Compliance Costs Related to Cross-Border Activity

Specific Contract No9 TAXUD/DE/336
Based on Framework Contract No TAXUD/2012/CC/117

Final report
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Disclaimer

Contents

Description of terminology

Terminology	Description
Tax compliance cost/burden	The costs incurred by taxpayers in meeting the requirements laid on them by the tax law and the revenue authorities
Scenarios / Sensitivity analysis	We account for uncertainty around the level of complexity of cases (standard and non-standard) as well as hourly rates (baseline and low)
Notional cost / Opportunity cost	Taxpayers who undertake their own tax compliance are deemed to forego time that could have been spent on other value adding activities, the monetisation of this time is measured as notional costs
Monetary cost	These are actual cash costs borne to comply with tax laws via outsourcing to tax professionals
Aggregate costs	Aggregate costs measures the total cost of compliance for the tax paying population. It is the product of the compliance cost per case and the adjusted volume of taxpayers
Purely domestic case	A tax compliance case with no cross-border implications
Variance	variance measures how far a set of numbers is spread out
Standard case	A typical compliance case bereft of any complexities
Non-standard case	More complex than standard compliance cases and involves activities which only occur in exceptional circumstances
Low cost scenario	Measures tax compliance cost at an average professional accountants' charge out rate
Baseline cost scenario	Measures tax compliance cost with a leading international tax firm for the country concerned
Self-filing	These represent taxpayers who do not outsource tax compliance but undertake tax compliance activities themselves. Estimates of self-filing tax payers were obtained from our survey of tax professionals. The majority of the respondents said this was informed by their best estimates based on intuition and experience. One respondent pointed to another source – information from the local tax authority.
Non-compliance	A taxpayer who does not seek to pay the due tax. Estimates of non-compliant tax payers were obtained from our survey of tax professionals. The majority of the respondents said this was informed by their best estimates based on intuition and experience. One respondent pointed to another source – information from the local tax authority.
Cross border workers	Individuals who work in a reporting Member State but who reside in another Member State
Median	This is a measure of average; the numerical value separating the higher half of a data sample, a population, or a probability distribution, from the lower half

Executive Summary

Introduction

The European Commission commissioned EY to estimate the average tax related compliance costs arising from individual cross-border activities. This is with a view to understanding the tax related obstacles that exist for individuals whose economic activities are of a cross border nature.

The main objective is to help understand which Member States' tax systems seem to operate more cost effectively than others and provide evidence of the financial strain generated by tax related compliance costs (excluding the cost of the tax) to individuals within the European Union.

Four cross border cases were selected to form the focus of the study. Each of these cases is further broken down into "A" and "B". "A" represents incoming individuals while "B" represents outgoing individuals:

- **Case 1** – A person who lives in Member State (MS) 1 with his wife and children in a house that they own but who works in Member State 2 from which he receives almost all of family's income;
- **Case 2** – A person who has lived in MS 1 with his wife and children in a house that they own but who then moves with his family to MS 2 to work. They sell their home but they keep a summer house in MS 1 which they let for most of the year;
- **Case 3** – A retired couple who move from MS 1 to MS 2. They keep their house in MS 1 and also have a house in MS 2. They each receive a pension from MS 1, one for work in the public sector and the other for work in the private sector; and
- **Case 4** – A retired couple who move from MS 1 to MS 2. They keep their house in MS 1 and also have a house in MS 2. When one of them dies bequests are left to the remaining partner (immovable property in MS 1 and MS 2) as well as to their children who live in MS 1 (movable property located in MS 1 and MS 2).

We compare the compliance burden of these cross border cases to a purely domestic case which is defined as follows:

- **Purely domestic case:** This is general tax compliance case without any cross border implications.

Methodology

The results of the study are based on data gathered from tax professionals (and not tax authorities) in all EU Member states regarding general tax compliance data and a select group of EU Member States (agreed with the Commission services) for more specific case related tax compliance data. The countries selected were chosen using an approach described further in section 2.3.

Compliance duration and average costs were obtained via questionnaires for tax compliance activities which are outsourced. These questionnaires were designed in enough detail to aid our understanding of the compliance burden with respect to the relevant characteristics of each examined case.

This approach was taken to obtain information regarding any potential difference in costs arising from the various tax issues that are of a cross-border nature which will not arise in a purely domestic situation.

Data on volume of cross border taxpayers, number of self-filing taxpayers and estimate of proportion of non-compliant cross border workers were obtained via the survey questions we sent out to tax professionals in each Member State. The responses, where possible, were further verified via secondary research. Further detail is in section 2.4.

We also considered tax compliance costs which were not outsourced but incurred notionally by the taxpayer. In order to estimate these notional costs per case, survey respondents were asked to indicate their perception of the estimated time a taxpayer will require to perform compliance tasks. Monetary values based on average salaries and pensions (where appropriate) were then applied to estimate these notional costs.

Findings

The following summary table presents the differences in costs under each case in comparison to a purely domestic tax compliance situation.

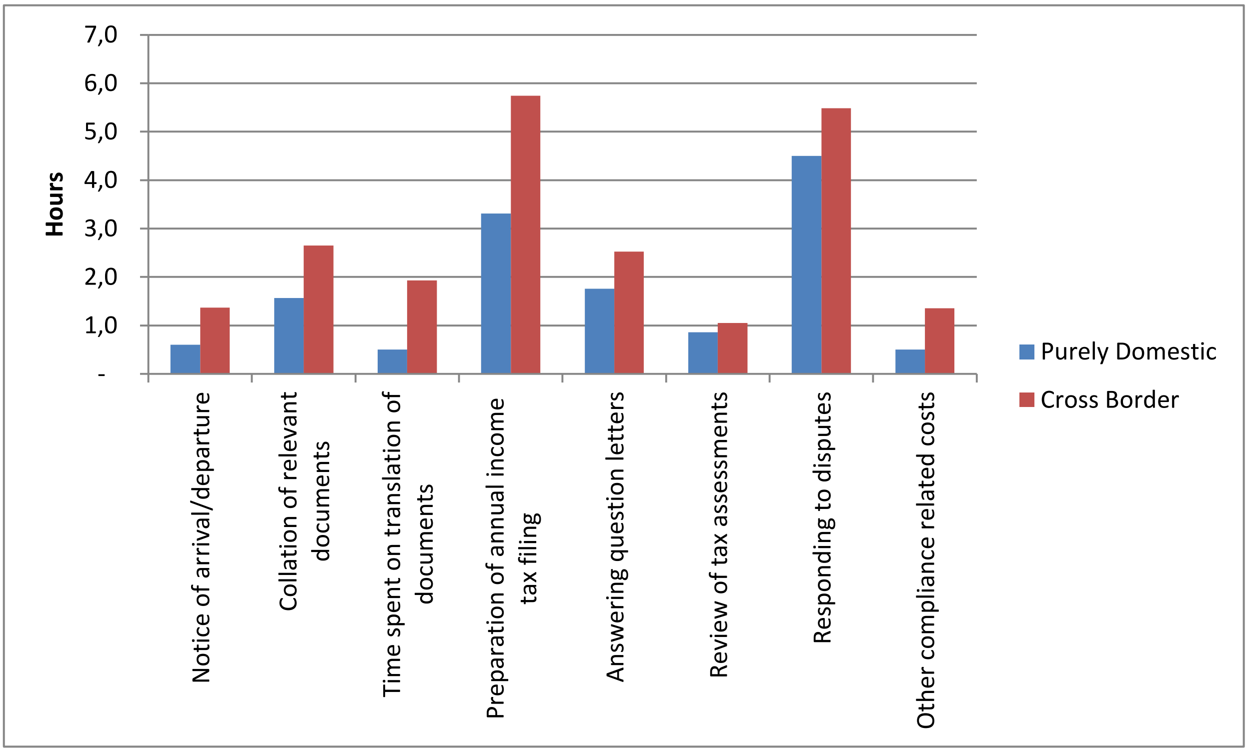
Table 1: Comparison of the average difference of a purely domestic tax compliance case and cross border cases (measured on the basis of time)

Case	Median	Maximum	Variance
1A	62%	170%	34%
1B	38%	209%	42%
2A	43%	218%	45%
2B	45%	218%	40%
3A	128%	488%	249%
3B	108%	782%	541%
4A	88%	782%	820%
4B	88%	782%	820%

Source: EY analysis

As presented in Table 1, cross border activities lead to a significant average increase in compliance burden (measured on the basis of time) in all cases ranging from 38% for case 1B to 128% in case 3A. This trend is observed for a significant majority of the EU Member States' tax consultant responses. Besides, some countries report relatively large variances from a purely domestic tax compliance situation – variances above 200% were reported by several Member States' tax consultant responses.

Figure 1: Aggregated drivers of variation in compliance burden



Source: EY analysis

Cross border taxpayers in the survey across all four cases spent an average of 22.1 hours per year on their tax compliance activities, this compares to 13.6 hours for purely domestic taxpayers. The most time consuming activities with respect to cross border tax compliance were preparation of annual income tax filing (5.7 hours), responding to disputes (5.5 hours), collation of relevant documents (2.6 hours) and responding to letters (2.5 hours). In addition, our findings show that cross border taxpayers tend to spend more time compared to domestic taxpayers in carrying out all these tax compliance activities.

The main line of the argument made by our survey respondents regarding the driver of these costs is that compliance costs tend to be lower where the tax is simple, with limited deductions and reliefs. Lack of tax legislation clarity expectedly results in an accentuated tax compliance process.

Our respondents also note that when looking at the tax system as a whole, the operation of a self-assessment system with a well-established online filing system reduces compliance costs for taxpayers.

In addition to the underlying complexity of the tax or tax system, the research also indicates that information collection is a key driver of compliance costs. Respondents with relatively less compliance costs refer to the practice of pre-filled forms as an ideal practice to reduce compliance costs. This contrasts with countries that have a high compliance burden who refer to the onerous data collection practices which involves gathering information from both the taxpayers and their employers.

Sensitivity analysis

For sensitivity purposes we asked our respondents to provide an estimate of the impact on additional compliance time arising from the inclusion of non-standard tax compliance activities such as translations and dispute resolution.

Our sensitivity analysis also considered average wage costs which are lower than those reported by our respondents to evaluate the monetary cost burden per case.

Conclusion

On the basis of the estimated compliance time and the cost data collected for the study, the conclusion can be reached that in comparison to a purely domestic tax compliance scenario, cross border tax compliance activities are more onerous.

The study, supported by the data collection exercise indicates a substantial difference in compliance time between a purely domestic case and a cross border compliance case and the picture remains largely the same notwithstanding the cross border case evaluated.

Survey respondents identified a number of drivers which impact the variation in compliance burden, these include:

- Initiatives such as pre-filled returns where the tax authority requires some information from third parties during the tax year. Self-assessment and electronic filing may have had a positive effect on the compliance costs burden of taxpayers in general and cross border compliance cases in particular.
- Less onerous audit requirements (it has been reported that in some Member States audits can be addressed either by telephone or by sending a short written reply) and less demanding reviews of tax assessments such as those which allow corrections to be made via telephone calls rather than a lengthy formal process does help to simplify the compliance burden on taxpayers.
- Filling out the tax return has been identified as the most time consuming element of tax compliance, a simplification of these forms with fewer entries to fill out on a form will lead to substantial lessening of the burden.

