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CORPORATE MIGRATION AND CROSS-BORDER MERGERS

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1. INTRODUCTION

This publication outlines the tax treatment of corporate re-domiciliations in six EU countries, following the harmonization of EU corporate re-domiciliation regimes under the Mobility Directive. By way of comparison, it also covers the tax treatment of cross-border mergers and includes observations on the position in the UK.

This guide is presented in the form of a jurisdictional Q&A. The jurisdictions covered are France, Germany, Italy, the Netherlands, Portugal, Spain and the UK. The topics covered include the transfer tax and CIT treatment of inbound and outbound re-domiciliations and cross-border mergers (or, with respect to the UK, transactions with equivalent effect).

Re-domiciliations

A re-domiciliation (or conversion or change of corporate seat) refers to the change of a company's place of incorporation. The company converts from its registered legal form under the laws of the departure State to a legal form under the laws of the destination State without dissolution or winding up (i.e. under the legal continuity principle). Similar corporate reorganisations which involve a dissolution or winding up would generally have different tax implications, and these are outside the scope of this publication.

Different jurisdictions' re-domiciliation regimes differ (provided that, where applicable, the requirements of the Mobility Directive are met). For example, from a French corporate law perspective, inbound and outbound re-domiciliations are not limited to cases falling within the scope of the Mobility Directive, subject to more stringent procedures and with some uncertainty as to whether the legal personality can be retained. Portugal, Spain and Italy (subject to specific conditions) generally allow inbound and outbound re-domiciliations, i.e. the application of their re-domiciliation regimes is not limited to cases where the jurisdiction on the other side is an EU or EEA country. In contrast, Germany and the Netherlands permit re-domiciliations only to the extent required by the Mobility Directive, i.e. where the jurisdiction on the other side is an EU or EEA country.

The UK does not currently permit re-domiciliations at all – although steps can be taken to achieve a similar effect for tax purposes (albeit not for corporate law purposes). The UK government has stated that it intends to introduce a re-domiciliation regime in "due course".

Cross-border mergers

A cross-border merger refers to the merger of one or more "transferring" companies into an existing or a newly formed "receiving" company in another jurisdiction, where the transferring companies transfer all their assets and liabilities to the receiving company and are wound up, but without going into liquidation, and the shareholders of the transferring companies are issued securities in the receiving company. In addition to these securities, they may also receive a cash payment. Different tax considerations would generally apply for similar transactions where the transferring companies go into liquidation (and a discussion of such considerations is outside the scope of this publication).

Again, merger regimes differ across different jurisdictions. For instance, as a matter of principle, France allows cross-border mergers involving a jurisdiction not covered by the Mobility Directive, but the feasibility of such operations will depend on the law of the other jurisdiction. Germany, Italy, the Netherlands, Portugal and Spain all permit (inbound and outbound) cross-border mergers involving companies in EU or EEA countries; Portugal, Spain and Italy (subject to specific conditions) also permit these where another country is involved.

UK law does not currently permit cross-border mergers. A merger regime had previously been introduced to comply with EU law requirements, but it was not extensively used in practice and was repealed following Brexit. As such, alternative transactions are usually undertaken in order to achieve a similar outcome to a cross-border merger.

Please keep scrolling down to explore the tax treatment of inbound and outbound re-domiciliations and cross-border mergers in the covered jurisdictions, and of certain comparable operations in the UK.

This publication is intended to provide an overview and highlight potential issues; it is not intended to be comprehensive. A detailed discussion of the countries' re-domiciliation and cross-border merger regimes from a corporate law perspective is outside the scope of this publication.

2. FRANCE

French corporate law generally permits inbound and outbound re-domiciliations and cross-border mergers, i.e. it permits them whether or not the jurisdiction on the other side is an EU Member State or EEA State.

However, the tax treatment of a re-domiciliation or cross-border merger could be different depending on whether the jurisdiction on the other side is an EU Member State, a non-EU State or an eligible EEA State. On outbound movements, the treatment may also differ depending on whether a French PE is retained.

The following Q&As cover the tax treatment first of re-domiciliations and then of cross-border mergers, in each case for inbound and outbound movements.

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2.2 RE-DOMICILIATIONS

Inbound re-domiciliations

1. **Are any transfer taxes payable in your jurisdiction on an inbound re-domiciliation, i.e. where a company re-domiciles to your jurisdiction?**

   In their published guidelines, the French Tax Authorities state that, as a matter of principle, a transfer of corporate seat implies the creation of a new company from a tax perspective (dissolution of the transferring company and constitution of a new company), which can therefore trigger, subject to applicable double tax treaties, French transfer taxes and other duties in respect of the assets deemed contributed to this new company (e.g. under certain conditions and subject to territoriality rules, transfer taxes would apply at the rate of 5% of the fair market value of the assets in the case of a transfer of a going concern or clientele).

   This position of the French Tax Authorities (which remains to be confirmed by the French courts) is, in our view, highly debatable when, from a legal standpoint, the transferring company maintains its legal personality upon the transfer of its seat. Moreover, where the re-domiciliation falls within the scope of the Mobility Directive, the French Tax Authorities' position would be inconsistent with that Directive given its provision that the transfer of corporate seat shall be analysed as a "cross-border conversion", where the transferring company retains its legal personality, and could not therefore be assimilated, from a tax perspective, to a contribution or a sale to a new company.

   In practice, if the corporate law position is that the re-domiciling company retains its legal personality, it may be advisable to submit a prior ruling to the French Tax Authorities requesting confirmation as to whether or not French transfer tax liabilities arise.

2. **Does the re-domiciling company automatically become tax resident in your jurisdiction following the inbound re-domiciliation?**

   French incorporated companies are prima facie French tax resident unless they fall to be treated as non-resident under an applicable double tax treaty (for example, if the place of effective management of the company is located outside France).

So, unless the re-domiciling company had to be treated as resident in a different country under an applicable double tax treaty, it would, in principle, automatically become French tax resident when it changes its corporate seat.

3. **When a company re-domiciles to your jurisdiction, are its assets revalued for tax purposes?**

In respect of re-domiciliations from another EU Member State or eligible EEA State, the French Tax Authorities' published guidelines generally envisage a step-up for the assets transferred into France, "in order not to subject to tax a capital gain which would already have been taxed in the other State".

Would this mean that a step-up is unavailable if there is no taxation in the departure State, for example, because of the absence of a taxable event or a domestic exemption? The guidance does not explicitly address this question, and it might be advisable to submit a request for a prior ruling to the French Tax Authorities.

The position in respect of inward re-domiciliations from countries other than an EU Member State or eligible EEA State is not covered in the French Tax Authorities' guidelines.

4. **Does a company's re-domiciliation to your jurisdiction restart the clock for any holding period requirements that must be met to access tax exemptions or reliefs in your jurisdiction?**

To our knowledge, this question remains to be confirmed by case law.

If the re-domiciliation falls within the scope of the Mobility Directive or falls outside the scope of the Mobility Directive but, from a legal standpoint, the transferring company maintains its legal personality, it could be argued – although it would not necessarily be consistent with the position taken in respect of the step-up – that it should not re-set the holding period of assets (including shares) held by the re-domiciling company (which would, in practice, for example, mean that the two-year holding period required to benefit from the French participation exemption regime would be computed from the date on which the company acquired the shares, not from the (later) re-domiciliation date).

5. **Are there any other points to note in respect of your jurisdiction's tax treatment of inbound re-domiciliations?**

n/a

Outbound re-domiciliations

6. **Are any transfer taxes payable in your jurisdiction when a company leaves your jurisdiction by way of an outbound re-domiciliation?**

The French Tax Authorities' guidelines on this point are the same as for inbound re-domiciliations (see answer to Question 1) and, for the same reasons, we consider this position to be questionable, especially where, from a legal standpoint, the transferring company maintains its legal personality and where the re-domiciliation falls within the scope of the Mobility Directive.

However, even if the French Tax Authorities' position is confirmed, French transfer taxes may not apply in practice.

Although it will have to be confirmed, French transfer taxes should notably not apply where certain assets (e.g. going concern, clientele, real estate property) can be considered as being contributed by a company subject to French CIT – except to the extent that

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these "contributions" could be regarded as deemed "sales" for tax purposes in consideration for the assumption of liabilities. In that latter case, French transfer taxes and other duties could apply, subject to territoriality rules, unless the assumption of these liabilities can be attributed to assets not subject to French transfer taxes applicable on sales (such as cash or receivables).

7. What are the CIT consequences when a company leaves your jurisdiction by way of an outbound re-domiciliation? Does it make a difference whether the company retains a PE in your jurisdiction after the re-domiciliation?

We would expect that, on re-domiciliation, the company would normally cease to be French tax resident and become tax resident in the country to which it has re-domiciled, and the following comments are made on this basis. Different considerations would apply if, following the re-domiciliation, the re-domiciling company continued to have its place of effective management in France, and this situation is not discussed here.

The CIT consequences of an outbound re-domiciliation differ depending on whether the company retains a PE in France. So, as a first step, it will be crucial to determine whether the re-domiciling company will retain a PE. This can be uncertain, notably for holding companies and, depending on the circumstances, it may therefore be advisable to seek a formal ruling from the French Tax Authorities on this point before the re-domiciliation.

