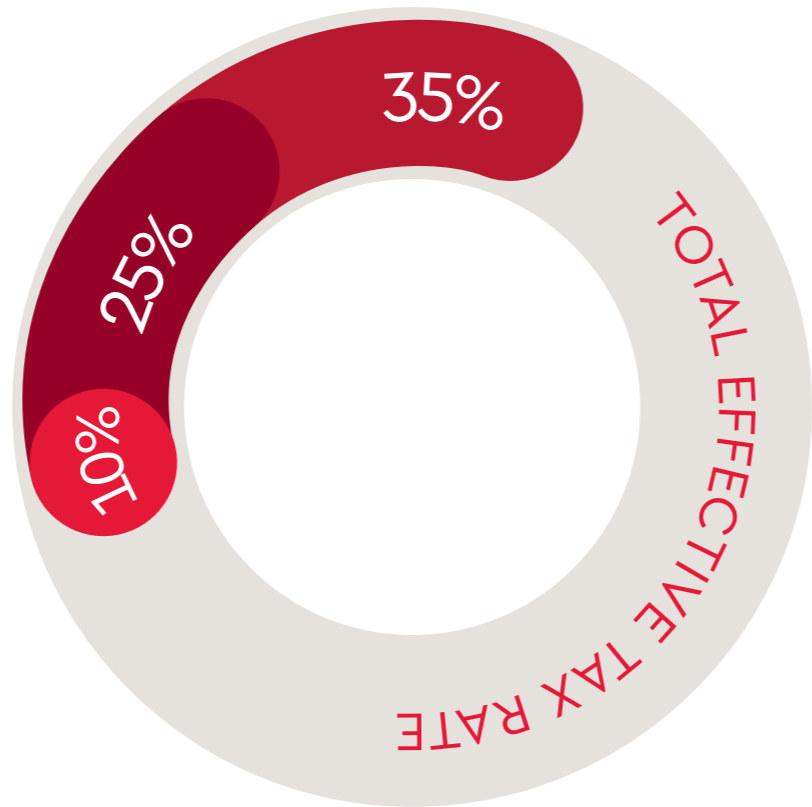
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|   |  |
|---|--|
| 1/<br>Is the concept of permanent establishment recognised in your country?   | ➤ YES  |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?<br>➤ Provision 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. | ➤ Having a fixed place of business<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ Having shares in a local subsidiary |
| 3/<br>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/<br>How is a permanent establishment registered in your country?  | <div></div> <div>TAX AND COMMERCIAL REGISTRATION</div>   |
| 5/<br>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/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?   | ➤ YES  |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?  | ➤ PE Bookkeeping   |
| 10/<br>Is it obligatory to establish a local bookkeeping for a permanent establishment?   | ➤ YES  |
| 11/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?  | ➤ NO   |
| 14/<br>Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country?   | ➤ YES<br>10%   |
| 15/<br>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);<br>10% (agriculture/aquaculture/livestock/fisheries/silviculture);<br>35% (banking, insurance, telecom operators, Angolan oil companies)   |



## ANGOLA



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|  |  |
|--|--|
| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div><div>OECD</div><div>UN</div></div>        |
| 17/<br>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? | <div><div>STATIC</div><div>DYNAMIC</div></div> |
| 18/<br>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   |

|   |       |
|---|-------|
| 19/<br>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/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?                              | ➤ YES |

|  |   |
|--|---|
| 21/<br>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/<br>Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ➤ YES<br>90 days in any rolling 12-month period |
| 23/<br>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/<br>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/<br>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   |

|  |       |
|--|-------|
| 26/<br>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/<br>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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ Others <sup>1</sup>   |
| 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?   | <div> →  → </div> <div>TAX AND COMMERCIAL REGISTRATION</div> |
| 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<br>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%  |



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.