Another important outcome of this study is that there is a clear perception among some respondents that complexity of tax laws and the administrative requirements imposed by the tax authorities such as additional explanations and documentary proofs and requirement of translation of documents are major drivers of the tax compliance burden. This perception was particularly prominent among the newer EU Member States' tax consultant respondents who on average appeared to report the highest compliance burdens.

1. Background and objectives

1.1 Background to the study

On 17 December 2013, Ernst & Young Tax Consultants (hereinafter:"EY" or "we") and the European Union represented by the European Commission (hereinafter: "the Commission services") signed the contract with regard to the compliance costs related to cross-border activity.

The subject of the contract is the estimation of the average tax related compliance costs arising from cross-border activities of individuals.

Against this background, the Commission services would like to use the study to compare and measure the costs arising from the various tax issues that are of a cross-border nature that would not arise in a purely domestic situation. Once the extra costs of different types of cross border situations are known it may be decided which situations can be best selected for further action and also determine an order of priority between the different situations that need to be tackled.

Four cross border cases were selected to form the focus of the study. Each of these cases is further broken down into "A" and "B". "A" represents incoming individuals while "B" represents outgoing individuals:

- **Case 1** – A person who lives in Member State 1 with his wife and children in a house that they own but who works in Member State 2 from which he receives almost all of the family's income;
- **Case 2** – A person who has lived in MS 1 with his wife and children in a house that they own but who then moves with his family to MS 2 to work. They sell their home but they keep a summer house in MS 1 which they let for most of the year;
- **Case 3** – A retired couple who move from MS 1 to MS 2. They keep their house in MS 1 and also have a house in MS 2. They each receive a pension from MS 1, one for work in the public sector and the other for work in the private sector; and
- **Case 4** – A retired couple who move from MS 1 to MS 2. They keep their house in MS 1 and also have a house in MS 2. When one of them dies bequests are left to the remaining partner (immovable property in MS 1 and MS 2) as well as to their children who live in MS 1 (movable property located in MS 1 and MS 2).

We compare the compliance burden of these cross border cases to a pure domestic case which is defined as follows:

- **Purely domestic case:** This is general tax compliance case without any cross border implications.

This study employs a case and scenario based approach to measure cross border compliance costs and the complexity of a Member State's tax compliance system. In order to highlight the differences in compliance burden due to this complexity, we have further categorised compliance cases under each case into **standard compliance** (typical compliance case) and **non-standard compliance** (more complex than standard and involves activities which only occur in exceptional circumstances).

1.2 Objectives

Cross border tax compliance costs in this context can be described as the costs borne by individuals, whose tax affairs relate to the cases examined, in complying with tax regulation, excluding the costs of the taxes.

The main objective is to estimate incremental tax related compliance costs arising from cross border activity based on information collected during the study. This will help us understand which Member States' tax systems seem to operate more cost effectively than others and provide evidence of the financial strain generated by tax related compliance costs to individuals within the European Union.

It may also feed into future studies which may look into the plausibility of the assertion that costs of compliance can act as a driver or barrier to cross border working, considering data collected on the incidence of each type of case.

Other secondary objectives include:

- Allow for in-depth analysis that can be used to benchmark and identify Member States that are relatively burdensome from a tax compliance perspective.
- Gain a better understanding of EU Member States' cross border tax compliance and the challenges that differences in tax rules across Europe might represent when measuring tax compliance costs.

The study will focus solely on the compliance costs to the individuals and not the extra costs for tax administration.

The information below and analysis is based on data collected from tax professionals in all Member States.

1.3 Compliance cost measurement approaches

There are a number of methodologies that can be used to measure compliance costs of taxation. Examples include the Standard Cost Model (SCM) and the Total Cost of Regulation to Business (TCR) etc. All these approaches have situations where their use is most suitable.

The SCM is a method adopted to determine the administrative burdens of businesses imposed by regulation. It is an activity-based measurement of the businesses' administrative burdens. In the context of this study, the SCM can be designed to fit the structure of the compliance regulations. Therefore, if it is considered, the compliance activities under examination will be mapped, and the time to perform will be recorded and costed in order to identify the true financial outlay of each activity.

TCR is described as the total cost incurred by companies in complying with all requirements that they encounter as a result of laws and regulations in the course of one year. TCR consists of three cost types:

- Administrative costs;
- Material costs; and
- Financial costs.

This approach was designed for businesses, and though it may be adapted for individual taxpayers, it will appear not suitable for cross-country comparison.

We acknowledge that the SCM is the most widely applied methodology to assess compliance costs in the EU Member States today. It adopts an approach of standardising the main activities in the compliance process.

The standardisation intends to give a representative figure of the costs incurred by a normally efficient business. This standardisation from our perspective is a limitation that will get exacerbated if adopted for this study. Our methodology is underpinned by a number of scenarios, one of which is a non-standard compliance cost burden characterised by unusual activities. The standardisation assumption of the SCM is likely to make our estimates further from reality.

We have therefore adopted an approach (explained in detail in section 2) which employs surveys to replicate the time and cost approach of tax compliance activities of the SCM but places less emphasis on standardisation.

1.4 Limitations of the study

This is a survey research report around the costs of compliance from the perspective of tax consultants. The findings are based on results from a survey of a sample complemented by secondary research. For this reason, the analysis is not presented as, or intended to be precise or incontrovertible but rather, as with all research of this kind, the perception of the respondents. For this reason, the results should be treated with a certain amount of caution.

Where we have observed outliers in survey responses that appeared to have considerable differences to the observed EU average, we put these on inquiry via emails and telephone calls. In some instances, this led to revisions in data provided while in other instances the data provided were re-confirmed by the respondents.

Certain parameters were not taken into consideration in reaching the conclusions of this study. These include:

- The tax borne: The focus of the study was the compliance burden, our findings and conclusions do not consider the actual tax payments.
- Member States' tax authorities burden: Tax authorities in each country would incur administrative costs in administering cross border related tax affairs. These costs have been excluded in our analysis. The objective of the study is to estimate compliance burden of taxpayers not tax authorities, hence the exclusion.
- Monetary costs of self-filing taxpayers: The analysis of the compliance burden of self-filing tax payers is limited to the time these taxpayers will require to carry out compliance activities. Other costs that will have been incurred such as stationery costs, postage and communication (where applicable) have been excluded. These costs are not expected to be material.

1.5 Comparability of estimates

While we present the compliance burden of each country with a view to undertaking comparisons, it is prudent to highlight again the impact of subjectivity in the responses of surveyed tax professionals particularly as it impacts comparisons.

It is not unusual that surveys carried out with care and attention will contain some survey errors. These errors may have an effect on the estimates in the form of bias and variance. The variance reported in some cases is significant. To minimize the risk of bias in the survey, we highlighted outliers and anomalies and requested some respondents to revisit their estimates.

In a comparative survey as was adopted in this study, the estimates to be compared may each be influenced by survey errors, leading to the possibility that comparisons can be somewhat problematic. Hence, while extensive care was taken to remove outliers and also ask respondents with significant variances from the average to revisit their estimates, caution needs to be taken before substantive conclusions may be drawn from comparisons.

It should be noted that despite this caveat, high variances are unlikely to impact our findings regarding the drivers of high cross border compliance burden but are more likely to affect comparability.

1.6 Assumptions and risks

The EU cross border compliance cost analysis relies on a number of assumptions regarding the extrapolation of the data we collected through the questionnaires. These assumptions will affect the representativeness of the analysis. Some of the assumptions that were applied to the analysis include:

- To a large extent, the frequency of occurrence of scenarios as a percentage of overall personal tax work handled by the tax professionals surveyed is typical of the level of such cases in the relevant Member States.
- The average time taken to carry out compliance activities by the tax professionals surveyed is representative of the time that will be taken by other tax professionals not surveyed.
- The degree of complexity of individual tax compliance cases do not vary significantly within the same Member State.
- A proportion of taxpayers will undertake self-filing. These proportions, which will be informed by assumptions, will vary by Member State.
- Taxpayers who earn below a certain income threshold are unlikely to engage tax consultants due to cost implications. This threshold and the number of taxpayers that fall into this will be informed by desk research.
- The charge out rates of the tax professionals surveyed are representative of the amounts charged by other similar tax professionals in the relevant Member States.

We rely on these assumptions to carry out our compliance cost analysis. While we made every effort to ensure our assumptions are robust and backed up by available data, it should also be noted however that indisputable facts are not always available to support these assumptions.

2. Methodology

This section contains an explanation of the methodology used for analysing the tax compliance costs arising from cross border activity. Our approach is based on information collected during the study and is designed to provide a detailed and transparent estimate, which does not only produce an average tax compliance cost per case, but also aims to provide aggregate costs based on the estimated taxpayer population per country that may incur such costs.

In addition, we present an incremental cost burden which compares and measures the costs arising from the various tax issues that are of a cross-border nature which will not arise in a purely domestic situation.

The bulk of the analysis relies on primary sources of information, using mostly surveys, emails and telephone interviews as means of data collection. This was complemented by secondary data gathered mainly from Eurostat databases.

The survey, the interviews and subsequent follow up emails employed to gather data were a necessary exercise in order to get an overview of the current burden of tax compliance in the Member States, to ensure a better understanding of the compliance related financial strain on cross border taxpayers.

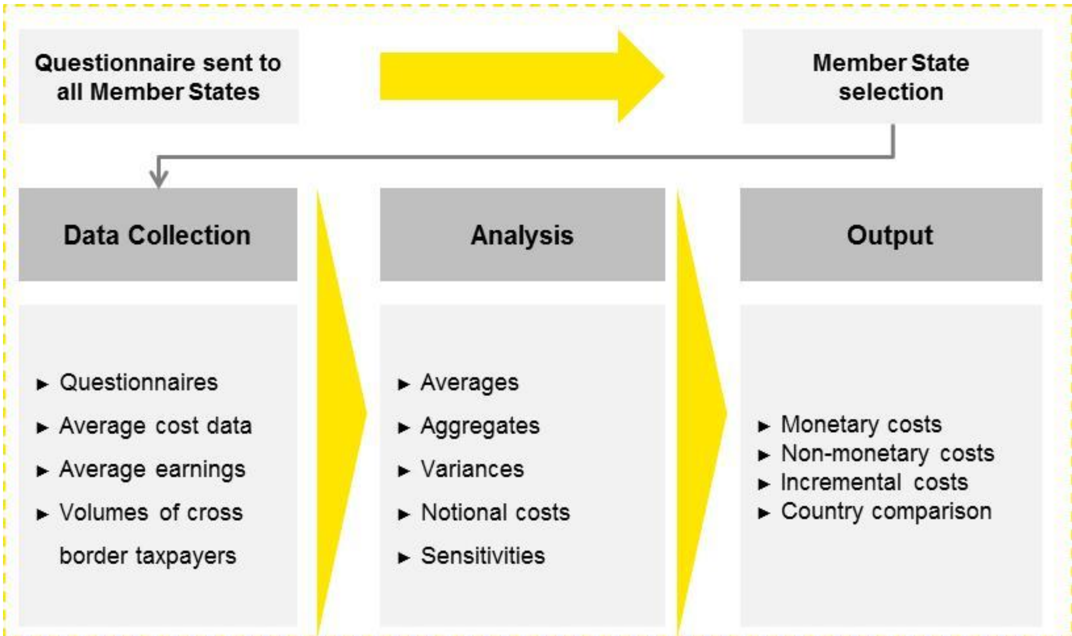
2.1 Approach overview

Our approach addresses a subset of compliance costs such as preparation, filing, review, dispute resolution, translations etc., focusing on the external compliance cost burden of relevant taxpayers who outsource their cross border tax compliance activities. Intuitively, the estimated hourly rate of the external service providers as well as estimated compliance time is used to quantify these costs.