If the re-domiciliation is to another EU Member State or eligible EEA State and the re-domiciling company retains a French PE, the re-domiciliation should not be treated as the termination of a business and should, consequently, not trigger any French CIT consequences. However, to the extent that, while maintaining a French PE, certain assets are transferred abroad, additional considerations apply. First, latent capital gains on the transferred assets may be subject to French CIT. For fixed assets, the taxpayer may then choose between immediate payment of the French CIT charge or instalment payments over five years (the French Tax Authorities consider that the French CIT due on the lump sum taxation pursuant to the French participation exemption regime cannot benefit from the instalment payment regime – this position is, however, debatable in light of recent case law). Secondly, the transfer of the assets can, in certain circumstances, trigger the "change of activity" rule pursuant to which, notably, the profits of the current fiscal year are subject to tax and unused carried-forward tax losses are cancelled from the re-domiciliation date.

If the re-domiciliation is to another EU Member State or eligible EEA State, but the re-domiciling company does not retain a French PE, the re-domiciliation is treated as a termination of business implying, notably, the taxation of latent capital gains as described above, the taxation of untaxed profits and forfeiture of carried-forward tax losses. The same regime should apply if the re-domiciliation is to a country other than another EU Member State or eligible EEA State, even though a French PE is retained (although the possibility to opt for instalment payment in respect of gains on the transfer of fixed assets is not available here). Arguments may, however, exist to avoid at least some of these consequences if, upon the transfer, the company maintains it legal personality and a French PE is retained. But it is advisable that taxpayers submit a ruling request to the French Tax Authorities to confirm the position.

8. Could any obligation to withhold tax be triggered when a company re-domiciles to leave your jurisdiction? Does it make a difference whether the company retains a PE in your jurisdiction after the re-domiciliation?

If the re-domiciliation is to an EU Member State or eligible EEA State, it should not trigger any French withholding tax according to the French Tax Authorities' current guidelines, even if the transferring company does not retain a PE in France (this treatment would, however, have to be confirmed with the French Tax Authorities if the company does not retain its legal personality).

If the re-domiciliation is to a country other than an EU Member State or eligible EEA State, the withholding tax treatment is likely to depend on whether the company retains a PE in France. If it does not retain a French PE, there would be a deemed distribution to its shareholders equal to the profits (if any) for the current financial year plus reserves and all other retained earnings (whether capitalized or not), and this deemed distribution would attract French tax, including by way of withholding as far as non-French residents are concerned (subject to applicable double tax treaties).

In contrast, if the re-domiciling company retains a French PE and retains its legal personality, it is arguable that there should not be a deemed distribution (despite the fact that, from a tax perspective, the French Tax Authorities generally consider that the re-domiciliation entails a termination of business and the creation of a new company). But it is advisable that taxpayers submit a ruling request to the French Tax Authorities to confirm the position.

9. Are there any other points to note in respect of your jurisdiction's tax treatment of outbound re-domiciliations?

If a French PE is maintained following the re-domiciliation, then, as a matter of principle, French branch tax may be applicable, subject to double tax treaties and the EU/EEA domestic exemption.

Following the re-domiciliation, dividends should generally be taxable in France only to the extent that the recipients are French tax-residents. This position would, however, need to be carefully reviewed, in particular if the re-domiciliation was not treated as giving rise to a deemed distribution.

The impact of the re-domiciliation on the French tax consolidation group should also be considered. If no French PE is maintained and the re-domiciling company is a subsidiary of the group, it will generally leave the tax group as a result of the re-domiciliation, or the group will be terminated if the re-domiciling company is the parent company, with the corresponding consequences (notably, taxation of past operations which were previously neutralized). If a French PE is maintained, there are arguments to consider that the re-domiciliation does not have an impact on the tax group under certain conditions, at least if the re-domiciliation is made within the EU or an eligible EEA State and does not lead to a cessation of business.

If a French PE is maintained, the question of the application of double tax treaties in the case of a triangular situation (state of source of the income, state of residence of the PE and state of residence of the separate company) has not yet been fully resolved.

2.3 CROSS-BORDER MERGERS

Inbound cross-border mergers

1. **Are any transfer taxes payable in your jurisdiction on an inbound cross-border merger where a foreign transferring company merges into a receiving company in your jurisdiction?**

   If both the French receiving, and the foreign transferring, company are liable to CIT, the merger should benefit from the transfer tax neutrality regime, and therefore no French transfer tax should be due (although specific duties may nevertheless be due if real estate assets or vehicles are concerned).
   If the French receiving, but not the foreign transferring company, is liable to CIT, the merger can benefit from the transfer tax neutrality regime, except for real estate assets, going concerns, clienteles, leases or promises to let. For these assets, French transfer taxes would in principle be due, subject to territoriality rules, even if no liabilities are transferred.

2. **On an inbound cross-border merger, are the assets received by the receiving company in your jurisdiction revalued for tax purposes?**

   As far as foreign assets are concerned, there are no administrative guidelines or case law to our knowledge. So, this point should, in our view, be confirmed with the French Tax Authorities. The French Tax Authorities might be reluctant to accept a step-up when a tax neutrality regime is applied where no effective taxation occurs in the other State and when the merger is accounted for at the net book value.

   As far as French assets (previously held by a French PE of the transferring company) are concerned, no step-up will be available for French tax purposes at the level of the receiving company if the French CIT neutrality regime applies. If the French CIT neutrality regime does not apply, the French Tax Authorities generally accept a tax step-up, but only for capital gains purposes (and not for amortization purposes), if the merger has been accounted for at the net book value.

3. **Where access to tax exemptions or reliefs is subject to a holding period requirement, from which date would the holding period be calculated for assets received by a receiving company in your jurisdiction from a foreign transferring company in an inbound cross-border merger?**

   As far as foreign assets are concerned, there are no administrative guidelines or case law to our knowledge. So, this point should, in our view, be confirmed with the French Tax Authorities. The application of a tax neutrality regime could be an argument in favour of using the historical holding period
   As far as French assets (previously held by a French PE of the transferring company) are concerned, the historical holding period will be used if the French CIT neutrality regime applies. If the French CIT neutrality regime does not apply, the holding period of the relevant asset will have to be computed as from the date of the merger.

4. **Are there any other points to note in respect of your jurisdiction's tax treatment of inbound cross-border mergers?**

   The merger could trigger the "change of activity" rule at the level of the French receiving company pursuant to which, notably, the untaxed profits of the current fiscal year are subject to tax and unused carried-forward tax losses are cancelled from the merger date.

Outbound cross-border mergers

5. Are any transfer taxes payable in your jurisdiction on an outbound cross-border merger where a transferring company from your jurisdiction merges into a foreign receiving company?

If both the foreign receiving, and the French transferring, company are liable to CIT, the merger should benefit from the transfer tax neutrality regime, and therefore no French transfer tax should be due (although specific duties may nevertheless be due if real estate assets or vehicles are concerned).

6. What are the CIT consequences for the transferring company in your jurisdiction when it merges into a foreign receiving company?

If the foreign receiving company is established in the EU or an eligible treaty State (meaning a country with which France has a double tax treaty that contains an administrative assistance provision to tackle tax fraud and tax avoidance) and is subject to French CIT (or, according to the French Tax Authorities' published guidelines, to a tax similar to French CIT), the French CIT neutrality regime should apply if the contributed assets are maintained at the level of a French PE (in which case the French PE will inherit the historical tax value of the assets).

If the French transferring company is a pure holding company and the only assets contributed to the foreign receiving company are shares eligible for the French participation exemption regime, the French Tax Authorities' published guidelines accept that the French CIT neutrality regime may also be applied even if the contributed assets are not maintained at the level of a French PE.

7. Could any obligation to withhold tax be triggered by an outbound cross-border merger?

This will depend on whether the foreign receiving company retains a French PE. If it does, no withholding tax should apply.

If it does not, there is a question whether the French Tax Authorities could argue that there should be withholding tax on a deemed distribution as the foreign receiving company would not be subject to French CIT. Arguments could exist to consider that no deemed distribution would occur even in that case, but it may be advisable that taxpayers submit a ruling request to the French Tax Authorities to confirm the position.

8. Are there any other points to note in respect of your jurisdiction's tax treatment of outbound cross-border mergers?

If the receiving company maintains a French PE, then, as a matter of principle, French branch tax may be applicable, subject to double tax treaties and the EU domestic exemption. Dividends paid by the receiving company should generally be taxable in France only to the extent that the recipients are French tax residents. This position would, however, need to be carefully reviewed, in particular if the cross-border merger was not treated as giving rise to a deemed distribution.

The merger may also have an impact on the French tax consolidated group to which the French transferring company belonged. If the French transferring company is a subsidiary of the group, it will generally leave the group as a result of the merger with the corresponding consequences (notably, taxation of past operations which were previously neutralized), but the French PE of the receiving company may join the French tax group (if maintained) under certain conditions. If the transferring company is the parent company of the group, the group will generally end with the corresponding consequences, but a new group can be formed with the receiving company (acting through a French PE) and the eligible subsidiaries of the transferring company, if certain conditions are met.

The merger can also have an impact on the carried forward losses existing at the level of the French transferring company. Subject to certain conditions being met (notably a prior approval from the French Tax Authorities), the losses may be transferred to the receiving company, which will be able to use them going forward if a French PE is maintained.

3. GERMANY

German corporate law permits inbound and outbound re-domiciliations and cross-border mergers only if the jurisdiction on the other side is an EU Member State or EEA State. The following section therefore covers the tax treatment of these operations only to the extent undertaken within the EU/EEA.

The following Q&As cover the tax treatment first of re-domiciliations and then of cross-border mergers, in each case for inbound and outbound movements.

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3.2 RE-DOMICILIATIONS

Inbound re-domiciliations

1. **Are any transfer taxes payable in your jurisdiction on an inbound re-domiciliation, i.e. where a company re-domiciles to your jurisdiction?**

   The German Tax Authorities have not issued guidance on the tax treatment of inbound re-domiciliations.