## BENIN




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|           |   |  |
|-----------|---|--|
| SECTION B |   |  |
| 16/       | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>                |
| 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? | <div>STATIC</div> <div>DYNAMIC</div>         |
| 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<br>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  |

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|--|--|--|
| SECTION A  |  |  |
| 1/<br>Is the concept of permanent establishment recognised in your country?  | ↗  | YES  |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?  | ↗  | Having a fixed place of business<br>↗ Rendering construction services<br>↗ Rendering installation services<br>↗ Having a local agent signing contracts on behalf of the non-resident<br>↗ 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/<br>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/<br>How is a permanent establishment registered in your country?   | <div></div> <div>TAX AND COMMERCIAL REGISTRATION</div> |  |
| 5/<br>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/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?  | ↗  | YES  |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?   | ↗  | PE Bookkeeping   |
| 10/<br>Is it obligatory to establish a local bookkeeping for a permanent establishment?  | ↗  | YES  |
| 11/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?   | ↗  | NO   |
| 14/<br>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/<br>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%  |



## CABO VERDE



### contact

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|  |   |                                      |
|--|---|--------------------------------------|
| SECTION B  |   |                                      |
| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   |   | <div>OECD</div> <div>UN</div>        |
| 17/<br>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? |   | <div>STATIC</div> <div>DYNAMIC</div> |
| 18/<br>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/<br>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/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?  | ↗ | NO  |

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|--|---|---|
| SECTION D  |   |   |
| 21/<br>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/<br>Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ↗ | YES<br>183 days                                 |
| 23/<br>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/<br>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/<br>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/<br>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/<br>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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office |
|     | <div><div>➤ All tax conventions signed by Côte d'Ivoire consider that in the following situations, there is a permanent establishment</div><div><div><div>(i) a place of management</div><div>(ii) a branch</div><div>(iii) an office</div><div>(iv) a factory</div><div>(v) workshop</div><div>(vi) a mine, quarry, or any other place of extraction of natural resources</div><div>(vii) a point of sale</div><div>(viii) a warehouse made available to a person for the storage of another person's goods</div></div></div><div>Either way, permanent establish-ment's definition can be different accordin to the convention between Ivory Coast and others states.</div></div> |  |   |
| 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  |
|     | <div>➤ 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.</div>   |  |   |
| 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%   |



CÔTE D'IVOIRE



contact

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FACE AFRICA TAX &LEGAL  
Côte d'Ivoire

SECTION B

|     |   |  |
|-----|---|--|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div><div>OECD</div><div>UN</div></div>        |
| 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? | <div><div>STATIC</div><div>DYNAMIC</div></div> |
| 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<br>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<br>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 |

|  |  |  |
|--|--|--|
| 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<br>✔ Rendering construction services<br>✔ Rendering installation services<br>✔ Home office<br>✔ 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?   | <div> →  → </div> <div>TAX AND COMMERCIAL REGISTRATION</div> |
| 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<br>✔ 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<br>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  |
| <div><div>8.000 €</div><div>TOTAL EFFECTIVE TAX RATE</div></div> |  |  |

## GHANA



### contact

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|           |   |  |
|-----------|---|--|
| SECTION B |   |  |
| 16/       | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>                |
| 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? | <div>STATIC</div> <div>DYNAMIC</div>         |
| 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<br>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/<br>Is the concept of permanent establishment recognised in your country?  | ➤ | YES   |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?  | ➤ | Having a fixed place of business<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ Others <sup>1</sup> |
| 3/<br>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/<br>How is a permanent establishment registered in your country?   |   | Legal (Government register) and Tax registration  |
| 5/<br>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/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?  | ➤ | YES   |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?   | ➤ | Transfer pricing methods  |
| 10/<br>Is it obligatory to establish a local bookkeeping for a permanent establishment?  | ➤ | NO  |
| 11/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?   | ➤ | YES   |
| 14/<br>Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country?  | ➤ | YES<br>15%  |
| 15/<br>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%<br>(30% corporation tax and 15% repatriation tax)   |



## KENYA



### contact

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|  |   |                                      |
|--|---|--------------------------------------|
| SECTION B  |   |                                      |
| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   |   | <div>OECD</div> <div>UN</div>        |
| 17/<br>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? |   | <div>STATIC</div> <div>DYNAMIC</div> |
| 18/<br>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/<br>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/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?                              | ➤ | NO |

|  |   |   |
|--|---|---|
| SECTION D  |   |   |
| 21/<br>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/<br>Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ➤ | YES<br>More than 183 days   |
| 23/<br>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/<br>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/<br>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/<br>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/<br>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 |

<sup>1</sup> (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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ 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?   | <div> →  → </div> <div>TAX REGISTRATION</div> |
| 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<br>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%   |



MALAWI



contact

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SECTION B

|     |   |                                      |
|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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 |

SECTION A

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, for example, by applying for an advanced ruling?

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

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?

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?

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

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?

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

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

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?

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?

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

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

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?