Furthermore, we also account for notional costs for taxpayers who do not outsource tax compliance. Volumes of taxpayers were adjusted for self-filing and non-compliant cross border workers/pensioners.

In addition, the measurement approach also allows for scenario analysis which addresses uncertainties around wage rates and complexity of the cases.

Figure 2: Approach overview



2.2 Data collection

The data collection method chosen in the study is a combination of questionnaires sent out to tax professionals (not tax authorities), follow-up emails and telephone calls complemented by secondary data gathering. It also uses supplementary data which we collected specifically for this study from a sample of countries for which the cases examined were relevant.

Table 2: Data media, sources and description

Data	Source(s)	Description
Questionnaire 1	Tax professionals in all EU Member States	This questionnaire was sent to understand a number of things: ▪ Compliance duration for a purely domestic case ▪ Frequency of occurrence of each of the 4 cases ▪ Compliance duration for all 4 cases Qualitative responses on the workings of the tax system
Questionnaire 2	Tax professionals in select group of Member States (8 in each case)	Average charge out rates Compliance duration for all 4 cases Estimated compliance duration by a self-filing tax payer Self-filing and non-compliance rates
Follow up emails and calls	Tax professionals in select group of Member States (8 in each case)	Comparison of their average charge out rates and average compliance duration to EU average to discuss any significant variations and account for efficient costs
Secondary data	Primarily Eurostat but other sources used	Cross border commuters Expatriates with second homes Married pensioners Self-filing and non-compliance rates Average earnings/average pensions Average earnings of accountants

Time and resource constraint made it prudent to collect certain data required to estimate compliance cost from a sample of countries rather than the entire EU28 and use this response to infer average and aggregate costs in all Member States. Typical characteristics were used to select the sample countries include volumes of taxpayers and frequency of occurrence of those scenarios in EU Member States.

2.3 Selection of sample countries

As discussed earlier, due to time and resource constraint, the second tranche of data collection was limited to a sample of EU Member States (which have been agreed with the Commission services); this sample was guided by the requirements outlined in the series of steps below:

Step 1

Identify, per case, the number of countries that have significant ratios of migration and commuting indicators as a proportion of total population for the group of EU28 countries. This gives us a list of 10 countries for each scenario defined by number of cross border workers, migration and retirees movement.

The following volumes and volume sources were applied:

- Case 1A
  - Number of outgoing cross-border commuters
  - Source: 2013 Eurostat data
- Case 1B
  - Number of incoming cross-border commuters
  - Source: 2009 EC report
- Case 2A
  - Number of emigrants to EU27
  - Source: 2012 Eurostat data
- Case 2B
  - Number of immigrants from EU27
  - Source: 2012 Eurostat data
- Cases 3A and 4A
  - Number of residents in receipt of pension multiplied by the number of emigrants to EU27 as a proportion of total country population
  - Source: 2013 Eurostat population data; 2012 Eurostat emigration data; 2011 Eurostat pension data
- Cases 3B and 4B
  - Average number of EU27 residents in receipt of pension multiplied by the number of immigrants from EU27 as a proportion of average EU27 population
  - Source: 2013 Eurostat population data; 2012 Eurostat immigration data; 2011 Eurostat pension data

Table 3: Selection of sample countries based on Step 1

Case 1A	Case 1B	Case 2A	Case 2B	Case 3A	Case 3B	Case 4A	Case 4B
France	Luxembourg	Poland	Germany	Poland	Germany	Poland	Germany
Germany	Germany	Spain	United Kingdom	Romania	United Kingdom	Romania	United Kingdom
Slovakia	Netherlands	Romania	Poland	Spain	Poland	Spain	Poland
Poland	Austria	United Kingdom	France	Germany	France	Germany	France
Romania	Belgium	Germany	Romania	United Kingdom	Romania	United Kingdom	Romania
Italy	Finland	Greece	Italy	Greece	Italy	Greece	Italy
Belgium	Czech Republic	France	Spain	France	Spain	France	Spain
Hungary	Ireland	Netherlands	Belgium	Italy	Belgium	Italy	Belgium
United Kingdom	Denmark	Italy	Netherlands	Belgium	Netherlands	Belgium	Netherlands
Spain	United Kingdom	Ireland	Greece	Netherlands	Greece	Netherlands	Greece

Source: EY analysis

Step 2

Refine, per case, the EU10 based on frequency of each case in terms of occurrence as a proportion of personal tax cases handled by the surveyed tax professionals.

As part of the survey, we asked the tax professionals to indicate in percentage terms, how many of these cases occurred in their respective countries as a proportion of overall personal income tax compliance cases handled. This was with a view to identifying countries included in step 1 which will realistically, for various reasons, not outsource tax compliance.

Based on these responses, we have identified that some of the EU28 countries may not be relevant for particular cases. This is, in part, because historically outsourcing these particular cases is rare. Besides, in some countries due to various factors including relatively low cross border workers of this type, little or no data is available to analyse.

Threshold was set at 5% of overall personal tax cases for cases 1 & 2 and 0.5% for cases 3 & 4. Member States that fell below this threshold were excluded. These countries and the frequency of occurrence of relevant cases as reported by the tax professionals are shown below:

- Case 1A
  - Romania – 0% (tax exempt)
  - Hungary – less than 1%
- Case 1B
  - Finland – less than 5%
  - Ireland – less than 5%

- Case 2A
  - Poland – 0.5%
  - Romania – 0%

- Case 2B
  - United Kingdom – Between 0% and 1%
  - Poland – 0.5%
  - Romania – 0%

- Case 3A
  - Poland – 0.5%
  - Romania – 0%
  - Greece – 0%

- Case 3B
  - Poland – 0.5%
  - Romania – 1 case

- Case 4A
  - Poland – 0.1%
  - Romania – 0%
- Case 4B
  - Poland – 0.1%
  - Romania – 0%

Poland, Romania and other countries highlighted in Table 4 have been excluded for certain cases despite their relatively large volumes of cross border workers (see annex A) because our survey respondents indicate that these cases do not tend to be outsourced in these countries.

Therefore accounting for these countries, despite their tendency not to outsource tax compliance activities may not be prudent as our monetary calculations only measure outsourced activity.

On this basis, while these countries appear on the list of relevant countries as a result of the volumes of cross border activity, we have excluded them.

Table 4: Refinement of selection of sample countries based on Steps 1 & 2[1]

Case 1A	Case 1B	Case 2A	Case 2B	Case 3A	Case 3B	Case 4A	Case 4B
France	Luxembourg	Poland	Germany	Poland	Germany	Poland	Germany
Germany	Germany	Spain	United Kingdom	Romania	United Kingdom	Romania	United Kingdom
Slovakia	Netherlands	Romania	Poland	Spain	Poland	Spain	Poland
Poland	Austria	United Kingdom	France	Germany	France	Germany	France
Romania	Belgium	Germany	Romania	United Kingdom	Romania	United Kingdom	Romania
Italy	Finland	Greece	Italy	Greece	Italy	Greece	Italy
Belgium	Czech Republic	France	Spain	France	Spain	France	Spain
Hungary	Ireland	Netherlands	Belgium	Italy	Belgium	Italy	Belgium
United Kingdom	Denmark	Italy	Netherlands	Belgium	Netherlands	Belgium	Netherlands
Spain	United Kingdom	Ireland	Greece	Netherlands	Greece	Netherlands	Greece

Source: EY analysis

Step 3

We have included those countries that are not on our initial list in step 1 but subjective reasoning necessitates their inclusion. Their inclusion was discussed and agreed with the Commission services. The final list is as shown in Table 5.

Table 5: Final sample country selection

Case 1A	Case 1B	Case 2A	Case 2B	Case 3A	Case 3B	Case 4A	Case 4B
France	Luxembourg	Spain	Germany	Spain	Germany	Spain	Germany
Germany	Germany	Germany	France	Germany	United Kingdom	Germany	United Kingdom
Slovakia	Netherlands	Greece	Italy	United Kingdom	France	United Kingdom	France
Poland	Austria	France	Spain	France	Italy	Greece	Italy
Italy	Belgium	Netherlands	Belgium	Italy	Spain	France	Spain
Belgium	Czech Republic	Italy	Netherlands	Belgium	Belgium	Italy	Belgium
United Kingdom	Denmark	Bulgaria	Greece	Netherlands	Netherlands	Belgium	Netherlands
Spain	United Kingdom	Belgium	Sweden	Denmark	Greece	Netherlands	Greece
Czech Republic	France						
Netherlands							

Source: EY analysis

[1] The shaded countries were excluded in step 2 from the list of countries in step 1

2.4 Cost quantification

We provide a quantitative measurement of the monetary and notional costs of tax compliance of cross border tax activities attributed to the cases examined. We also identify different scenarios for both time taken and the value of time (both monetary and notional costs), in order to report a range of results.

2.4.1 Monetary cost quantification

Tax compliance costs in the context of this study focusses on the professional consultancy costs incurred to comply with tax legislation relevant for individuals (or businesses on behalf of their employees) who outsource compliance activities, i.e. use external tax service providers.

We collected information from tax consultants in EU Member States about time spent for the different activities in the tax compliance cycle relative to these cases. We also account for the recurring cost components of tax compliance (preparation, filing and collation etc.) as well as exceptional activities such as dispute resolution and translation services.

According to our methodology, the basic formula for estimating the *aggregate* compliance costs is:

$$\boldsymbol{S} * \boldsymbol{V}$$

S =Professional Consultancy Costs

V =Adjusted Volumes of taxpayers

i. In the context of this study S is defined as the total costs incurred by individuals in complying with all requirements that are encountered as a result of laws and regulations in the course of annual tax compliance. Furthermore, it represents the costs billed by tax consultants and is constructed on the basis of hourly rates and the average time required to carry out tax compliance activities on behalf of clients.

   These costs consist of a number of activities which are identified on the basis of complexity of the tax compliance case:

   - **Standard compliance cases** consists of activities such as:
     - Notice of arrival/departure
     - Collation of relevant documents
     - Preparation of annual income tax filing
     - Review of tax assessment
   - In addition to the activities above, **non-standard compliance** cases will also involve activities such as:
     - Time spent on translation of documents
     - Responding to disputes
     - Other non-standard compliance related costs

   Tax professionals were requested to provide time measurement data on how much time they spend on performing each tax compliance activity for each case. Based on data provided, a subsequent data cleansing/adjustment of the time spent on performing each activity was undertaken.

   This involved comparing individual Member States estimates with the corresponding EU28 mean value, with a view to putting on inquiry any Member State responses with significant variances from the EU average. This benchmarking exercise was intended to provide a representative figure of the costs incurred in an efficient compliance process with a view to excluding any unexplained outliers.

ii. Subsequently, S was derived as the aggregated product of the time taken per country per case to carry out these activities and the cost corresponding to each activity. The cost is measured by the average rates tax professionals carrying out the tax compliance work typically charge in the relevant EU Member States.

iii. V represents the volume of taxpayers within each case that are likely to incur the tax compliance costs as defined by S in each relevant EU Member State.