   From a corporate law perspective, especially in light of the new provisions implementing the Mobility Directive into national law, German legal literature considers that, in the case of an inbound re-domiciliation, the company retains its legal personality.

   So, the company should continue to exist as a tax subject, meaning that no RETT should be triggered. It is, however, advisable to request a binding ruling from the German Tax Authorities to confirm this point.

2. **Does the re-domiciling company automatically become tax resident in your jurisdiction following the inbound re-domiciliation?**

   German incorporated companies are prima facie German tax resident unless they fall to be treated as non-resident under an applicable double tax treaty.

   So, unless the re-domiciling company had to be treated as resident in a different country under an applicable double tax treaty, it would automatically become German tax resident following the re-domiciliation.

3. **When a company re-domiciles to your jurisdiction, are its assets revalued for tax purposes?**

   In general, CIT laws treat a company as if, on establishment of a right to tax in Germany, there was a contribution at fair market value. So, there should be a step-up. But the taxpayer can also opt to use the (lower) value taken into account for the purposes of an exit tax charge (if any) in the departure jurisdiction.

4. **Does a company's re-domiciliation to your jurisdiction restart the clock for any holding period requirements that must be met to access tax exemptions or reliefs in your jurisdiction?**

   IHolding periods should be calculated from the date when the company acquired the asset, not from the re-domiciliation date. This is based on the assumption that, from a corporate law perspective, the company retains its legal personality on re-domiciliation.

5. **Are there any other points to note in respect of your jurisdiction's tax treatment of inbound re-domiciliations?**

   n/a

Outbound re-domiciliations

6. **Are any transfer taxes payable in your jurisdiction when a company leaves your jurisdiction by way of an outbound re-domiciliation?**

   No RETT should be triggered, assuming that, from a corporate law perspective, the company retains its legal personality on re-domiciliation.

7. **What are the CIT consequences when a company leaves your jurisdiction by way of an outbound re-domiciliation? Does it make a difference whether the company retains a PE in your jurisdiction after the re-domiciliation?**

   We would expect that, on re-domiciliation, the company would normally cease to be German tax resident (since its registered office as well as place of effective management will no longer be in Germany) and become tax resident in the country to which it has re-domiciled, and the following comments are made on this basis. Different considerations would apply if, following the re-domiciliation, the re-domiciling company continued to have its place of effective management in Germany, and this situation is not discussed here.

   For CIT purposes, the re-domiciliation would be treated as a deemed sale at fair market value except for assets which continue to be attributed to a PE in Germany. If the re-domiciliation is to another EU Member State or EEA State, the profit from such a deemed sale can be apportioned pro rata over the following five years and the company is therefore subject to CIT on these profits pro rata in these years.

8. **Could any obligation to withhold tax be triggered when a company re-domiciles to leave your jurisdiction? Does it make a difference whether the company retains a PE in your jurisdiction after the re-domiciliation?**

   The re-domiciliation itself is not subject to withholding tax unless the shares in the re-domiciling company are kept in collective safe custody.

9. **Are there any other points to note in respect of your jurisdiction's tax treatment of outbound re-domiciliations?**

   Going forward, dividends distributed by the re-domiciled company could, in certain circumstances, be subject to withholding tax, and in some cases, the company itself has to withhold.

3.3 CROSS-BORDER MERGERS

Inbound cross-border mergers

1. **Are any transfer taxes payable in your jurisdiction on an inbound cross-border merger where a foreign transferring company merges into a receiving company in your jurisdiction?**

   RETT is generally triggered but an exemption may apply if certain conditions are met.

2. **On an inbound cross-border merger, are the assets received by the receiving company in your jurisdiction revalued for tax purposes?**

   The assets of the transferring company (in the EU/EEA) can be transferred at book value if they are subject to German CIT at the level of the receiving company, Germany's right to tax the gains from a sale of the assets is not excluded or limited and there is no compensation other than shares in the receiving company. However, the transfer can also take place at fair market value (i.e. the assets would be revalued) if the transferring company does not opt for book values. The receiving company must in either case adopt the respective values recognized by the transferring company.

3. **Where access to tax exemptions or reliefs is subject to a holding period requirement, from which date would the holding period be calculated for assets received by a receiving company in your jurisdiction from a foreign transferring company in an inbound cross-border merger?**

   The receiving company enters into the legal position of the transferring company so that the holding period would not start again upon the merger.

4. **Are there any other points to note in respect of your jurisdiction's tax treatment of inbound cross-border mergers?**

   n/a

Outbound cross-border mergers

5. **Are any transfer taxes payable in your jurisdiction on an outbound cross-border merger where a transferring company from your jurisdiction merges into a foreign receiving company?**

   RETT is generally triggered but an exemption may apply subject to further requirements.

6. **What are the CIT consequences for the transferring company in your jurisdiction when it merges into a foreign receiving company?**

   If the receiving company is resident in the EU or EEA and certain other conditions are met, the transfer should be CIT neutral. The conditions are that the receiving company is subject to CIT, Germany's right to tax the gains from a sale of the assets contributed by the transferring company is not limited (which basically requires that the assets continue to be attributed to a German PE) and the shareholders in the transferring company receive no consideration other than shares in the receiving company.

   Otherwise, the transfer of the transferring company's assets to the receiving company as part of the cross-border merger is treated as a sale at fair market value for CIT purposes.

7. **Could any obligation to withhold tax be triggered by an outbound cross-border merger?**

   The merger is not subject to withholding tax.

8. **Are there any other points to note in respect of your jurisdiction's tax treatment of outbound cross-border mergers?**

   Going forward, dividends distributed by the receiving company should not normally be subject to German withholding tax.
   Carried-forward tax losses of the transferring company will be forfeit.

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4. ITALY

Italian corporate law generally permits inbound and outbound re-domiciliations and cross-border mergers, i.e. it permits them whether or not the jurisdiction on the other side is an EU Member State or EEA State (subject to specific conditions).

However, the tax treatment of a re-domiciliation or cross-border merger could be different depending on whether the jurisdiction on the other side is an EU Member State or eligible EEA State. On outbound movements, the treatment may also differ depending on whether an Italian PE is retained.

The following Q&As cover the tax treatment first of re-domiciliations and then of cross-border mergers, in each case for inbound and outbound movements. We focus on CIT; different considerations may apply in respect of the Regional Tax on Business Activities according to the Italian Tax Authorities, whose view on this matter is subject to debate among Italian scholars.–

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4.2 RE-DOMICILIATIONS

Inbound re-domiciliations

1. Are any transfer taxes payable in your jurisdiction on an inbound re-domiciliation, i.e. where a company re-domiciles to your jurisdiction?

No material transfer tax or stamp duty is levied in Italy on a transfer of corporate seat from a foreign jurisdiction.

2. Does the re-domiciling company automatically become tax resident in your jurisdiction following the inbound re-domiciliation?

A company is qualified as resident for tax purposes in Italy if, for the greater part of the fiscal year, it has its registered office, place of effective management or place of primary day-to-day management in Italy.

This means that, on the type of inbound re-domiciliation discussed here (i.e. under the legal continuity principle, without the winding-up of the re-domiciling company), the re-domiciling company's tax residence status for the fiscal year during which the re-domiciliation takes place will depend on timing of the re-domiciliation. If it falls within the first six months, the company would have its registered office in Italy for the greater part of the fiscal year and would therefore be regarded as tax resident in Italy for the whole year. Otherwise, it would not automatically (by reason of the re-domiciliation) be regarded as tax resident in Italy for the fiscal year in which the re-domiciliation takes place. For later years, the re-domiciling company should be regarded as tax resident in Italy based on the registered office criterion. Should a case of dual residence for tax purposes occur for the year of the re-domiciliation or a later year, the company may invoke the application of the relevant double tax treaty to define the correct residence for tax purposes. In answering the following questions, it is assumed that the re-domiciling company becomes tax resident in Italy.

3. When a company re-domiciles to your jurisdiction, are its assets revalued for tax purposes?

For an inbound re-domiciliation realized under the legal continuity principle, the tax basis of the assets and liabilities of the re-domiciling company would be equal to their fair market value (i.e. the arm's length price that would be used for transfer pricing purposes) if the departure State is an EU Member State, a country included in the so-called white-list set forth by Ministerial Decree of 4 September 1996, or a country different from an EU Member State or a white-listed country, provided that the re-domiciling company has obtained a specific ruling from the Italian Tax Authority on the fair market values.

If the departure State is a country different from the ones listed in the preceding paragraph, the tax basis of the assets would be the lowest of acquisition cost, book value and fair market value, while the tax basis of the liabilities would be the highest of acquisition cost, book value and fair market value.

Whether or not the re-domiciling company is subject to an exit tax in the departure State does not affect the application of the above-mentioned principles. Should the departure State apply an exit tax on the assets and liabilities, but the fair market value is not the same as the tax basis defined according to the above-mentioned principles, a double taxation event could occur. It is debated among Italian scholars whether (and if so, to what extent) the re-domiciling company could claim credit for the foreign tax paid.

4. Does a company's re-domiciliation to your jurisdiction restart the clock for any holding period requirements that must be met to access tax exemptions or reliefs in your jurisdiction?

In principle, an inbound re-domiciliation realized under the legal continuity principle should entitle the re-domiciling company to maintain the holding periods already accrued. The Italian Tax Authorities confirmed this principle for the purposes of the holding periods under the participation exemption and the Parent-Subsidiary Directive regimes.

There are good arguments to maintain that the same principle should apply also to other regimes which are subject to holding periods or time limitations (e.g. the Interest-Royalties Directive, group taxation and VAT consolidation regimes).