➤ YES

➤ Having a fixed place of business  
➤ Rendering construction services  
➤ Rendering installation services  
➤ Having a local agent signing contracts on behalf of the non-resident

➤ YES

→

→

TAX AND COMMERCIAL REGISTRATION

➤ NO

➤ Principally yes, but can be avoided (e.g. by self-disclosure to tax authorities)

➤ YES

➤ YES

➤ PE Bookkeeping

➤ YES

➤ NO

➤ NO

➤ NO

➤ NO

➤ NO

➤ NO

➤ 32% (general CIT rate).  
A reduced **10%** rate applies to agricultural, livestock, aquaculture, and urban transport activities **until 31.12.2025**.

TOTAL EFFECTIVE TAX RATE

32%



MOZAMBIQUE




contact

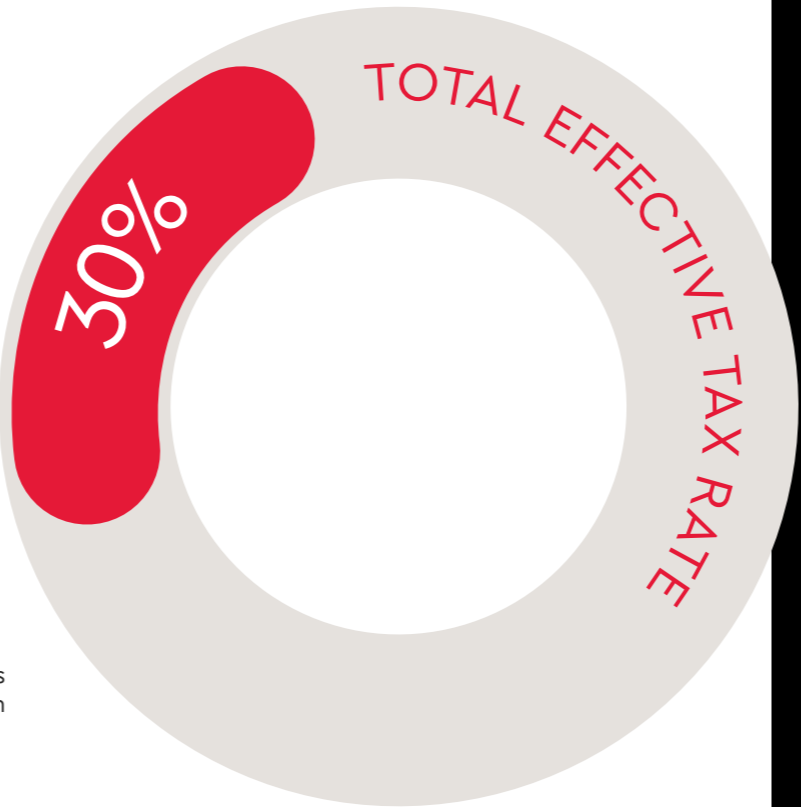
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|  |   |  |
|--|---|--|
| SECTION B  |   |  |
| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div><div>OECD</div><div>UN</div></div>           |  |
| 17/<br>Do the tax authorities 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? | <div><div>STATIC</div><div>DYNAMIC</div></div>    |  |
| 18/<br>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/<br>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/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?   | ➤ NO  |  |
| SECTION D  |   |  |
| 21/<br>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/<br>Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ➤ YES<br>6 months                                 |  |
| 23/<br>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/<br>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/<br>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/<br>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/<br>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  |  |

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| SECTION A  |   |  |
| 1/<br>Is the concept of permanent establishment recognised in your country?  | ➤ YES   |  |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?  | ➤ Having a fixed place of business<br>➤ Rendering construction, installation services and other ancillary matters irrespective of the number of splits<br>➤ Rendering installation services<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ Maintaining a stock of goods or merchandise<br>➤ Furnishing services through employees, agents, subcontractors and other persons engaged by the non-resident |  |
| 3/<br>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/<br>How is a permanent establishment registered in your country?   | <div></div> <div>TAX REGISTRATION</div>   |  |
| 5/<br>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/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?  | ➤ YES   |  |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?   | ➤ Deemed Profit<br>➤ PE Bookkeeping/Allocation Rules  |  |
| 10/<br>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/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?   | ➤ YES   |  |
| 14/<br>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/<br>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%<br>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