The approach to estimating volumes is similar across cases. Secondary data collection with respect to migration and cross border working, for example, is carried out using Eurostat and other publicly available information sources such as national statistics websites.

In order to estimate V, the collected population data was adjusted and broken down using other factual data and assumptions based on relevant literature and economic data. These adjustments account for, amongst other things:

- Low income earners who are unlikely to use tax consultants;
- Non-compliant taxpayers (obtained via the survey of tax professionals. This was informed by their best estimates based on intuition and experience);
- Self-filing of tax returns (obtained via the survey of tax professionals. This was informed by their best estimates based on intuition and experience); and
- Income tax threshold across the EU28 countries.

We adjusted the volumes for level of income based on our understanding that only earners up to a certain income threshold will outsource tax compliance activities. That threshold was set for the United Kingdom for example at £100,000. The threshold for other EU Member States was determined in reference to the United Kingdom threshold using the Gini index.[2] The Gini index is the most commonly used measure of inequality. This index is widely used by the World Bank and the Organisation for Economic Co-operation and Development (OECD).

We then multiplied the professional consultancy costs by the adjusted size of the population of taxpayers affected. Our analysis highlights cross-country comparisons and variances.

Table 6: Volume estimation

Data	Source(s)	Description
Economic Data		
Cases 1A and 1B: Cross border commuters	Eurostat	Population of incoming/outgoing commuters (2007; EU15/EEA/EFTA)
Cases 2A and 2B: Expatriates with a second home	Eurostat	Population by sex, age group and citizenship [migr_pop1ctz] aged 25-65
Cases 3A and 3B: Married pensioners	Eurostat	Population by sex, age group and citizenship [migr_pop1ctz] over 65 over 25
Cases 4A and 4B: Widowed pensioners	United Kingdom ONS	
All cases	International Tax Consultancies	Self-filing and non-compliance rates
All	Eurostat	Average earnings for value of notional cost
All	Eurostat	Average earnings of professionals (for cost of lower case tax accountants)

[2] Gini index measures the extent to which the distribution of income or consumption expenditure among individuals or households within an economy deviates from a perfectly equal distribution.

2.4.2 Notional (self-filing) cost quantification

A proportion of the cross border tax paying population who self-file their tax returns incurs a notional cost. This notional cost is measured by how much time, on average, taxpayers spend filing their returns and complying with the relevant Member State tax laws. This cost, which we estimate, is non-monetary and will not be combined with the monetary costs.

Once time estimates were obtained (from tax professionals on their perception of how long on average self-filing taxpayers will require to comply with tax laws), average earnings (wages, and where applicable pensions) was applied to the estimated time to derive the notional cost of cross border tax compliance. The earnings used for valuing notional tax compliance time differed depending on who was undertaking the activity. For cross border workers we used average earnings and for retirees we adopted average pensions.

Taxpayers who undertake cross border activities may have to deal with multiple countries in order to comply with tax laws. This is likely to make tax compliance more onerous compared to a purely domestic situation.

2.5 Country analysis

The categorisation of costs and of countries helps us understand the differences, from a compliance cost perspective of EU Member State tax systems, and which countries may be assumed as leading practice. The Member States are grouped by cost ranges representing low and high costs depending on the level of cross border compliance requirements and its complexity.

Some caution should be exercised when comparing country compliance costs, as this may not necessarily reflect relative Member State cross border tax compliance complexity; rather it may indicate, to some extent, labour inefficiencies.

2.6 Scenario analysis

The final step of the analysis was to carry out a scenario analysis to account for uncertainty in third party consultancy costs and variation in the level of complexity of a standard cross border compliance case.

In addition to the baseline scenario, we adjust our measurement estimates by considering the baseline scenario's sensitivity to uncertainty by varying some key variables. The combinations of the make-up of the four scenarios are:

- **Low cost standard compliance scenario** – Measures tax compliance cost at an average professional salary (plus a mark-up of 50%[3]) for the country concerned, for a typical tax compliance case.
- **Low cost non-standard compliance scenario** – Measures tax compliance cost at an average professional salary (plus a mark-up of 50%) for the country concerned, for an exceptional compliance case (e.g. including activities such as translation and dispute resolution).
- **Baseline cost standard compliance scenario** – Measures tax compliance cost with a leading international tax firm for the country concerned, for a typical tax compliance case.
- **Baseline cost non-standard compliance scenario** – Measures tax compliance cost with a leading international tax firm for the country concerned, for an exceptional compliance case (e.g. including activities such as translation and dispute resolution).

[3] 50% was adopted as a mark up to account for non-salary related employee costs

3. General comments and findings

The outcome of the study is based on the data from tax professionals across the EU Member States. It provides a quantitative measurement of the monetary and notional costs of tax compliance of cross border tax activities with respect to the cases being examined. This measurement is considered for average (per case per taxpayer) and aggregate terms (all relevant cross border workers in the country).

Furthermore, as a result of possible variations in the average compliance costs within each Member State, we also present this analysis, where applicable, in four scenarios. Finally, we also estimate the notional cost of the taxpayer time spent on dealing with individual personal cross border related tax affairs.

4. Case 1

This section presents the results associated with case 1. The basis of our analysis was the estimate provided by surveyed tax professionals regarding how much time they spend on performing tax compliance for case 1.

4.1 Cost of compliance

With respect to the baseline scenarios (standard and non-standard cases), Table 7 outlines the time taken for a purely domestic case as well as cases 1A and 1B tax compliance activities in each EU Member State. Time taken is described as the number of hours required to undertake tax compliance activities.

Table 7: Time taken per taxpayer (in hours)

	Purely domestic case		Case 1A		Case 1B	
Member State	Standard case	Non-standard case	Standard compliance scenario	Non-standard compliance scenario	Standard compliance scenario	Non-standard compliance scenario
Austria	8	12	11	15	12	18
Belgium	8	24	18	33	14	26
Bulgaria			12	22	12	22
Croatia	13	25	19	40	19	40
Cyprus	6	8	6	8	6	8
Czech Republic	11	17	12	23	12	23
Denmark	6	12	9	18	5	12
Estonia	6	12	16	24	17	28
Finland	3	7	5	10	3	7
France	6	15	6	15	6	15
Germany	11	19	12	33	11	32
Greece	6	9	7	11	7	11
Hungary	3	4	7	16	8	11
Ireland	2	2	3	3	2	2
Italy	6	8	10	23	10	36
Latvia	9	14	20	32	18	26
Lithuania	14	14	27	27	26	52
Luxembourg	5	9	5	9	5	9
Malta	15	37	15	37	15	37
Poland	7	65	13	60	13	81
Portugal	7	13	9	16	7	13
Romania					52	67
Slovakia	6	6	14	24	17	28
Slovenia	5	25	11	33	12	30
Spain	9	16	4	13	4	13
Sweden	5	9	14	23	10	16
Netherlands	3	5	4	6	4	6
United Kingdom			13	28	13	28
EU Median	**6**	**12**	**11**	**23**	**11**	**22**

Source: EY analysis

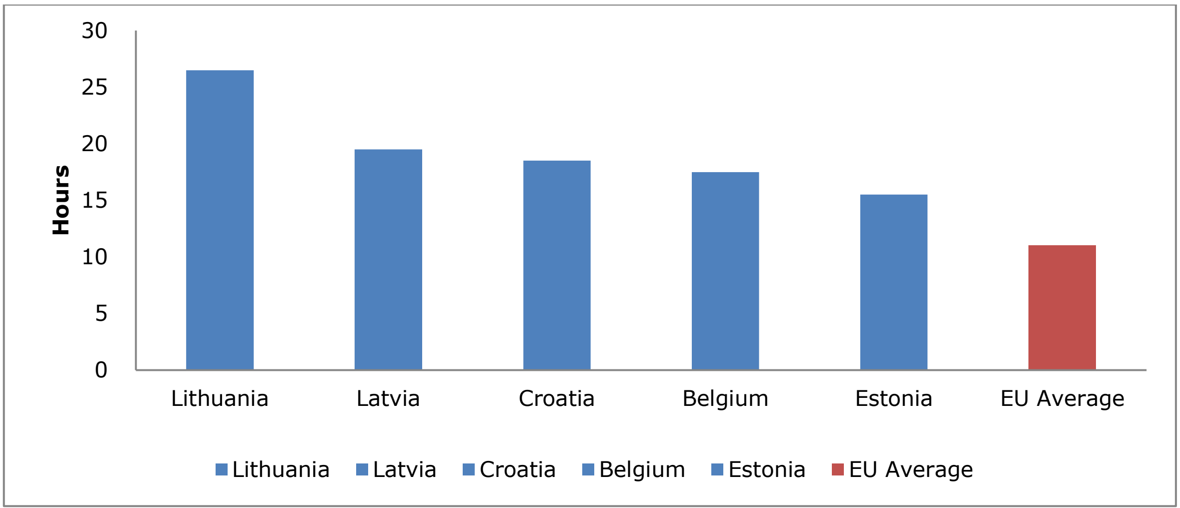
The standard compliance scenario tax compliance burden is, according to our survey results, reported to be particularly high in Lithuania, Latvia, Croatia and Belgium for case 1A. Similarly, Romania, Lithuania, Croatia and Latvia also report a relatively high compliance burden when case 1B was examined with respect to the same scenario.

In addition (case 1A), 13 Member States' tax consultant respondents report standard compliance duration greater than the EU average (mean) of 11 hours. In contrast, the standard compliance duration in Finland, Ireland, Spain and the Netherlands amount to less than 5 hours. These are the lowest amongst the EU Member States' tax consultant respondents. We discerned a similar trend when case 1B was examined. Several Member States' tax consultant respondents (12 in total) reported a compliance burden greater than the EU average of 12.1 hours.

Moreover, it is necessary to also look at the non-standard compliance scenario in assessing the compliance burden of case 1.

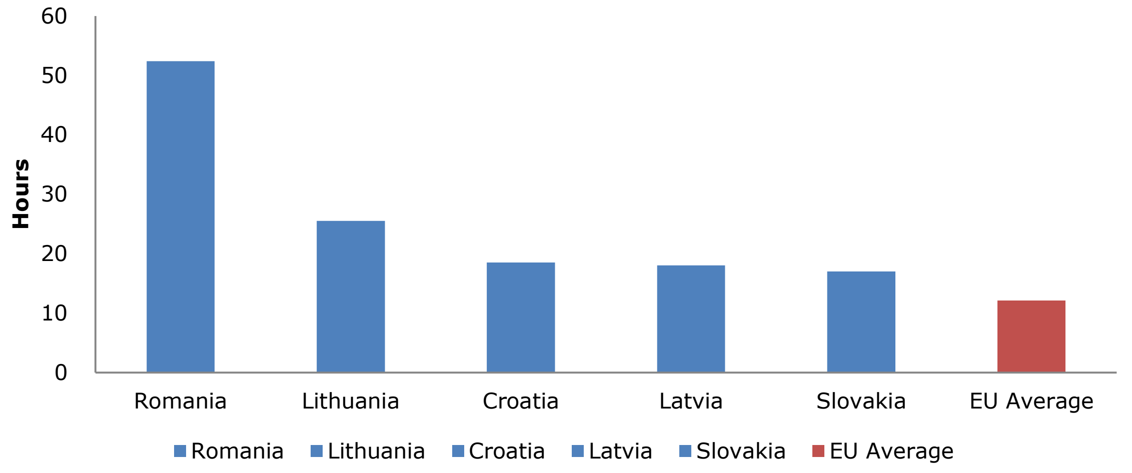
15 Member States' tax consultant respondents reported a compliance burden for non-standard tax cases above the EU average of 22.1 hours for case 1A. Furthermore, the EU average for non-standard cases for case 1B is 24.6 hours with 13 countries reported to be above this estimate.