5. Are there any other points to note in respect of your jurisdiction's tax treatment of inbound re-domiciliations?

It is debated among scholars if the re-domiciling company may carry forward the final tax losses that have not been offset in the other jurisdiction before its migration to Italy. The matter should be addressed in the context of the pending reform of the Italian tax framework (in particular, see Article 6(1)(e)(4) of Law No. 111 of 9 August 2023).

In addition, a specific tax regime has been enacted (Article 6 of Legislative Decree No. 209 of 27 December 2023) according to which 50% of the business income relevant for CIT purposes will be tax exempt provided that the company has transferred its business to Italy.

This so-called reshoring regime would apply in the tax year of the transfer and the following five fiscal years. But certain recapture mechanisms apply if the business is, even partially, re-transferred abroad, and the regime is not available if the business was already carried out in Italy or another EU/EEA country in the 24 months before the transfer. The effectiveness of the regime is also subject to approval by the European Commission to confirm its compatibility with the EU State aid legislation.

Outbound re-domiciliations

6. **Are any transfer taxes payable in your jurisdiction when a company leaves your jurisdiction by way of an outbound re-domiciliation?**

   No material transfer tax or stamp duty is levied in Italy when an Italian company transfers its corporate seat to a foreign jurisdiction.

7. **What are the CIT consequences when a company leaves your jurisdiction by way of an outbound re-domiciliation? Does it make a difference whether the company retains a PE in your jurisdiction after the re-domiciliation?**

   If, following the outbound re-domiciliation, the re-domiciling company remains tax resident in Italy (for instance, because it continues to have its place of effective management or primary day-to-day management in Italy) or retains a PE in Italy to which all its assets and liabilities are allocated, no exit tax would arise in the hands of the company (including in respect of tax deferred reserves). It could also continue to offset tax losses within the limit of 80% of the company's taxable income accrued in the fiscal year of the re-domiciliation.

   If the re-domiciling company ceases to be tax resident in Italy and transfers all of its assets and liabilities out of Italy, latent capital gains on the assets and liabilities are subject to CIT at the rate of 24%. The chargeable amount is calculated as the difference between the fair market value of the assets/liabilities transferred and their tax basis. Tax deferred reserves would also be subject to tax. Tax losses can be offset against the taxable income of the company accrued in the fiscal year of the re-domiciliation (without the above-mentioned 80% limitation) and against the exit tax (if any).

   The re-domiciling company may, subject to the provision of a guarantee, elect to pay the resulting exit tax (if any) in five equal yearly instalments if the destination country is an EU country or an EEA country included in the white-list that entered into an agreement concerning mutual assistance for the recovery of tax claims comparable to the Mutual Assistance Directive. Iceland and Norway do not meet this requirement.

8. **Could any obligation to withhold tax be triggered when a company re-domiciles to leave your jurisdiction? Does it make a difference whether the company retains a PE in your jurisdiction after the re-domiciliation?**

   Italian tax law does not provide for a specific withholding tax in the event of an outbound re-domiciliation. The same principle applies if the re-domiciling company retains a PE in Italy.

9. **Are there any other points to note in respect of your jurisdiction's tax treatment of outbound re-domiciliations?**

   The Italian Tax Authorities clarified that, for the purpose of calculating the exit tax, the participation exemption regime does not apply in respect of participations owned by the re-domiciling company if the subject of the re-domiciliation constitutes a going concern. This principle applies even if the going concern consists mainly of shareholdings.

4.3 CROSS-BORDER MERGERS

Inbound cross-border mergers

1. Are any transfer taxes payable in your jurisdiction on an inbound cross-border merger where a foreign transferring company merges into a receiving company in your jurisdiction?

No material transfer tax or stamp duty is levied in Italy on an inbound cross-border merger.

2. On an inbound cross-border merger, are the assets received by the receiving company in your jurisdiction revalued for tax purposes?

Please refer to the answer to Question 3 under "Re-domiciliations".

3. Where access to tax exemptions or reliefs is subject to a holding period requirement, from which date would the holding period be calculated for assets received by a receiving company in your jurisdiction from a foreign transferring company in an inbound cross-border merger?

Based on general principles, the type of inbound cross-border merger discussed here (i.e. under to the legal continuity principle, without the liquidation of the non-resident transferring company) should allow the recognition of the holding periods accrued at the effective date of the merger.

4. Are there any other points to note in respect of your jurisdiction's tax treatment of inbound cross-border mergers?

Please refer to the answer to Question 5 under "Re-domiciliations" in respect of final losses.

Outbound cross-border mergers

5. AAre any transfer taxes payable in your jurisdiction on an outbound cross-border merger where a transferring company from your jurisdiction merges into a foreign receiving company?

No material transfer tax or stamp duty is levied in Italy on an outbound cross-border merger.

6. What are the CIT consequences for the transferring company in your jurisdiction when it merges into a foreign receiving company?

If the foreign receiving company is resident for tax purposes in an EU Member State, the tax neutrality regime applies provided that the assets and liabilities of the Italian transferring company are allocated to an Italian PE of the receiving company.

The tax neutrality regime can also apply if the foreign receiving company is resident for tax purposes in a non-EU country but the following conditions must be fulfilled (in addition to the allocation of the Italian transferring company's assets and liabilities to an Italian PE of the receiving company):

- the transaction has the same legal features as a merger regulated under Italian civil law;
- the parties involved have a legal form similar to the ones provided for by the Italian civil law; and
- the transaction is effective for tax purposes on at least one Italian entity.

If the assets and liabilities of the Italian transferring company are not entirely allocated to an Italian PE of the receiving company, an exit tax may apply. In this respect, please also refer to the information provided in the answer to Question 7 under "Re-domiciliations".

7. Could any obligation to withhold tax be triggered by an outbound cross-border merger?

Please refer to the answer to Question 8 under “Re-domiciliations”. However, in case of cash compensation paid to the shareholders, a withholding tax may apply on dividends or capital gains (depending on the type of shareholder, i.e. individual or entity) realized in Italy.

8. Are there any other points to note in respect of your jurisdiction’s tax treatment of outbound cross-border mergers?

n/a

5. NETHERLANDS

Dutch corporate law permits inbound and outbound re-domiciliations and cross-border mergers if the jurisdiction on the other side is an EU Member State or EEA State; re-domiciliations and cross-border mergers are not permitted in relation to third States.

Cross-border mergers of Dutch resident entities to third States may nevertheless be achieved by means of two-step cross-border mergers via, for example, Luxembourg. But the tax treatment of such two-step transactions is outside the scope of this publication.

The following section covers the Dutch tax treatment of re-domiciliations and cross-border mergers only to the extent undertaken within the EU/EEA. In this context, the Dutch tax consequences will be dependent on whether a Dutch PE is retained.

The following Q&As cover the tax treatment first of re-domiciliations and then of cross-border mergers, in each case for inbound and outbound movements.

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5.2 RE-DOMICILIATIONS

Inbound re-domiciliations

1. **Are any transfer taxes payable in your jurisdiction on an inbound re-domiciliation, i.e. where a company re-domiciles to your jurisdiction?**

   In general terms, an inbound re-domiciliation does not give rise to any Dutch taxes or stamp duty being payable.

   Given that the type of re-domiciliation discussed here does not result in a deemed liquidation of the re-domiciling company from a Dutch corporate law perspective, no RETT should become due (as there would be no transfer of Dutch real estate assets).

2. **Does the re-domiciling company automatically become tax resident in your jurisdiction following the inbound re-domiciliation?**

   A re-domiciling company does not automatically become tax resident in the Netherlands following an inbound re-domiciliation. It will only become a tax resident if its place of effective management is situated in the Netherlands.

   In answering the following questions, it is assumed that the re-domiciling company becomes Dutch tax resident.

3. **When a company re-domiciles to your jurisdiction, are its assets revalued for tax purposes?**

   Irrespective of the level of taxation in the departure state, the re-domiciling company must value its assets and liabilities at fair market value for CIT purposes and will therefore receive a step-up (or step-down, depending on the then current book and market values) in respect of all assets and liabilities.

4. **Does a company's re-domiciliation to your jurisdiction restart the clock for any holding period requirements that must be met to access tax exemptions or reliefs in your jurisdiction?**

   No, the Dutch participation exemption does not have a holding period, and there are no other holding periods in Dutch national law that could be relevant in this respect. As regards tax treaties concluded by the Netherlands, there may be applicable holding periods that must be met to be entitled to the treaty benefits.

5. **Are there any other points to note in respect of your jurisdiction's tax treatment of inbound re-domiciliations?**

   The re-domiciling company will not get a step-up in its fiscally recognised capital for Dutch dividend withholding tax purposes up to the fair market value of the company. As a consequence, profits realised before the re-domiciliation would become subject to Dutch dividend withholding tax.

Outbound re-domiciliations

6. **. Are any transfer taxes payable in your jurisdiction when a company leaves your jurisdiction by way of an outbound re-domiciliation?**

   Given that the type of re-domiciliation discussed here does not result in a deemed liquidation of the re-domiciling company from a Dutch corporate law perspective, no RETT should become due (as there would be no transfer of Dutch real estate assets).

   No stamp duty or similar taxes are levied in the Netherlands on an outbound re-domiciliation.

7. **What are the CIT consequences when a company leaves your jurisdiction by way of an outbound re-domiciliation? Does it make a difference whether the company retains a PE in your jurisdiction after the re-domiciliation?**

   Generally, on re-domiciliation, we would expect the company to cease to be Dutch tax resident and become tax resident in the country to which it has re-domiciled. Different considerations would apply if, following the re-domiciliation, the re-domiciling company continued to have its place of effective management in the Netherlands (this would, in principle, not trigger any CIT consequences as has been recently confirmed by the Dutch Tax Authorities).