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| SECTION B  |  |  |
| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div><div>OECD</div><div>UN</div></div>        |  |
| 17/<br>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?   | <div><div>STATIC</div><div>DYNAMIC</div></div> |  |
| 18/<br>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/<br>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/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?   | ➤ NO   |  |
| SECTION D  |  |  |
| 21/<br>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/<br>Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ➤ NO   |  |
| 23/<br>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/<br>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)?   | ➤ BOTH <sup>1</sup>                            |  |
| 25/<br>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/<br>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/<br>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   |  |
| <sup>1</sup> 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. |  |  |

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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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ 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?   | <div></div> <div>TAX REGISTRATION</div>     |
| 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<br>➤ Transfer pricing methods<br>➤ 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%   |

20%

TOTAL EFFECTIVE TAX RATE

## SAUDI ARABIA






### contact

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| SECTION B |   |   |
| 16/       | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>                       |
| 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? | <div>STATIC</div> <div>DYNAMIC</div>                |
| 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<br>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   |

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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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ Other <sup>1</sup>   |
| 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?   | <div> →  → </div> <div>TAX AND COMMERCIAL REGISTRATION</div> |
| 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?<br><div>➤ <i>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.</i></div> | ➤ 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?  | ➤ 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<br>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%  |

<sup>1</sup> 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.



## SÃO TOMÉ E PRÍNCIPE



### contact

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| SECTION B |  |  |
| 16/       | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?  | <div><div>OECD</div><div>UN</div></div>                    |
| 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?  | <div><div>STATIC</div><div>DYNAMIC</div></div>             |
| 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?<br><div>➤ A construction, installation, or assembly site, where the duration of the site or of the works or activity exceeds six months.</div>  | ➤ 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<br>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)?<br><div>➤ <i>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.</i></div> |  |
| 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   |

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| 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?<br>➤ 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. | ➤ Having a fixed place of business<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ 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?  | <div> →  → </div> <div>TAX AND COMMERCIAL REGISTRATION</div> |
| 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<br>➤ Transfer pricing methods<br>➤ PE Bookkeeping<br>➤ 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<br>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%  |



## SENEGAL



### contact

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| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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                                |

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| 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 |

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|-----|---|--|
| 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 |

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| 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  |

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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<br>↗ Rendering construction services<br>↗ Rendering installation services<br>↗ 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?   | <div></div> <div>TAX AND COMMERCIAL REGISTRATION</div>   |
| 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<br>↗ 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%  |



## SOUTH AFRICA




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| SECTION B |   |   |
| 16/       | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>                       |
| 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? | <div>STATIC</div> <div>DYNAMIC</div>                |
| 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<br>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  |

|     |  |  |   |
|-----|--|--|---|
| 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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ 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?   | <div></div> <div>TAX AND COMMERCIAL REGISTRATION</div> |   |
| 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<br>➤ 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<br>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%   |



## TANZANIA



### contact

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|     |   |  |
|-----|---|--|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div><div>OECD</div><div>UN</div></div>        |
| 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? | <div><div>STATIC</div><div>DYNAMIC</div></div> |
| 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  |

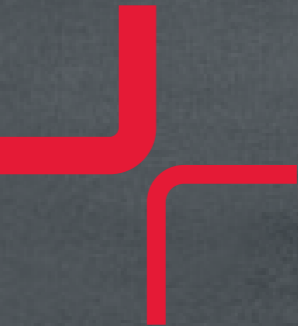
|     |  |       |
|-----|--|-------|
| 19/ | Is there a time threshold in your local law, official guidelines or jurisdiction after which a fixed place of business triggers a permanent establishment? | ➤ NO  |
| 20/ | Do fixed places of business engaged only in auxiliary or preparatory tasks trigger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

|     |   |   |
|-----|---|---|
| 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<br>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 |

|     |   |       |
|-----|---|-------|
| 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  |

# APAC

|           |     |             |     |
|-----------|-----|-------------|-----|
| Australia | 135 | New Zealand | 147 |
| China     | 137 | Pakistan    | 149 |
| Hong Kong | 139 | Singapore   | 151 |
| India     | 141 | Thailand    | 153 |
| Indonesia | 143 | Vietnam     | 155 |
| Malaysia  | 145 |             |     |



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<br>✔ Rendering construction services<br>✔ Rendering installation services<br>✔ Having a local agent signing contracts on behalf of the non-resident<br>✔ 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?   | <div></div> <div>TAX AND COMMERCIAL REGISTRATION</div> <div>✔ NO</div>   |
| 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<br>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