Figure 3: Countries with the highest burden for standard compliance cases – case 1A



Source: EY analysis

Figure 4: Countries with the highest burden for standard compliance cases – case 1B



Source: EY analysis

As can be seen from Figure 4, Romania for example is reported to have a significantly high compliance duration. This is driven by two main tax compliance burden activities:

- Collation of relevant documents
- Preparation of annual income tax filing.

These two activities combined are reported to account for 80% of the compliance duration as informed by data collected from Romanian tax professionals.

Similarly, Poland reported the highest burden for non-standard compliance cases. The reasons given by our respondents include:

- Time consuming procedure for information gathering. This requires information gathering from multiple sources (i.e. taxpayers and employers)
- Regarding questions or disputes, detailed explanations are required. Providing explanations may include: numerous telephone conversations, e-mails (although they are not broadly accepted), preparation of written responses (usually the case), gathering the official documentation (often official confirmations from the foreign tax authorities) and personal visits in the office, etc.

Comparison of case 1 with a purely domestic compliance case

Our survey results indicate that the estimated time required to carry out a case 1A standard compliance case compared to a purely domestic tax compliance situation is on average (measured by the median) **62%** higher. This trend was observed when case 1B was considered, where cross border compliance utilised **38%** more time.

Sweden reported the highest variance from a purely domestic situation for case 1A while Slovakia reported the highest variance in case 1B when standard compliance situations were examined.

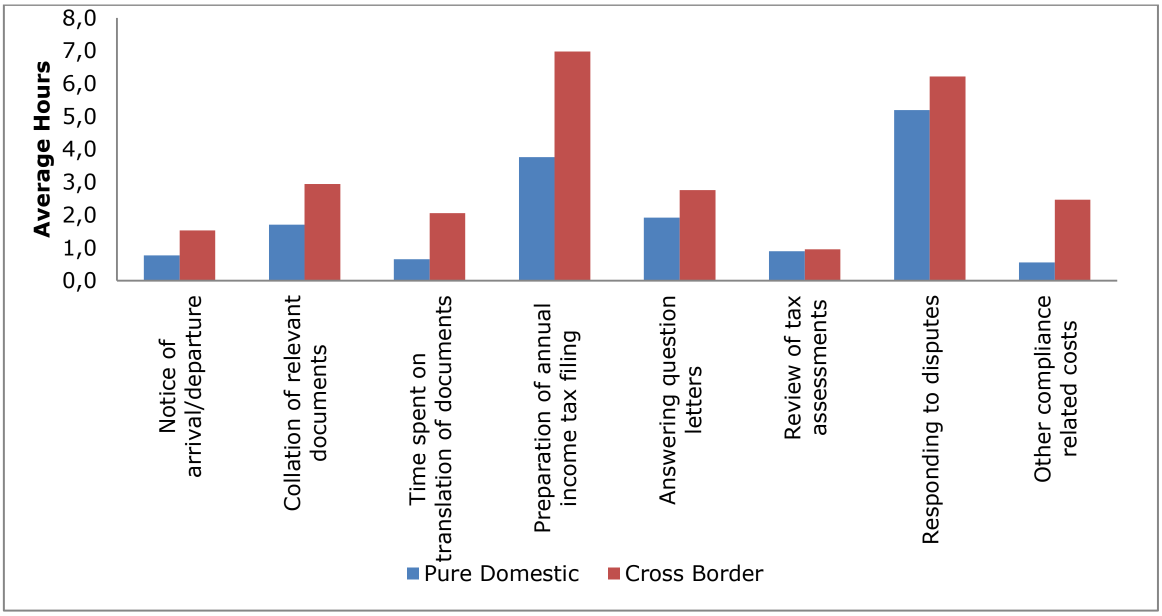
It should be noted that a minority of countries indicated that there will be no increase in the compliance burden with respect to case 1 when compared to a purely domestic situation. These countries are Cyprus, France, Luxembourg, Malta and Spain for case 1A and Cyprus, Denmark, Finland, France, Germany, Ireland, Luxembourg, Portugal, Malta and Spain for case 1B.

Drivers of compliance burden

Cross border taxpayers according to our findings spend more time per tax compliance activity than purely domestic taxpayers. The most time consuming activities was the preparation of annual income tax and time spent on translation of documents where cross border tax payers spent on average 31% and 13% more time respectively compared with a purely domestic case. The least important driver is the review of tax assessments accounting for a one percentage point difference in compliance duration.

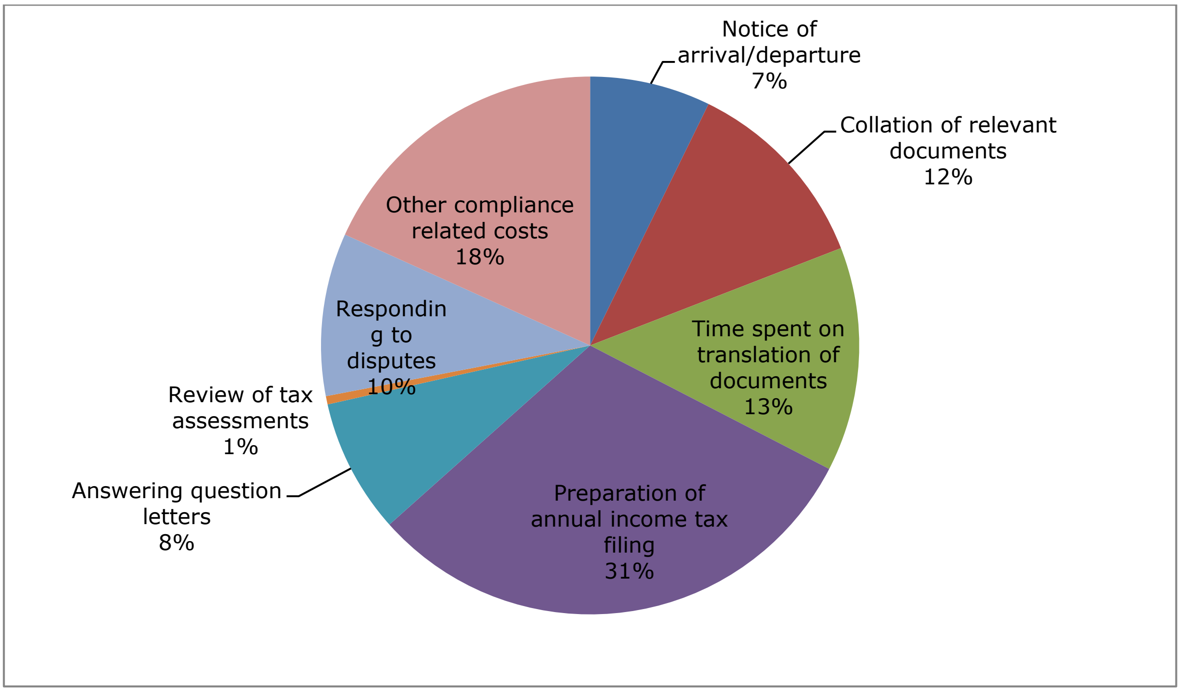
Notably, and in contrast with other compliance activities, cross border and domestic tax compliance taxpayers appear to spend a similar amount of time on reviewing tax assessments. This observation was very similar for both cases 1A and 1B. (See, Figure 5, Figure 6, Figure 7 and Figure 8).

Figure 5: Case 1A - Tax compliance activity comparison –standard cross border and domestic case



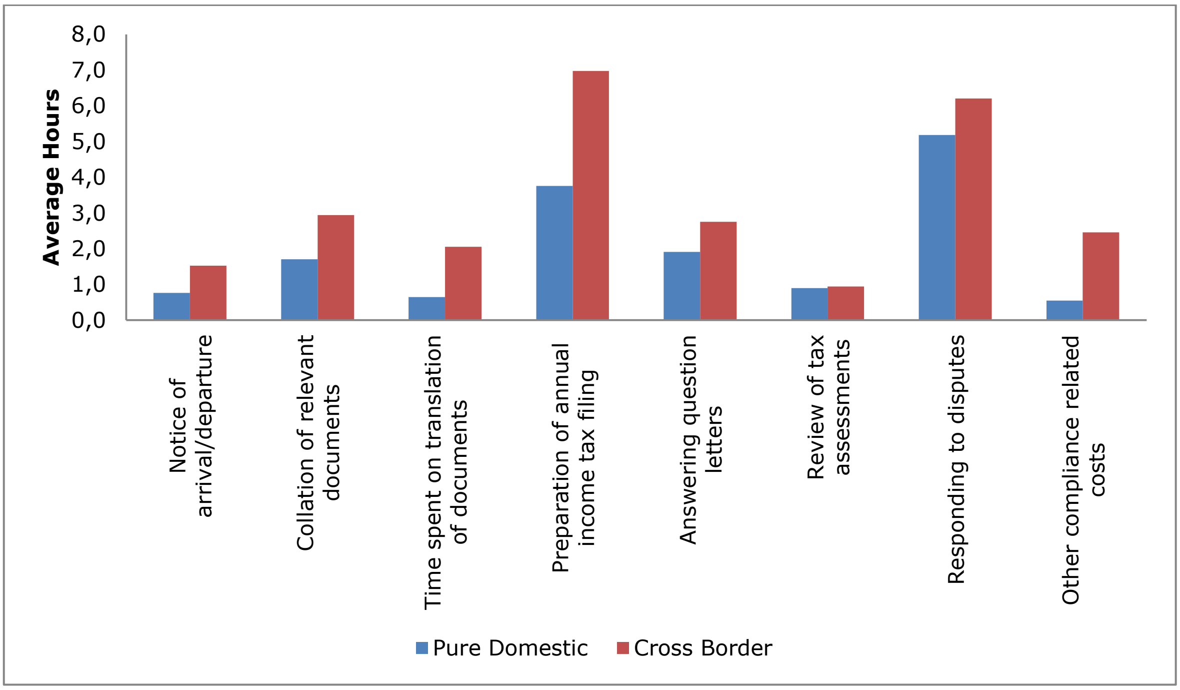
Source: EY analysis

Figure 6: Case 1A - Tax compliance activity comparison –standard cross border and domestic case