   Within the context of the CIT consequences in respect of a re-domiciliation where the re-domiciling company ceases to be Dutch tax resident, it is relevant whether a PE is retained in the Netherlands. To the extent that, following the re-domiciliation, assets are attributable to a Dutch PE for Dutch CIT purposes (assuming the Netherlands has the right to tax such assets under applicable tax treaties), no Dutch CIT will be due in respect of these assets in connection with the re-domiciliation. If assets are not attributable to a Dutch PE for CIT purposes after re-domiciliation, such assets will be deemed to have been disposed of for fair market value. Consequently, the latent capital gains in respect of these assets will be crystallised and be subject to Dutch CIT. Upon request and subject to conditions, the CIT can be paid in five equal instalments.

8. **Could any obligation to withhold tax be triggered when a company re-domiciles to leave your jurisdiction? Does it make a difference whether the company retains a PE in your jurisdiction after the re-domiciliation?**

   No Dutch dividend withholding tax will be due on re-domiciliation.

   A legislative proposal is pending before the Dutch Parliament pursuant to which Dutch dividend withholding tax would be levied if (deferred) profit reserves of Netherlands-based headquarters of multinational companies are transferred to either of the following two types of jurisdiction as a result of a cross-border reorganization. The types of jurisdiction are States that do not have a dividend withholding tax comparable to the Dutch one, and States that consider the (deferred) profit reserves as paid-in capital upon entry (generally referred to as "step-up countries"). The legislative proposal also includes retrospective aspects. It was originally introduced in 2020 and has been repeatedly and significantly amended. It is unclear whether, and in what form, it will be enacted.

9. **Are there any other points to note in respect of your jurisdiction's tax treatment of outbound re-domiciliations?**

   At present, the CIT consequences of an outbound re-domiciliation by means of a conversion are not explicitly addressed. It has been announced that a legislative proposal will be published in 2025 that would explicitly address the CIT consequences of an outbound cross-border conversion (as well as outbound mergers and demergers). This proposal is expected to be published in Q2 2025 with an expected entry into force of 1 January 2026.

5.3 CROSS-BORDER MERGERS

Inbound cross-border mergers

1. **Are any transfer taxes payable in your jurisdiction on an inbound cross-border merger where a foreign transferring company merges into a receiving company in your jurisdiction?**

   In general terms, no transfer taxes are payable upon an inbound cross-border merger. Only if the foreign transferring company were to hold Dutch real estate assets that were transferred in connection with the merger could RETT be due. If RETT could be due, certain exemptions may apply subject to conditions.

   No stamp duty or similar taxes are levied in the Netherlands on an inbound cross-border merger.

2. **On an inbound cross-border merger, are the assets received by the receiving company in your jurisdiction revalued for tax purposes?**

   The Dutch receiving company must value the acquired assets and liabilities at fair market value for Dutch CIT purposes and will therefore receive a step-up (or step-down, depending on the then current book and market values), unless a specific anti-abuse rule applies that eliminates double non-taxation through "transfer pricing" mismatches. For instance, in the case of a transfer of assets and liabilities on a cross-border merger, this anti-abuse rule states that the tax value (for Dutch CIT purposes) of the acquired assets and liabilities must be equal to the value used for CIT purposes in the transferring company's jurisdiction of residence upon disposal of these assets and liabilities as a result of the merger. As such, if the CIT value in the transferring company's jurisdiction of the assets transferred was lower than the tax value for Dutch CIT purposes, no step-up for those assets would be provided for. This specific anti-abuse rule does not apply if roll-over relief applies on the merger because then the assets and liabilities remain subject to CIT in the transferor's jurisdiction (e.g. as a result of a PE retained there).

3. **Where access to tax exemptions or reliefs is subject to a holding period requirement, from which date would the holding period be calculated for assets received by a receiving company in your jurisdiction from a foreign transferring company in an inbound cross-border merger?**

   The Dutch participation exemption is not subject to a holding period, and there are no other holding periods in Dutch national law that could be relevant in this respect.

4. Are there any other points to note in respect of your jurisdiction's tax treatment of inbound cross-border mergers?

The receiving company will receive a step-up for Dutch dividend withholding tax purposes for the fair market value of the assets and liabilities of the transferring company (to the extent not consisting of shares in Dutch tax resident companies), unless the merger is aimed at the avoidance or deferral of taxation.

Outbound cross-border mergers

5. Are any transfer taxes payable in your jurisdiction on an outbound cross-border merger where a transferring company from your jurisdiction merges into a foreign receiving company?

In general terms, no transfer taxes are payable upon an outbound cross-border merger. Only if the Dutch resident transferring company were to hold Dutch real estate assets that were transferred in connection with the merger could RETT be due. If RETT could be due, certain exemptions may apply subject to conditions.

No stamp duty or similar taxes are levied in the Netherlands on an outbound cross-border merger.

6. What are the CIT consequences for the transferring company in your jurisdiction when it merges into a foreign receiving company?

The CIT consequences of the merger will differ depending on whether the receiving company retains a PE in the Netherlands.

To the extent that, following the cross-border merger, assets are attributable to a Dutch PE for Dutch CIT purposes (assuming the Netherlands has the right to tax such assets under applicable tax treaties), no Dutch CIT will be due in respect of these assets in connection with the cross-border merger. If assets are not attributable to a Dutch PE for CIT purposes after the cross-border merger, such assets will be deemed to have been disposed of for fair market value. Consequently, the latent capital gains in respect of these assets will be crystallised and subject to Dutch CIT. Upon request and subject to conditions, the CIT can be paid in five equal instalments.

7. Could any obligation to withhold tax be triggered by an outbound cross-border merger?

No Dutch dividend withholding tax will be due in respect of the merger.

A legislative proposal is pending before the Dutch Parliament pursuant to which Dutch dividend withholding tax would be levied if (deferred) profit reserves of Netherlands-based headquarters of multinational companies are transferred to either of the following two types of jurisdiction as a result of a cross-border reorganization. The types of jurisdiction are States that do not have a dividend withholding tax comparable to the Dutch one, and States that consider the (deferred) profit reserves as paid-in capital upon entry (generally referred to as "step-up countries"). The legislative proposal also includes retrospective aspects. It was originally introduced in 2020 and has been repeatedly and significantly amended. It is unclear whether, and in what form, it will be enacted.

8. Are there any other points to note in respect of your jurisdiction's tax treatment of outbound cross-border mergers?

It has been announced that a legislative proposal will be published in 2025 that would explicitly address the CIT consequences of an outbound cross-border merger (as well as outbound conversions and demergers). This proposal is expected to be published in Q2 2025 with an expected entry into force of 1 January 2026.

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6. PORTUGAL

Portuguese corporate law generally permits inbound and outbound re-domiciliations and cross-border mergers, when the other jurisdiction is an EU Member State. In respect of other jurisdictions, a case-by-case analysis should be made to understand whether the Portuguese Commercial Registry Office would accept that re-domiciliation or merger.

However, the tax treatment of a re-domiciliation or cross-border merger could be different depending on whether the jurisdiction on the other side is an EU Member State or eligible EEA State. On outbound movements, the treatment may also differ depending on whether a Portuguese PE is retained and the assets allocated to it.

The following Q&As cover the tax treatment first of re-domiciliations and then of cross-border mergers, in each case for inbound and outbound movements.

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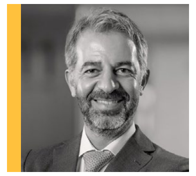

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6.2 RE-DOMICILIATIONS

Inbound re-domiciliations

1. **Are any transfer taxes payable in your jurisdiction on an inbound re-domiciliation, i.e. where a company re-domiciles to your jurisdiction?**

   No transfer tax consequences result from an inbound re-domiciliation (provided it does not involve the liquidation or dissolution of a company that owns Portuguese immovable property).

2. **Does the re-domiciling company automatically become tax resident in your jurisdiction following the inbound re-domiciliation?**

   Portuguese tax rules set out that corporate entities are resident here if they have their corporate seat or place of effective management in Portugal. So, unless the re-domiciling company had to be treated as a tax resident in a different country, in accordance with domestic law and the applicable double tax treaty, it would automatically become Portuguese tax resident when it changes its corporate seat to Portugal.

3. **When a company re-domiciles to your jurisdiction, are its assets revalued for tax purposes?**

   As a general rule, there would be no step-up. The Portuguese CIT rules stipulate that the cost basis of the assets should be their net accounting value as at the re-domiciliation date, provided that the assets were not allocated to a Portuguese PE and their accounting value does not exceed their fair market value. Different considerations would apply, if the re-domiciling company had already been Portuguese tax resident before the re-domiciliation or was deemed tax resident in a different country following the re-domiciliation.

   Without prejudice to the above, if the departure State is another EU Member State, the taxpayer may (for Portuguese CIT) use the same tax value as it used for the purposes of determining income subject to CIT in that Member State (or a CIT exit charge), provided that this reflects the market value of the assets as at the date of re-domiciliation. Portuguese CIT law follows the rules in Article 5 of ATAD in this respect.

4. **Does a company's re-domiciliation to your jurisdiction restart the clock for any holding period requirements that must be met to access tax exemptions or reliefs in your jurisdiction?**

   The Portuguese Tax Authorities have issued a ruling on this point (which is not explicitly addressed in the CIT rules). According to the Portuguese Tax Authorities, the acquisition date of the shares held by the re-domiciled company should be the original acquisition date, even if this is prior to the re-domiciliation of the company to Portugal.

5. **Are there any other points to note in respect of your jurisdiction's tax treatment of inbound re-domiciliations?**

   The re-domiciled company will have to prepare the annual accounts for the year of transfer in accordance with Portuguese rules. Therefore, the re-domiciled company should follow the relevant accounting standards which may lead to the revaluation of certain assets.