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SECTION B

|     |   |                                      |
|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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<br>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<br>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  |

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|--|--|--|
| SECTION A  |  |  |
| 1/<br>Is the concept of permanent establishment recognised in your country?  | ✔ YES  |  |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?  | ✔ Having a fixed place of business<br>✔ Rendering construction services<br>✔ Rendering installation services<br>✔ Having a local agent signing contracts on behalf of the non-resident<br>✔ Rendering services |  |
| 3/<br>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/<br>How is a permanent establishment registered in your country?   | <br>TAX REGISTRATION   |  |
| 5/<br>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/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?  | ✔ NO   |  |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?   | ✔ Deemed Profit<br>✔ PE Bookkeeping  |  |
| 10/<br>Is it obligatory to establish a local bookkeeping for a permanent establishment?  | ✔ NO   |  |
| 11/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?   | ✔ YES  |  |
| 14/<br>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/<br>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   |  |



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|  |  |  |
|--|--|--|
| SECTION B  |  |  |
| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>                      |  |
| 17/<br>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? | <div>STATIC</div> <div>DYNAMIC</div>               |  |
| 18/<br>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/<br>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/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?   | ✔ YES  |  |
| SECTION D  |  |  |
| 21/<br>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/<br>Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ✔ NO   |  |
| 23/<br>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/<br>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/<br>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/<br>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/<br>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/  | 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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ 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?   | <div></div> <div>TAX REGISTRATION</div> <div>➤ NO</div>  |
| 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<br>➤ Transfer pricing methods<br>➤ 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%  |



## HONG KONG



### contact

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|     |   |                                      |
|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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                                |

|     |  |      |
|-----|--|------|
| 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 |

|     |   |  |
|-----|---|--|
| 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 |

|     |   |       |
|-----|---|-------|
| 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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ <i>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.</i> |
| 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<br>➤ Transfer pricing methods<br>➤ 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?   | ➤ <b>Eur 35,700</b> (basic tax rate is <b>35%</b> and surcharge of <b>2%</b> ). Surcharge of <b>5%</b> is applicable if income exceeds <b>INR 10,00,00,000</b> .  |

## INDIA



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|           |   |  |
|-----------|---|--|
| SECTION B |   |  |
| 16/       | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>                |
| 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? | <div>STATIC</div> <div>DYNAMIC</div>         |
| 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<br>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  |

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|--|---|
| 1/<br>Is the concept of permanent establishment recognised in your country?  | ➤ YES   |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?  | ➤ Having a fixed place of business<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Home office<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ Provision of services by non-residents |
| 3/<br>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/<br>How is a permanent establishment registered in your country?   | <div></div> <div>TAX AND COMMERCIAL REGISTRATION</div> <div>➤ YES</div>   |
| 5/<br>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/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?  | ➤ YES   |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?   | ➤ Transfer pricing methods<br>➤ PE Bookkeeping<br>➤ Force of Attraction Rule, Effectively Connected Income  |
| 10/<br>Is it obligatory to establish a local bookkeeping for a permanent establishment?  | ➤ YES   |
| 11/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?   | ➤ YES   |
| 14/<br>Is the profit after tax of a permanent establishment subject to a profit transfer tax (e.g., branch profit tax) in your country?  | ➤ YES<br>20%  |
| 15/<br>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%   |



## INDONESIA



### contact

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| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 17/<br>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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 18/<br>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                                 |

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| 19/<br>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/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?                              | ➤ NO |

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| 21/<br>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/<br>Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ➤ YES<br>Based on tax treaty                                  |
| 23/<br>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/<br>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/<br>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              |

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| 26/<br>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/<br>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  |

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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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ <i>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.</i> |
| 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?   | <div> →  → </div> <div>TAX REGISTRATION</div>  |
| 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<br>➤ 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

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|-----------|---|---|
| SECTION B |   |   |
| 16/       | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>                   |
| 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? | <div>STATIC</div> <div>DYNAMIC</div>            |
| 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<br>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  |

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| 1/<br>Is the concept of permanent establishment recognised in your country?  | ↗ YES  |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?  | ↗ Having a fixed place of business<br>↗ Rendering construction services<br>↗ Rendering installation services<br>↗ Having a local agent signing contracts on behalf of the non-resident<br>↗ <i>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</i> |
| 3/<br>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/<br>How is a permanent establishment registered in your country?   | <br>TAX AND COMMERCIAL REGISTRATION  |
| 5/<br>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/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?  | ↗ NO   |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?   | ↗ Relevant business activity approach (also known as the single business approach)   |
| 10/<br>Is it obligatory to establish a local bookkeeping for a permanent establishment?  | ↗ Minimum local bookkeeping reported via income tax return   |
| 11/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?   | ↗ NO   |
| 14/<br>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/<br>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%  |