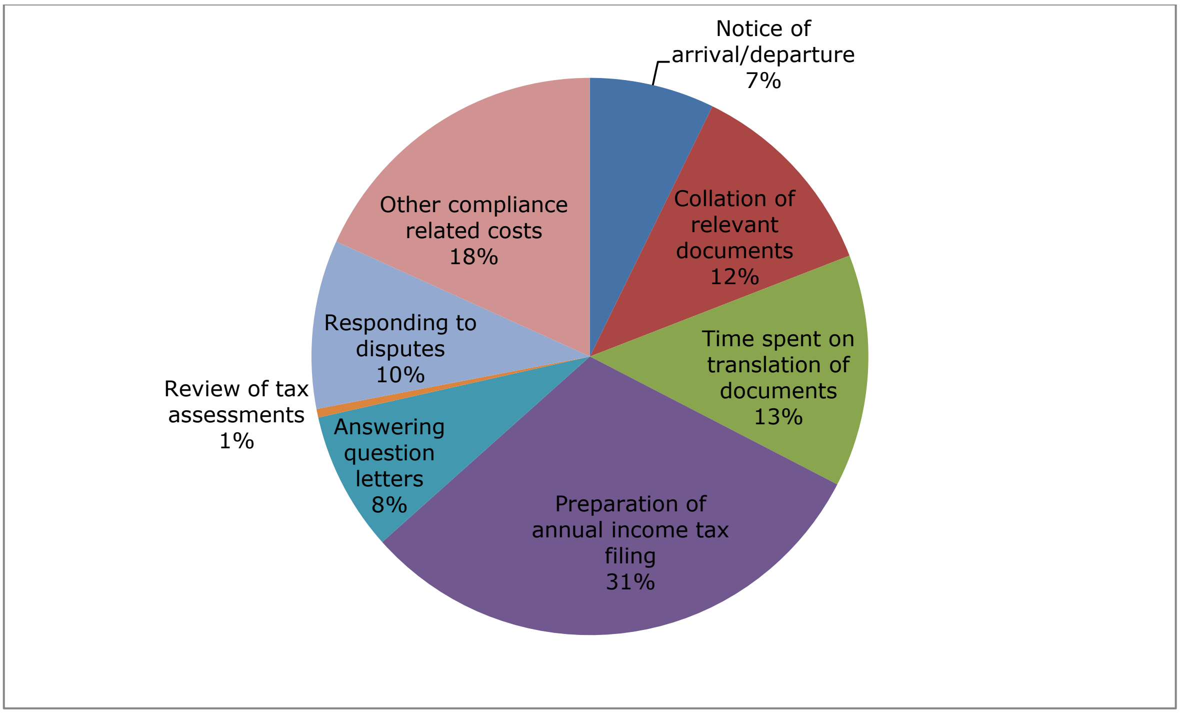
Source: EY analysis

Figure 7: Case 1B - Tax compliance activity time differences –standard cross border and domestic case



Source: EY analysis

Figure 8: Case 1B - Tax compliance activity time differences –standard cross border and domestic case



Source: EY analysis

Figure 7 and Figure 8 show that, similar to case 1A, the most important driver of the difference in compliance between a standard cross border case and a purely domestic case with respect to case 1B is also the preparation of annual income tax filing.

Table 8: Monetary costs per case per taxpayer on a scenario basis (€)

	Case 1A				Case 1B			
	Low		Baseline		Low		Baseline	
	Standard	Non-Standard	Standard	Non-Standard	Standard	Non-Standard	Standard	Non-Standard
Austria	441	640	1242	1805	511	732	1442	2,063
Belgium	776	1464	853	1609	621	1164	683	1,280
Bulgaria	46	85	1725	3225	46	85	1725	3,225
Croatia	143	305	1125	2402	143	305	1125	2,402
Cyprus	86	117	1115	1520	86	117	1115	1,520
Czech Republic	352	681	2420	4680	352	658	2420	4,520
Denmark	421	809	1221	2348	236	555	684	1,610
Estonia	120	185	1847	2859	127	212	1966	3,276
Finland	160	329	803	1648	96	223	482	1,116
France	279	652	1134	2646	279	652	1134	2,646
Germany	523	1479	842	2378	479	1435	770	2,307
Greece	163	263	1123	1817	163	263	1123	1,817
Hungary	82	182	2051	4580	91	120	2276	3,006
Ireland	124	124	1500	1500	73	73	875	875
Italy	227	538	1425	3375	227	849	1425	5,325
Latvia	151	247	2730	4480	139	197	2520	3,570
Lithuania	205	205	2689	2689	197	398	2588	5,226
Luxembourg	239	381	722	1150	239	381	722	1,150
Malta	233	568	625	1520	233	568	625	1,520
Poland	102	461	1980	8955	102	623	1980	12,105
Portugal	207	384	631	1173	171	313	523	956
Romania					370	472	10289	13,137
Slovakia	104	185	2945	5236	131	212	3709	6,000
Slovenia	88	253	1824	5248	96	229	1984	4,752
Spain	90	305	506	1721	90	305	506	1,721
Sweden	414	691	2055	3425	307	491	1522	2,436
Netherlands	188	262	1436	1993	195	251	1486	1,908
United Kingdom	524	1128	910	1960	524	1128	910	1,960
EU Median	**188**	**329**	**1242**	**2378**	**183**	**347**	**1280**	**3337**

Source: EY analysis

Monetary cost, in this context, shows how much is required in monetary terms to undertake compliance for a taxpayer who outsources tax compliance. The baseline cost standard compliance scenario has an average (mean) cost per case of €1,462 and €1,736 for case 1A and 1B respectively. 12 Member States' tax consultant respondents reported per case costs above this average in connection with case 1A while 9 Member States' tax consultant respondents also reported per case costs above the average (mean) for case 1B.

With respect to cases 1A and 1B (baseline cost standard compliance scenario), Slovakia and Romania reported the highest cost per case respectively.

Finally, examining, cases 1A and 1B together, we make the following observations:

- Under the low cost standard compliance scenario, Bulgaria reports the lowest cost of compliance in both cases 1A and 1B.
- The variation in the low cost non-standard compliance scenario is quite prominent, cost per case ranges from €85 (Bulgaria) to €1,479 (Germany) in case 1A and €73 (Ireland) to €1,435 (Germany) in case 1B.
- The baseline cost non-standard compliance scenario has an average (mean) cost per case of €2,887 and €3,337 for cases 1A and 1B respectively.

Aggregate costs

Consistent with the approach to aggregate cost measurement set out in the methodology, the aggregate costs measures the total cost of compliance for the tax paying population typified by cases 1A and 1B. This is the product of the compliance cost per case (using the central cost scenario), and the adjusted volume of tax payers, adjusted for income threshold, non-compliance and self-filing. In computing aggregate costs, we have made the simplifying assumption that the adjusted volumes relate to standard compliance scenarios only for all Member States.

Table 9: Aggregate costs €000's

Member State	Case 1A Standard compliance scenario	Case 1B Standard compliance scenario
Austria	3,463	3,642
Belgium	1,244	388
Bulgaria	117	2
Croatia	1,287	597
Cyprus		
Czech Republic	1,109	3,926
Denmark	651	380
Estonia	1,092	46
Finland	174	684
France	9,953	315
Germany	11,132	3,187
Greece	2	60
Hungary	7,136	2,043
Ireland	398	598
Italy	3,654	413
Latvia		
Lithuania	205	49
Luxembourg	160	3,918
Malta	43	
Poland	9,156	52
Portugal	216	17
Romania		233
Slovakia	2,805	222

Member State	Case 1A Standard compliance scenario	Case 1B Standard compliance scenario
Slovenia	224	190
Spain	193	15
Sweden	7,282	687
Netherlands	2,141	6,062
United Kingdom	741	264
EU Median	**1,092**	**380**

Source: EY analysis

Aggregate costs measure the tax compliance monetary cost for all the taxpayers in each case i.e. it is the product of the unit taxpayer tax compliance cost and the associated taxpayer volumes per country and per case. As expected, following logically from the volumes, with respect to the baseline cost standard compliance scenario. The countries with the highest aggregate monetary costs are Germany, France and Poland for case 1A and Netherlands, Czech Republic and Luxembourg for case 1B.

4.2 Notional cost

Notional cost is the monetisation of the time spent by self-filing tax payers in conducting tax compliance activities. The proportion of the cross border tax paying population who self-file their tax returns incurs this notional non-monetary cost. Data collection for these costs was limited to our selection of sample countries and not the entire EU Member States.

The estimated time notional costs for cases 1A and 1B are presented in Table 10.

Table 10: Notional costs per taxpayer (hours)

	Case 1A		Case 1B	
Member State	Standard compliance scenario	Non-standard compliance scenario	Standard compliance scenario	Non-standard compliance scenario
Belgium	10	27	10	27
Czech Republic	30	58	30	58
Denmark			8	13
France	6	17	6	17
Germany	20	31	15	25
Italy	33	79	23	114
Luxembourg			11	18
Poland	21	42	25	59
Slovakia	19	29		
Spain	6	12		
Netherlands	6	10	9	13
United Kingdom	15	28	9	22
EU Median	**17**	**28**	**10**	**23**

Source: EY analysis

With respect to case 1A and considering only standard compliance cases, notional cost of compliance is highest in Italy, reported at 33 hours and is lowest in France, Spain, and the Netherlands at 6 hours. When non-standard compliance cases are considered, the total is still highest in Italy reported at 79 hours and is lowest in the Netherlands at 10 hours.

Regarding case 1B, considering only standard cases, notional cost of compliance is highest in Czech Republic, at 30 hours and lowest in France, at 6 hours. Similarly, when non-standard compliance cases are considered, the revised total is highest in Italy at 114 hours and lowest in the Netherlands and Denmark at 13 hours.

In order to calculate the monetised notary costs presented in Table 11, average salary estimates were applied to the data on compliance duration (

Table 10) for each of the relevant Member States. The resulting figures are presented below for cases 1A and 1B.

Table 11: Notional costs per taxpayer (€)

	Case 1A		Case 1B	
Member State	**Standard compliance scenario**	**Non-standard compliance scenario**	**Standard compliance scenario**	**Non-standard compliance scenario**
Belgium	72	201	72	201
Czech Republic	98	189	98	189
Denmark			81	132
France	59	168	59	168
Germany	170	264	128	209
Italy	246	583	168	842
Luxembourg			184	303
Poland	49	97	58	136
Slovakia	52	80		
Spain	31	67		
Netherlands	54	86	77	117
United Kingdom	121	229	75	179
EU Median	**66**	**179**	**79**	**184**

Source: EY analysis

With respect to case 1A and considering only standard compliance cases, notional cost of compliance is highest in Italy (€246) and Germany (€170). In contrast, the notional cost of compliance is lowest in Spain (€31) and Poland (€49).

Regarding case 1B, once again on examination of standard compliance cases, the notional cost of compliance is highest in Luxembourg (€184) and Italy (€168). Similarly, when non-standard compliance cases are examined, the revised total is still highest in Italy (€842) and Luxembourg (€303).

5. Case 2

This section presents the results associated with case 2. The basis of our analysis was the estimate provided by surveyed tax professionals regarding how much time they spend on performing tax compliance for case 2.

5.1 Cost of compliance

With respect to the baseline scenarios (standard and non-standard cases), Table 12 outlines the compliance duration for a purely domestic case as well as the compliance duration for cases 2A and 2B tax compliance activities in each EU Member State.

