Ten tax things you need to know about Brexit

3 May 2016

VAT

1. The UK VAT system will start to split apart from the EU system

See our separate "Ten VAT things you need to know about Brexit".

Corporate Tax

What the remaining EU states can do

2. Impose more withholding tax on dividends, interest and royalties paid to the UK

Because the Parent Subsidiary Directive and the Interest and Royalties Directive will no longer apply to payments to the UK and treaties may not give equivalent protection (e.g. dividends from Germany).

3. Impose worse tax treatments on services from the UK, and UK-owned groups

Because we will no longer have the benefit of ECJ case law on the single market "freedoms".

4. Refuse to accept legal mergers between UK companies and remaining EU companies resulting in inefficiencies

Because the Cross Border Merger Directive 2005 will no longer apply to UK companies.

What the UK might consider

5. Introducing more aggressive DPT-style legislation

Because there can be no question of EU challenge (though it hasn't seemed to inhibit the UK to date in any event!).

6. A return to SDRT on share issues

Because the Capital Duties Directive will no longer apply.

7. A return to old style CFC legislation

Because the UK government will cease to be bound by ECJ decisions such as the Cadbury Schweppes case.

8. Abandoning dividend exemption for UK corporates (e.g. for dividends from low-tax countries)

Again because the ECJ decisions affecting the credit system will no longer apply.

What the EU Commission cannot do

9. Challenge APAs and other rulings as being "too favourable"

Because State aid will no longer be relevant to the UK.

10. Require disclosure of UK tax payments

Because the amendments proposed on 12 April to the Accounting Directive (2013/34/EU) only require country-specific disclosure for EU countries and tax havens.

Contacts

Rupert Shiers
Partner

> Read the full article online