## NEW ZEALAND



### contact

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| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 17/<br>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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 18/<br>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                                 |

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| 19/<br>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/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?                              | ↗ NO |

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| 21/<br>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/<br>Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ↗ YES<br>6 months  |
| 23/<br>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/<br>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/<br>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       |

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| 26/<br>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/<br>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  |

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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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ Others <sup>1</sup>  |
| 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?   | <div></div> <div>TAX AND COMMERCIAL REGISTRATION</div> |
| 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<br>➤ 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<br>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%  |



<sup>1</sup>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 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

## PAKISTAN



### contact

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|-----------|---|--|
| SECTION B |   |  |
| 16/       | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div><div>OECD</div><div>UN</div></div>  |
| 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? | <div><div>STATIC</div><div>DYNAMIC</div></div>                                   |
| 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<br>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<br>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   |

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| 1/<br>Is the concept of permanent establishment recognised in your country?  | ↗ YES  |
| 2/<br>According to the definition of your domestic law, which activities trigger a permanent establishment in your country?  | ↗ Having a fixed place of business<br>↗ Rendering construction services<br>↗ Rendering installation services<br>↗ Having a local agent signing contracts on behalf of the non-resident<br>↗ Home office subject to facts and circumstances |
| 3/<br>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/<br>How is a permanent establishment registered in your country?   | <div></div> <div>TAX AND COMMERCIAL REGISTRATION</div> <div>↗ NO</div>   |
| 5/<br>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/<br>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/<br>If a permanent establishment exists for corporate income tax purposes, is there an obligation to register for indirect taxes in your country?  | ↗ NO   |
| 8/<br>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/<br>How is the profit of a permanent establishment determined?   | ↗ Transfer pricing methods<br>↗ PE Bookkeeping   |
| 10/<br>Is it obligatory to establish a local bookkeeping for a permanent establishment?  | ↗ YES  |
| 11/<br>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/<br>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/<br>Are there any withholding taxes levied in your country on head office costs (e.g. overheads) attributed to the permanent establishment?   | ↗ NO   |
| 14/<br>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/<br>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%  |



## SINGAPORE



### contact

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|--|--------------------------------------|
| 16/<br>Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 17/<br>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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 18/<br>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                                 |

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|---|------|
| 19/<br>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/<br>Do fixed places of business engaged only in auxiliary or preparatory tasks trigger a permanent establishment in your country?                              | ↗ NO |

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|--|--|
| 21/<br>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/<br>Is there a time threshold in your country after which construction or installation projects trigger a permanent establishment?  | ↗ YES<br>Subject to treaty,<br>generally 6 months  |
| 23/<br>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/<br>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/<br>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   |

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| 26/<br>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/<br>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 |

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| 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<br>➤ Rendering construction services<br>➤ Rendering installation services<br>➤ Having a local agent signing contracts on behalf of the non-resident<br>➤ 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?   | <div></div> <div>TAX AND COMMERCIAL REGISTRATION</div>   |
| 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<br>➤ 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<br>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%  |



## THAILAND



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|-----|---|--------------------------------------|
| 16/ | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECD</div> <div>UN</div>        |
| 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? | <div>STATIC</div> <div>DYNAMIC</div> |
| 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                                |

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| 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 |

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| 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<br>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  |

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| 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 |

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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<br>↗ Rendering construction services<br>↗ Rendering installation services<br>↗ 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?   | <br>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<br>↗ 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%  |



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| SECTION B |   |  |
| 16/       | Does your country use the commentary of the OECD or the UN to interpret existing double tax treaties?   | <div>OECDUN</div>                              |
| 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? | <div>STATICDYNAMIC</div>                       |
| 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<br>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<br>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



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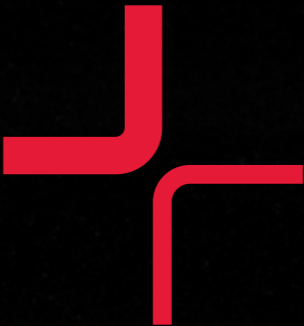
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