Table 12: Time taken per taxpayer (in hours)

	Purely domestic case		Case 2A		Case 2B	
Member State	**Standard case**	**Non-standard case**	**Standard compliance scenario**	**Non-standard compliance scenario**	**Standard compliance scenario**	**Non-standard compliance scenario**
Austria	8	12	12	17	12	17
Belgium	8	24	22	41	18	33
Bulgaria			12	22	12	22
Croatia	13	25	13	25	19	40
Cyprus	6	8	6	8	6	8
Czech Republic	11	17	14	25	14	25
Denmark	6	12	8	12	8	15
Estonia	6	12	13	19	15	22
Finland	3	7	4	9	4	9
France	6	15	6	15	6	15
Germany	11	19	7	29	12	33
Greece	6	9	7	11	7	11
Hungary	3	4	8	11	8	11
Ireland	2	2	3	3	3	3
Italy	6	8	4	10	4	11
Latvia	9	14	17	25	19	28
Lithuania	14	14	31	37	31	51
Luxembourg	5	9	8	14	8	14
Malta	15	37	15	37	15	37
Poland	7	65	13	77	13	77
Portugal	7	13	8	14	9	15
Romania			7	9	11	15
Slovakia	6	6	18	29	18	28
Slovenia	5	25	11	29	11	29
Spain	9	16	5	14	9	18
Sweden	5	9	11	19	14	28
Netherlands	3	5	5	7	4	6
United Kingdom			6	9	7	9
EU Median	**6**	**12**	**8**	**16**	**11**	**17**

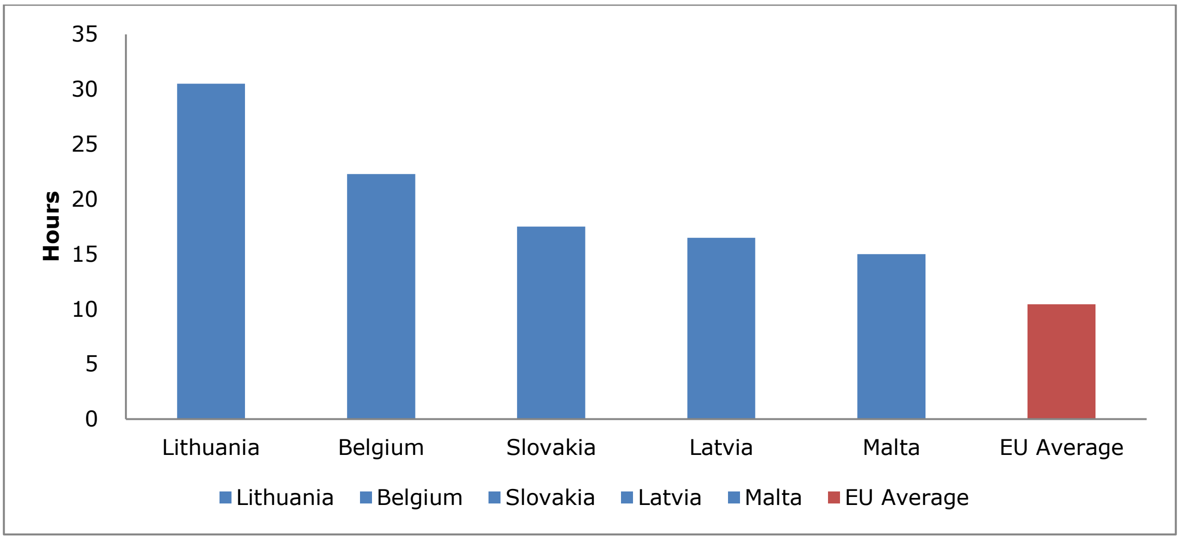
Source: EY analysis.

The standard scenario compliance duration (preparation, filing, collation etc.) is reported to be particularly high in Lithuania, Belgium and Slovakia for case 2A and Lithuania, Croatia and Latvia for case 2B.

However, evaluating non-standard cases (case 2A); Poland, Belgium, Lithuania and Malta have a compliance burden (in hourly terms) in excess of 30 hours. This contrasts with equivalent figures in Cyprus, Finland, Ireland, Romania, the Netherlands and United Kingdom of less than 10 hours, the lowest amongst EU Member States' tax consultant respondents.

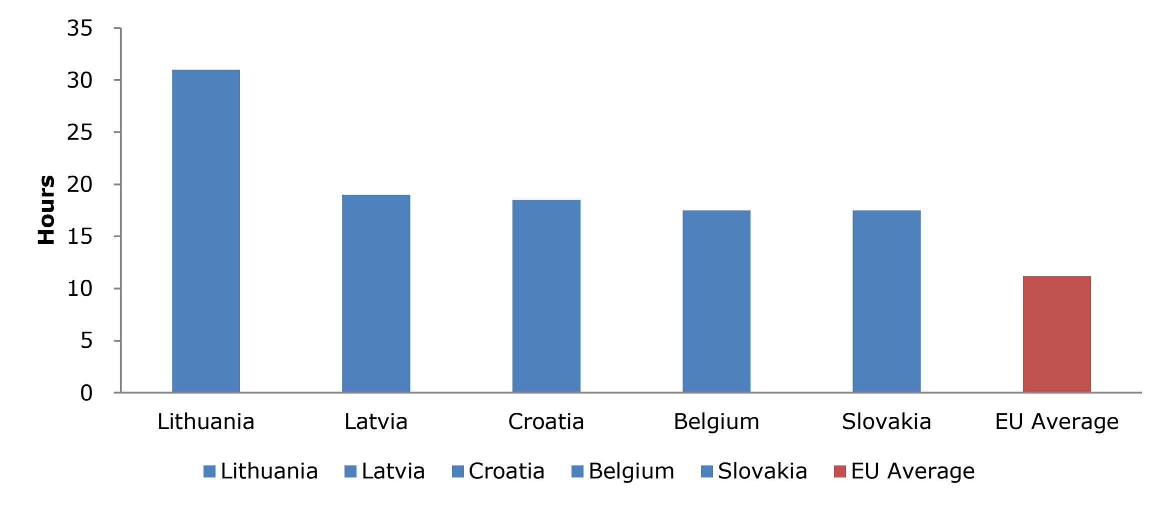
When we examined case 2B, the situation was broadly similar. Croatia, Belgium, Germany, Malta, Poland and Lithuania have a compliance burden for non-standard tax cases (in hourly terms) in excess of 30 hours. This contrasts with equivalent figures in Cyprus, Finland, Ireland, the Netherlands and United Kingdom of less than 10 hours, the lowest amongst EU Member States' tax consultant respondents.

Figure 9: Case 2A - Countries with the highest burden for standard compliance cases



Source: EY analysis

Figure 10: Case 2B - Countries with the highest burden for standard compliance cases



Source: EY analysis

Comparison of case 2 with a purely domestic compliance case

Our survey results indicate that the estimated time required to carry out standard cross border case tax compliance for case 2A compared to a purely domestic tax compliance situation is on average (median) **43%** higher. This trend was observed when case 2B was considered, cross border tax compliance was more onerous and utilised **45%** more time.

Slovakia reported the highest variance from a purely domestic situation for both cases 2A and 2B with respect to the standard compliance case scenario.

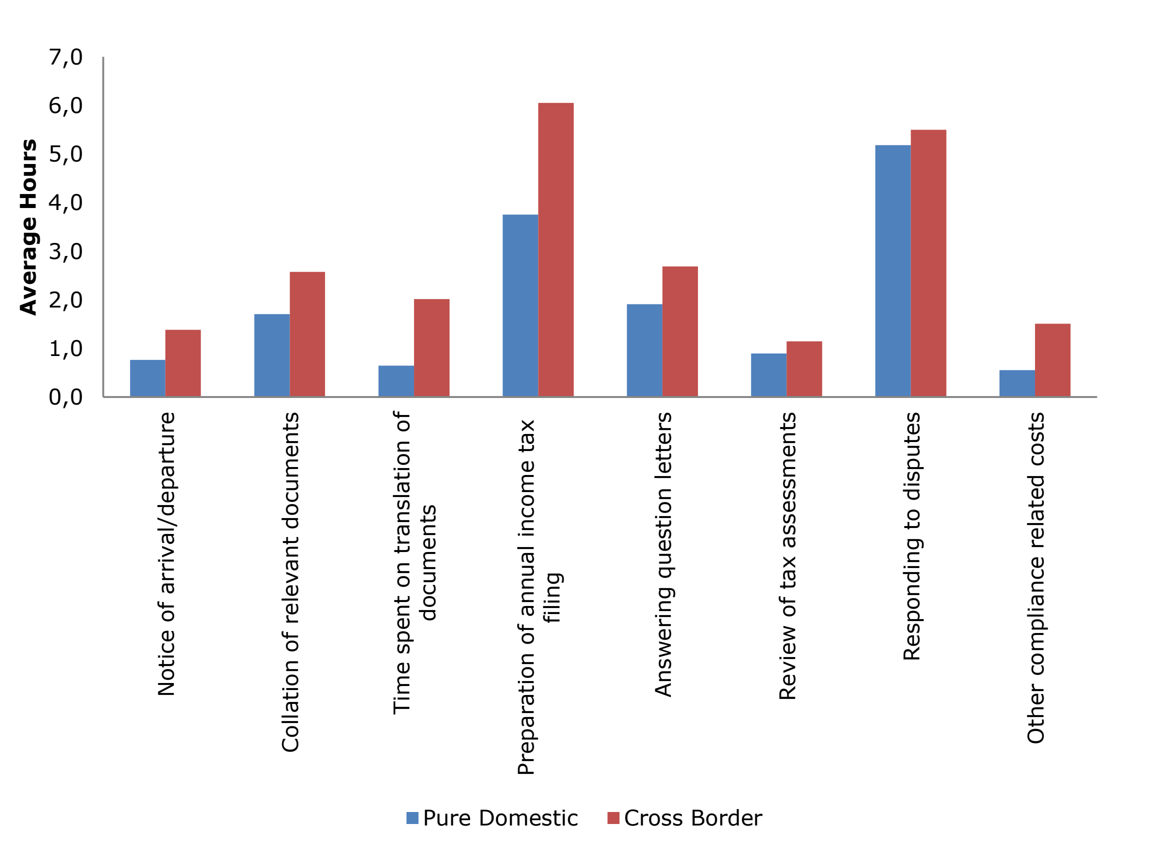
It should be noted that several countries indicated that there will be no increase in the standard scenario compliance burden with respect to case 2 when compared to a purely domestic situation.

Drivers of compliance burden

Cross border taxpayers according to our findings spend more time per tax compliance activity than purely domestic taxpayers. The most time consuming activities were the preparation of annual income tax and translation of documents where cross border tax payers spent on average 31% and 19% more time respectively. The least important driver is the review of tax assessments which accounts for three percentage points of the difference in compliance duration.