Outbound re-domiciliations

6. **Are any transfer taxes payable in your jurisdiction when a company leaves your jurisdiction by way of an outbound re-domiciliation?**

   No transfer tax consequences result from an outbound re-domiciliation (provided it does not involve the liquidation or dissolution of a company that owns Portuguese immovable property).

7. **What are the CIT consequences when a company leaves your jurisdiction by way of an outbound re-domiciliation? Does it make a difference whether the company retains a PE in your jurisdiction after the re-domiciliation?**

   The CIT treatment of the re-domiciliation will depend on whether the re-domiciling company retains a PE in Portugal. Assets attributable to the Portuguese PE after the re-domiciliation are not subject to a CIT exit charge, as long as they are registered, for CIT purposes, at the same values as they were prior to the re-domiciliation. In addition, any tax losses accrued before the re-domiciliation may be deducted from the taxable profits of the PE retained in Portugal in proportion to the market value of the assets allocated to the PE.

   Assets that are not allocated to a retained Portuguese PE would be subject to exit taxation. The Portuguese CIT Code sets out that, as a general rule, the transfer of residence from Portugal to another jurisdiction triggers a CIT exit charge (at the standard applicable rate of 20%, plus applicable municipal and state surcharges) on the positive difference between the market value of the company's patrimonial elements (even if not expressed in the accounts) and its tax value as at the date of the re-domiciliation.

   Shares held by the re-domiciling company may, however, benefit from the Portuguese participation exemption regime if the re-domiciliation is to another EU Member State or an eligible EEA State (meaning an EEA State with which Portugal has an agreement on mutual assistance in respect of tax collection equivalent to the requirements of the Mutual Assistance Directive) and certain additional conditions are met. These conditions are broadly that the re-domiciling company is not subject to a tax transparency regime, that it held (directly or indirectly) at least 10% of the share capital or voting rights of the relevant subsidiary for a consecutive period of at least a year before the re-domiciliation, that the relevant subsidiary is neither tax resident nor domiciled in a blacklisted territory, and is subject to and not exempt from Portuguese CIT (or a similar CIT), and that no more than 50% of the value of the shares derives (directly or indirectly) from Portuguese real estate and the shares are not allocated to an agricultural, industrial or commercial activity (save for real estate trading activity).

The exit tax charge must generally be paid immediately in full. However, if the re-domiciliation is to another EU Member State or to an eligible EEA State, the taxpayer may opt to pay the charge in five equal annual instalments. In this scenario, in addition to interest accruing, the Portuguese Tax Authorities require a bank guarantee for 125% of the tax due.

8. **Could any obligation to withhold tax be triggered when a company re-domiciles to leave your jurisdiction? Does it make a difference whether the company retains a PE in your jurisdiction after the re-domiciliation?**

   No withholding tax should be triggered by the re-domiciliation, even if no Portuguese PE is retained following the re-domiciliation and irrespective of which other jurisdiction is involved.

9. **Are there any other points to note in respect of your jurisdiction's tax treatment of outbound re-domiciliations?**

   If the re-domiciled company retains a Portuguese PE, the taxable profits of that PE are, as a general rule, determined and taxed under the same rules as apply to a Portuguese resident company: the basis is the net accounting profit computed in accordance with Portuguese GAAP, as adjusted under the CIT Code. No Portuguese CIT should be due on income paid by the PE to the head office of the re-domiciled company.

6.3 CROSS-BORDER MERGERS

Inbound cross-border mergers

1. **Are any transfer taxes payable in your jurisdiction on an inbound cross-border merger where a foreign transferring company merges into a receiving company in your jurisdiction?**
   Transfer taxes (e.g. Real Estate Transfer Tax and Stamp Tax) could apply, in particular, if there is Portuguese immovable property being transferred, but exemptions may be available.

2. **On an inbound cross-border merger, are the assets received by the receiving company in your jurisdiction revalued for tax purposes?**

   If the transferring company is resident in another EU Member State, the merger may benefit from the tax neutrality regime. The Portuguese tax neutrality does not apply if the transferring company is established in a country that is not an EU Member State (although, to the extent that this includes EEA States, it is arguable that this restriction may represent a breach of the freedom of establishment under Article 31 of the EEA Agreement). The application of the tax neutrality regime is also subject to a business purpose test and reliance on the tax neutrality regime must be notified to the Portuguese Tax Authorities.

   As a general rule, the Portuguese CIT Code sets out that a merger involving a

Portuguese resident receiving company should benefit from the tax neutrality regime (or, technically speaking, from a tax deferral) if the Portuguese receiving company is subject to and not exempt from CIT and the transferring company resident in another EU Member State meets the criteria in Article 3 of the Merger Directive. These criteria are that the transferring company must have one of the legal forms mentioned in the Merger Directive, must be considered resident of an EU Member State for tax purposes (and not deemed resident outside the EU pursuant to an applicable double tax treaty), and must be subject, without being exempt, to one of the taxes listed in the Merger Directive. The involvement of a Portuguese PE on the inbound merger should not impact tax neutrality, provided these conditions are met and the Portuguese PE of the EU transferring company is absorbed by the Portuguese receiving company (and, therefore, the PE ceases to exist).

According to Portuguese CIT rules, when the tax neutrality regime applies, there should be no step-up resulting from the merger. One of the consequences of tax neutrality is that the receiving company maintains the same values for tax purposes as were used by the transferring company before the merger.

In contrast, a step-up might occur in the context of a merger if the receiving company, prior to the merger, decided to acquire the shares of the transferring company or if the tax neutrality regime does not apply.

3. **Where access to tax exemptions or reliefs is subject to a holding period requirement, from which date would the holding period be calculated for assets received by a receiving company in your jurisdiction from a foreign transferring company in an inbound cross-border merger?**

If the tax neutrality regime applies to the merger (see answer to Question 2), Portuguese CIT rules set out that the relevant acquisition date of the shares, for CIT purposes, should be the date on which the transferring company acquired the assets (and not the date of the merger).

4. **Are there any other points to note in respect of your jurisdiction's tax treatment of inbound cross-border mergers?**

The Portuguese participation exemption regime may apply even if the merger does not fall within the tax neutrality regime.

Other points that should be considered before the merger include its impact on carried-forward tax losses and other tax reliefs, on any existing Portuguese tax consolidated group, and on the deductibility of financing expenses.

Outbound cross-border mergers

5. **Are any transfer taxes payable in your jurisdiction on an outbound cross-border merger where a transferring company from your jurisdiction merges into a foreign receiving company?**

Transfer taxes (e.g. Real Estate Transfer Tax and Stamp Tax) could apply, in particular if there is Portuguese immovable property being transferred, but exemptions may be available.

6. **What are the CIT consequences for the transferring company in your jurisdiction when it merges into a foreign receiving company?**

If the receiving company is resident in the EU, the CIT neutrality regime may apply to the extent that the contributed assets are maintained at the level of a Portuguese PE and such assets contribute to the determination of the taxable profits attributable to that PE.

In that case, the Portuguese PE should inherit the historical tax registered value of the assets. The answer to Question 2 includes further details on the tax neutrality regime.

In respect of outbound cross-border mergers, it is additionally worth noting that the tax neutrality regime does not apply in respect of the transfer of ships and aircraft (or movable assets used for their operation) which are transferred to an international maritime or air navigation company not resident in Portuguese territory.

7. Could any obligation to withhold tax be triggered by an outbound cross-border merger?

No withholding tax should be triggered by the merger, even if the receiving company will not maintain PE in Portugal and irrespective of which other jurisdictions are involved.

8. Are there any other points to note in respect of your jurisdiction's tax treatment of outbound cross-border mergers?

If the foreign receiving company retains a Portuguese PE, the taxable profits of that PE are, as a general rule, determined and taxed under the same rules as apply to a Portuguese resident company: the basis is the net accounting profit computed in accordance with Portuguese GAAP, as adjusted under the CIT Code. As a general rule, no Portuguese CIT is due on income paid by the PE to the head office of the foreign receiving company.

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Spanish corporate law regulates inbound and outbound re-domiciliations and cross-border mergers. However, the tax treatment of a re-domiciliation or cross-border merger could be different depending on whether the jurisdiction on the other side is an EU Member State or eligible EEA State. As regards outbound movements, the tax treatment may also differ depending on whether, after the transfer of the assets or the re-domiciliation, a Spanish PE is retained.

The following Q&As cover the tax treatment first of re-domiciliations and then of cross-border mergers, in each case for inbound and outbound movements.

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7.2 RE-DOMICILIATIONS

Inbound re-domiciliations

1. Are any transfer taxes payable in your jurisdiction on an inbound re-domiciliation, i.e. where a company re-domiciles to your jurisdiction?

The re-domiciliation should not be subject to capital duty (either because it is outside the scope of such duty or because an exemption applies).

VAT, transfer tax or stamp duty may apply, for instance, if assets are physically moved to Spain.

2. Does the re-domiciling company automatically become tax resident in your jurisdiction following the inbound re-domiciliation?

According to the Spanish Corporate Income Tax Law, Spanish incorporated companies or companies having their place of effective management in Spain are prima facie Spanish tax resident, unless they fall to be treated as non-resident under an applicable double tax treaty.

So, unless the re-domiciling company had to be treated as resident in a different country under an applicable double tax treaty, it would automatically become Spanish tax resident when it changes its corporate seat.

3. When a company re-domiciles to your jurisdiction, are its assets revalued for tax purposes?

If the re-domiciliation is from another EU Member State and the re-domiciling company was subject to an exit tax charge under the laws of that State, ATAD prescribes that the value of an asset as determined by the departure State for the purpose of the exit tax shall be considered the tax value in Spain, unless it does not reflect the asset's true market value. Therefore, a tax step-up is possible if latent capital gains have been taxed by the EU Member State of departure.

It is not clear whether such a step-up could be applied when the departure State is not an EU Member State. However, there could be grounds to argue that, in order to avoid double taxation, where latent capital gains are taxed upon departure, the tax value of the transferred assets should be stepped up, regardless of whether the departure State is an EU Member

State. In any case, this potential argument must be evidenced through tax assessments or other supporting documentation.

4. Does a company's re-domiciliation to your jurisdiction restart the clock for any holding period requirements that must be met to access tax exemptions or reliefs in your jurisdiction?

If the re-domiciliation falls within the scope of the Mobility Directive, it could, in our view, be argued that it should not restart holding periods for the assets (including shares) held by the re-domiciling company, although there are no clear guidelines on this.

5. Are there any other points to note in respect of your jurisdiction's tax treatment of inbound re-domiciliations?

Becoming Spanish tax resident following the re-domiciliation should have no adverse implications in Spain for CIT purposes. However, it should be noted that, according to Spanish regulations, the relocation of tax residence to Spain does not imply an alteration of the fiscal year that coincides with the tax period. Therefore, if the re-domiciliation occurs during the fiscal year, the company may be subject to CIT in Spain on all income earned during that fiscal year and not just on the income earned after the re-domiciliation. The position in the departure State and in Spain would need to be considered in the round to determine whether there is a risk of double-taxation of the profits accrued during such part of the period current at re-domiciliation as falls before the re-domiciliation (e.g. if the departure State takes the same position as Spain would on an outbound re-domiciliation – see answer to Question 9).

The re-domiciling company will have to prepare annual accounts for the re-domiciliation year in accordance with Spanish regulations. Consequently, depending on which valuation principles and standards the company previously followed, items may have to be revalued for accounting purposes in accordance with Spanish accounting criteria. The necessary adjustments will be made retroactively unless the result of the new valuation presents no significant changes in light of the true and fair view principle.

Outbound re-domiciliations

6. Are any transfer taxes payable in your jurisdiction when a company leaves your jurisdiction by way of an outbound re-domiciliation?

A re-domiciliation to an EU Member State is not subject to capital duty and is exempt from transfer tax and stamp duty.

If the destination State is not an EU Member State, technically speaking, Spanish tax law does not prohibit a stamp duty charge, but the Spanish Tax Authorities' position is that re-domiciliations to a country outside the EU are not subject to transfer tax, stamp duty or capital duty.

So, a priori, neither VAT nor transfer tax nor stamp duty should be levied, but we cannot rule out that the Spanish Tax Authorities may take a different approach if it is considered that the circumstances demand this.

7. What are the CIT consequences when a company leaves your jurisdiction by way of an outbound re-domiciliation? Does it make a difference whether the company retains a PE in your jurisdiction after the re-domiciliation?

We would emphasise two assumptions. First, on a re-domiciliation, the company would normally cease to be Spanish tax resident and become tax resident in the re-domiciled country, so the following comments are made on this basis. Secondly, different considerations would apply, if, following the re-domiciliation, the re-domiciling company continued to have its place of effective management in Spain, and this situation is not discussed here.

Having determined the above, the CIT treatment of the re-domiciliation will depend on whether the re-domiciling company retains a PE in Spain. If no PE is maintained, latent capital gains in respect of the company's assets may be subject to Spanish CIT. If the re-domiciliation is to an EU Member State or an eligible EEA State, the taxpayer may choose between paying the charge in full immediately or in five equal annual instalments. Where the taxpayer opts for instalment payments, remaining instalments may become due early if the taxpayer misses payment deadlines, if the assets are on-transferred to a third party or outside the EU/EEA or if the taxpayer ceases to be tax resident in the EU/EEA.

If the re-domiciling company retains a PE in Spain, latent capital gains of assets allocated to the PE will not be subject to Spanish CIT. These assets will follow the neutrality regime established for certain corporate reorganisations. In respect of assets not allocated to the Spanish PE, a Spanish CIT charge could apply as set out above.

8. **Could any obligation to withhold tax be triggered when a company re-domiciles to leave your jurisdiction? Does it make a difference whether the company retains a PE in your jurisdiction after the re-domiciliation?**

No withholding obligations should arise.

9. **Are there any other points to note in respect of your jurisdiction's tax treatment of outbound re-domiciliations?**

According to Spanish tax laws, the re-domiciliation would trigger an early termination of the tax period. So, profits accrued during such part of the period current at re-domiciliation as falls before the re-domiciliation would be subject to Spanish CIT.

If the re-domiciling company retains a Spanish PE, then, as a matter of principle, Spanish branch tax may be applicable, subject to double tax treaties and the EU domestic exemption.

7.3 CROSS-BORDER MERGERS

Inbound cross-border mergers

1. **Are any transfer taxes payable in your jurisdiction on an inbound cross-border merger where a foreign transferring company merges into a receiving company in your jurisdiction?**

No transfer tax, stamp duty or capital duty should arise if the merger qualifies as a "restructuring transaction" under the Spanish tax neutrality regime. In order to qualify, certain conditions must be met, including a business purpose test. If the merger qualifies, it would not be subject to capital duty and would be subject to (but exempt from) transfer tax and stamp duty.

The sale of assets by a VAT-able person is generally treated as a taxable supply subject to VAT at the standard rate of 21% unless an exemption applies. Special rules for VAT purposes may apply for certain types of goods (e.g. real estate). However, the transfer of assets in the context of a merger could be considered a transfer of a going concern and therefore not subject to VAT. In that case, certain assets transferred in the context of the merger would be subject to transfer tax (although, as stated above, an exemption would be available if the merger is considered a "restructuring transaction" under the Spanish tax neutrality regime).

2. On an inbound cross-border merger, are the assets received by the receiving company in your jurisdiction revalued for tax purposes?

The Spanish CIT considers the tax neutrality regime to be the main regime applicable to mergers and acquisitions. Under this regime, the company would not have a step-up, but the company retains the possibility of not applying this regime and applying the general regime where the revaluation would be mandatory.

In any event, the Spanish Tax Authorities would not accept a step-up if no effective taxation occurs in the transferring company's jurisdiction.

Generally, it is possible to partially waive the application of the tax neutrality regime in connection with specific assets and hence effective taxation would be levied therein and those assets could be stepped-up.

3. Where access to tax exemptions or reliefs is subject to a holding period requirement, from which date would the holding period be calculated for assets received by a receiving company in your jurisdiction from a foreign transferring company in an inbound cross-border merger?

The application of the tax neutrality regime should, in principle, mean that holding periods are calculated from the date when the transferring company acquired the assets (rather than from the date of the merger).

4. Are there any other points to note in respect of your jurisdiction's tax treatment of inbound cross-border mergers?

The tax authorities are intensively challenging the business purpose motives that support the application of the tax neutrality regime (generally for restructuring transactions in Spain) when the transaction involves a tax advantage for the parties (e.g. the application of tax credits that would not have been used if the transactions had not been carried out). In that sense, our recommendation is to request a binding ruling from the Spanish Tax Authorities before the merger.

Outbound cross-border mergers

5. Are any transfer taxes payable in your jurisdiction on an outbound cross-border merger where a transferring company from your jurisdiction merges into a foreign receiving company?

See answer to Question 1.

6. What are the CIT consequences for the transferring company in your jurisdiction when it merges into a foreign receiving company?

If the merger is carried out within the EU, the tax neutrality regime may apply if the transferred assets are maintained within the Spanish tax jurisdiction, for instance, if they are allocated to a Spanish PE of the receiving company. In that case, the contributed assets will inherit the historical tax value of the assets and the holding period.

If the receiving company is located outside the EU, the tax neutrality regime would not apply and the embedded gains may be taxed (subject to applicable double tax treaties).

7. Could any obligation to withhold tax be triggered by an outbound cross-border merger?

No withholding obligations should arise.

8. Are there any other points to note in respect of your jurisdiction's tax treatment of outbound cross-border mergers?

If the receiving company retains a Spanish PE, then, as a matter of principle, Spanish branch tax may be applicable, subject to double tax treaties and the EU domestic exemption.

Other points that should be considered include the potential impact of the merger on tax assets and liabilities (including deferred tax assets and deferred tax liabilities) and on tax consolidations. Notification obligations may also arise.

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8. UK

The UK section proceeds differently from the other jurisdictional Q&As given the evolution of UK corporate law after Brexit. It sets out transactions that could achieve the same overall result as a re-domiciliation or cross-border merger and provides an overview of certain aspects of the tax treatment of those transactions, mirroring the points discussed in relation to re-domiciliations and cross-border mergers by the other jurisdictions.

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8.2 RE-DOMICILIATIONS

Transactions with equivalent effect

1. Is re-domiciliation possible under UK corporate law?

The UK does not have a legal framework supporting corporate re-domiciliations by moving a company's place of incorporation. Prior to Brexit, UK law catered for the establishment of a "Societas Europaea" (a type of European public limited liability company with the ability to move between jurisdictions within the EU). Following Brexit, Societates Europaeae can also no longer be registered in the UK. The UK has legislated for a new UK corporate structure, the UK Societas, but these entities are not able to move their registered office out of the UK.

2. Will the UK introduce a re-domiciliation regime?

The introduction of a re-domiciliation regime is the subject of a UK government consultation. An Expert Panel report on the topic was published in October 2024. The Secretary of State for Business and Trade stated that the "Government is committed to taking steps to make the UK a place where foreign companies can easily relocate their incorporation… The Government welcomes the Panel's report and intends to consult in due course on a proposed regime design."

3. How can a re-domiciliation be effected in practice?

One key consequence of a re-domiciliation is the transfer of tax residence from the departure State to the destination State. There are two ways a change in tax residence can be effected under UK law, namely direct migrations and corporate inversions.

Direct Migration

4. What is a direct migration?

A direct migration involves changing a company's jurisdiction of tax residence by moving its "central management and control" – either to the UK (for a direct immigration of a company incorporated abroad) or out of the UK (for a direct emigration of a UK-incorporated company). A direct emigration of a UK-incorporated company is possible only if the destination State also applies a management-based tax residence test.

If, for example, the intended destination State regards companies as tax resident there only if they are incorporated in that State, a direct emigration by moving "central management and control" is not possible.

In practice, moving "central management and control" requires the strategic decision-making organ of the company (generally the board) to start performing its strategic decision-making functions in the destination country (i.e. in the UK for the direct immigration of a company incorporated abroad or the relevant other country for the direct emigration of a UK-incorporated company).

One immediate result of moving "central management and control" in this way can be that the company is tax resident in two jurisdictions, namely the jurisdiction in which it is incorporated and the jurisdiction in which it is managed. In that case, it is necessary to rely on the double tax treaty between the relevant jurisdictions to determine where the company should, in fact, be treated as solely tax resident. If the applicable treaty contains a "place of effective management" tie-breaker, tax residence should automatically be allocated to the State where the company is managed. The UK now has fewer treaties with such tie-breakers. Many require the place of tax residence to be decided by a MAP between the relevant two countries' tax authorities. If those tax authorities cannot reach an agreement, the company will be dual tax resident.

5. Are transfer taxes payable in the UK on an inbound or outbound direct migration?

No UK transfer taxes should arise on a direct migration (whether inbound or outbound). This is because moving a company's "central management and control" does not (by itself) involve any potentially chargeable transaction (such as the transfer of shares or UK real estate).

6. . Are UK withholding taxes triggered on an inbound or outbound direct migration?

No UK withholding tax should be triggered on a direct migration (whether inbound or outbound). However, the withholding tax treatment of payments made by the company following the migration may change. For instance, payments of interest by a company may be brought within the scope of UK withholding tax following that company's immigration to the UK.

7. When a company migrates its tax residence to the UK (i.e. direct immigration), are its assets revalued for tax purposes?

There is no general rule allowing a step-up in tax basis of the company's assets on becoming UK tax resident (although certain intangible assets are treated as acquired for net book value). However, the company will, on becoming UK tax resident, benefit from a market value step-up in relation to its capital gains assets and intangible fixed assets if those assets have been subject to an exit tax charge in an EU Member State in accordance with Article 5 of ATAD.

8. When a company migrates its tax residence to the UK (i.e. direct immigration), does this restart the clock for any holding period requirements that must be met to access tax exemptions or reliefs in the UK?

There are no rules which would "restart the clock" on any holding period for tax purposes. Therefore, any assets (including shares) held by the immigrating company should generally be treated as having been held since their acquisition (and not only from the immigration date). This includes the 12-month holding period that must be completed before the UK's participation exemption (SSE) can apply.

9. What are the CIT consequences when a company migrates its tax residence out of the UK (i.e. direct emigration)? Does it make a difference whether the company retains a PE in the UK after the migration?

Unless the emigrating company retains a UK PE and relevant assets and business activities continue be held and run through that PE, certain tax charges and consequences may arise.

First, an exit charge may arise. The emigrating company would be deemed to have disposed of and reacquired all its assets for market value immediately before ceasing to be UK resident. Second, the emigrating company may also be deemed to have ceased trading in the UK. This can have a variety of consequences, including charges under the UK's capital allowances regime (which, broadly, governs tax relief for the depreciation of assets like plant and machinery and certain other capital assets) and a deemed disposal of trading stock for market value.

It is also worth noting that, when a company ceases to be UK resident, this triggers the end of an accounting period (and therefore accelerates the deadline for submitting a tax return for the period up to the point of emigration). The company must give notice of its intention to emigrate to the relevant UK tax authority, His Majesty's Revenue and Customs (HMRC). This notice must include a statement of its expected tax liabilities up to the emigration date. In general, the company must then agree arrangements with HMRC to pay those tax liabilities.

Corporate inversions

10. What is a corporate inversion and how can you implement it?

A corporate inversion involves establishing a new holding company at the top of the group (and, where desirable, transferring the business/ assets from the wider group to the new holding company). For an inward inversion, the holding company would be incorporated in the UK; for an outward inversion, the holding company would be incorporated in the relevant other country.

11. Are any transfer taxes payable in the UK on an inbound or outbound corporate inversion?

It would be unusual for UK transfer taxes to apply, but this depends on the precise transactions that occur.

12. Could any obligation to withhold tax be triggered by an inbound or outbound corporate inversion?

No UK withholding taxes should arise on an inversion (whether inbound or outbound).

13. On an inbound corporate inversion, are the assets received by the receiving company in your jurisdiction revalued for tax purposes?

For companies which immigrate to the UK by way of corporate inversion, the new UK holding company will usually obtain market value basis in the shares it acquires in the original non-UK holding company. If non-UK members of the group then transfer assets to the new UK holding company, the new UK holding company will usually obtain market value basis in those assets, too.

14. From which date will the new UK holding company be treated as holding assets received under an inbound corporate inversion for the purposes of any tax exemptions or reliefs which are subject to a holding period requirement?

The new UK holding company will usually be treated as having held the shares in

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the original non-UK holding company, and any assets transferred by the non-UK group, from the actual date on which it acquired them.

15. What are the UK CIT consequences for the "transferring company" of an outbound corporate inversion?

There are no specific exit charges or similar rules for companies which emigrate by way of corporate inversion. However, any reorganisation of the group (e.g. to transfer non-UK trading subsidiaries from the original UK holding company to the new non-UK holding company) needs to be considered carefully to determine whether those disposals by the original UK holding company would be subject to UK tax or benefit from a relief.

8.3 CROSS-BORDER MERGERS

Transactions with equivalent effect

1. Are cross-border mergers possible under UK corporate law?

Following Brexit, the UK repealed the corporate legislation which provided for cross-border mergers. UK domestic law does not have a concept of "merger" (in which one company is absorbed by another and ceases to exist).

2. Will the UK reintroduce a cross-border merger regime?

This is not currently anticipated.

3. How can a cross-border merger be effected in practice?

Cross-border mergers would generally be structured as an acquisition by the UK company of the non-UK company (followed by, if desired, a transfer of the non-UK company's business/assets to the UK company) for an inbound "merger" and vice versa for an outbound "merger".

Inbound cross-border acquisitions

4. Are any transfer taxes payable in the UK on an inbound cross-border acquisition?

The acquisition of a foreign company by a UK company should not require payment of any transfer tax or CIT charges in the UK in practice. If assets are subsequently transferred by the foreign company to the UK company, UK transfer taxes could apply (to the extent that these assets are comprised of UK shares or real estate).

5. On an inbound cross-border acquisition, are the assets received by the UK acquiring company revalued for tax purposes?

In general, there should be a step-up in base cost to market value.

6. From which date will the UK acquiring company be treated as holding assets received under an inbound cross-border acquisition for the purposes of any tax exemptions or reliefs which are subject to a holding period requirement?

The holding period should re-set to the date of acquisition (unless the transfer is on a no-gain/no loss basis for tax purposes, e.g. where the asset was previously held by the foreign company for the purposes of a UK PE).

Outbound cross-border acquisitions

7. Are any transfer taxes payable in the UK on an outbound cross-border acquisition?

If a UK company is acquired by a foreign company, stamp taxes would apply unless an exemption is available, for instance, where the seller and the acquirer are members of the same group.

8. What are the CIT consequences for the UK selling company when it transfers assets to a foreign acquiring company?

This depends on whether the seller and the acquirer are members of the same group. Consequences may include CIT degrouping charges (although these generally should not arise where the UK's participation exemption (SSE) applies) and degrouping charges under various tax rules relevant to UK real estate. In certain circumstances, carried-forward tax losses could also be forfeit. If a UK company transfers its assets to a non-UK company (e.g. following the acquisition of that UK company by the non-UK company), exit charges and, depending on the type of asset that is transferred, transfer taxes, may also apply.

9. Could any obligation to withhold tax be triggered by an outbound cross-border acquisition?

In general, no withholding obligations should arise on a sale of assets (including UK shares) by a UK company to a non-UK company.

GLOSSARY

ATAD	Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market
CIT	Corporate Income Tax
EEA	European Economic Area
EEA Agreement	Agreement on the European Economic Area
EU	European Union
MAP	Mutual Agreement Procedure
Merger Directive	Council Directive 2009/133/EC of 19 October 2009 on the common system of taxation applicable to mergers, divisions, partial divisions, transfers of assets and exchanges of shares concerning companies of different Member States and to the transfer of the registered office of an SE or SCE between Member States
Mobility Directive	Directive (EU) 2019/2121 of the European Parliament and of the Council of 27 November 2019 amending Directive (EU) 2017/1132 as regards cross-border conversions, mergers and divisions
Mutual Assistance Directive	Council Directive 2010/24/EU of 16 March 2010 concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures
PE	Permanent Establishment
RETT	Real Estate Transfer Tax
SSE	Substantial Shareholding Exemption
UK	United Kingdom of Great Britain and Northern Ireland
VAT	Value Added Tax

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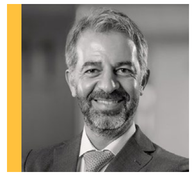

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