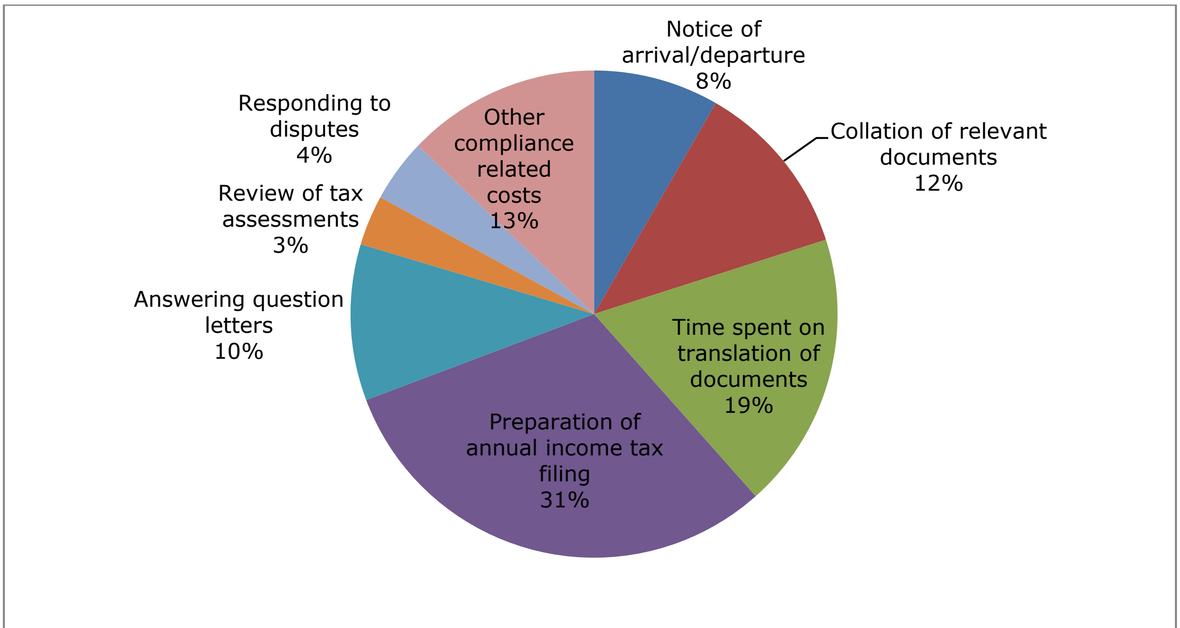
Notably, and in contrast with other compliance activities, cross border and domestic tax compliance taxpayers appear to spend a similar amount of time on reviewing tax assessments. This observation was very similar for both case 2A and 2B. (See Figure 11, Figure 12, Figure 13 and Figure 14).

Figure 11: Case 2A - Tax compliance activity comparison –standard cross border and domestic case



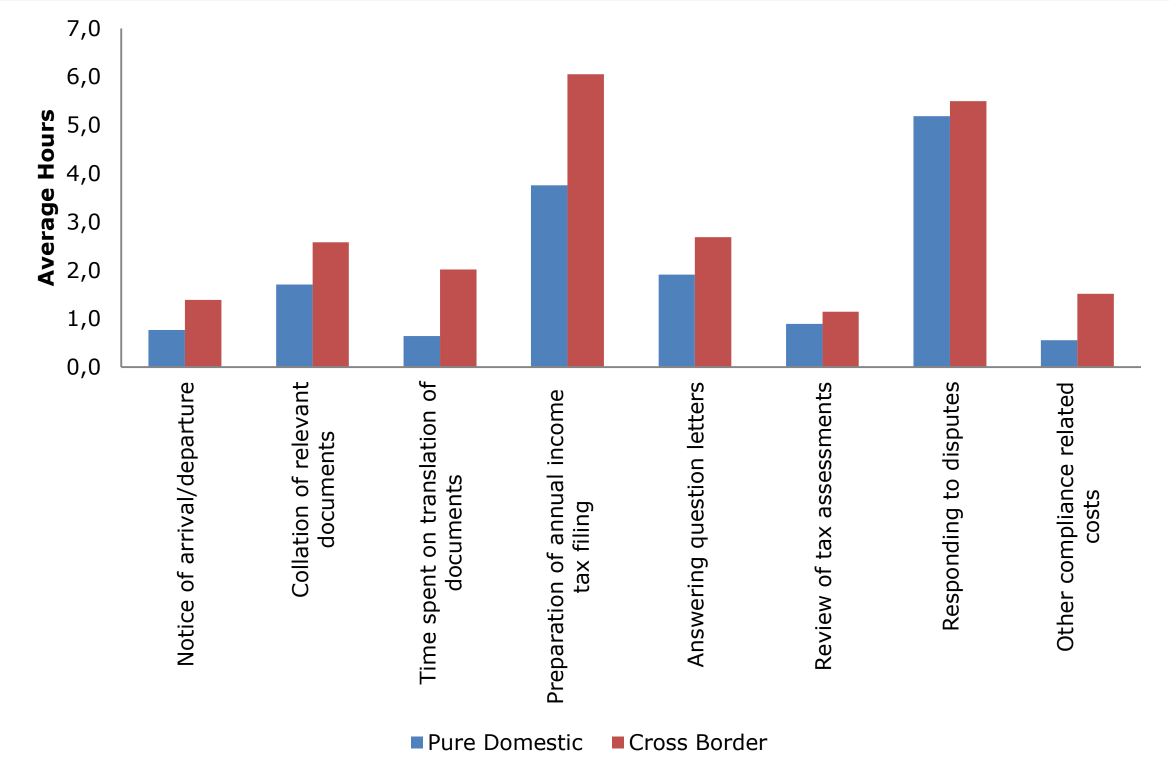
Source: EY analysis

Figure 12: Case 2A – Tax Compliance activity comparison – standard across border and domestic case



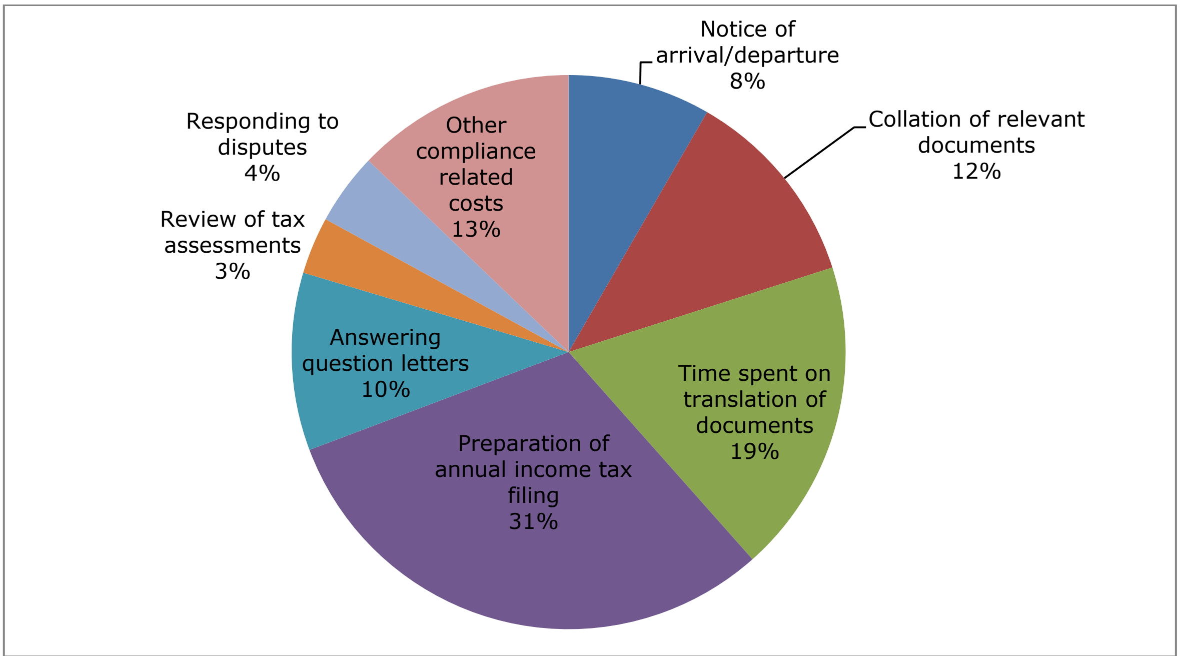
Source: EY analysis

Figure 13: Case 2B - Tax compliance activity time differences –standard cross border and domestic case



Source: EY analysis

Figure 14: Case 2B – Tax Compliance activity time differences – standard across border and domestic case



Source: EY analysis

Figure 13 and Figure 14 show that, similar to case 2A, the most important driver of the difference in compliance between a standard cross border case and a purely domestic case with respect to case 2B is the preparation of annual income tax filing.

This is reported to account for around one third of the difference; and the least important driver is the review of tax assessments which accounts for 3% of the difference in compliance duration.

Table 13: Monetary costs per taxpayer (€)

	Case 2A				Case 2B			
Member State	**Low cost standard compliance scenario**	**Low cost non-standard compliance scenario**	**Baseline cost standard compliance scenario**	**Baseline cost non-standard compliance scenario**	**Low cost standard compliance scenario**	**Low cost non-standard compliance scenario**	**Baseline cost standard compliance scenario**	**Baseline cost non-standard compliance scenario**
Austria	511	711	1,442	2,004	511	711	1,442	2,004
Belgium	989	1,810	1,087	1,989	776	1,464	853	1,609
Bulgaria	46	85	1,725	3,225	46	85	1,725	3,225
Croatia	97	193	760	1,520	143	305	1,125	2,402
Cyprus	86	117	1,115	1,520	86	117	1,115	1,520
Czech Republic	399	719	2,740	4,940	399	719	2,740	4,940
Denmark	351	546	1,020	1,583	374	670	1,087	1,945
Estonia	97	147	1,489	2,263	112	170	1,727	2,621
Finland	127	295	634	1,479	127	304	634	1,522
France	279	652	1,134	2,646	279	652	1,134	2,646
Germany	310	1,266	499	2,036	523	1,479	842	2,378
Greece	163	263	1,123	1,817	163	263	1,123	1,817
Hungary	91	120	2,276	3,006	91	120	2,276	3,006
Ireland	104	104	1,250	1,250	104	104	1,250	1,250
Italy	96	239	600	1,500	96	268	600	1,680
Latvia	127	193	2,310	3,500	147	212	2,660	3,850
Lithuania	236	282	3,095	3,704	239	394	3,146	5,176
Luxembourg	359	603	1,083	1,819	359	603	1,083	1,819
Malta	233	568	625	1,520	233	568	625	1,520
Poland	102	596	1,980	11,580	102	596	1,980	11,580
Portugal	195	337	595	1,028	201	343	613	1,046
Romania	50	66	1,394	1,846	74	107	2,062	2,965
Slovakia	135	220	3,818	6,218	135	216	3,818	6,109
Slovenia	88	222	1,824	4,592	88	222	1,824	4,592
Spain	129	345	730	1,945	209	425	1,181	2,396
Sweden	338	583	1,674	2,892	414	844	2,055	4,186
Netherlands	233	317	1,773	2,415	197	264	1,503	2,010
United Kingdom	254	347	441	602	278	371	483	644
EU Median	**149**	**306**	**1,192**	**1,997**	**180**	**324**	**1,216**	**2,387**

Source: EY analysis

With respect to case 2A, regarding the baseline cost standard compliance scenario, the highest costs reported by our respondents were in the Slovakia and Lithuania, where they were greater than €3,000 each. These costs are lowest in Germany (€499) and the United Kingdom (€441) relating to the same scenario. Equally, when evaluating non-standard cases, compliance costs are highest in Poland (€11,580) and lowest in the United Kingdom (€602).

Similarly, with respect to case 2B, regarding the baseline cost standard compliance scenario, compliance costs are highest in Slovakia (€3,818) and the Lithuania (€3,146) and lowest in the United Kingdom (€483). In comparison, when non-standard cases are assessed, the monetary compliance burden is highest in Poland (€11,580) and lowest in the United Kingdom (€644).

On further examination of cases 2A and 2B, we make the following observations:

- Both cases have significant variation in costs, varying from below €1,000 to over €10,000.
- Although the low cost scenarios result in typically far lower costs per individual than under the baseline cost scenarios, these can still exceed €1,000 per individual.

Aggregate costs

The aggregate costs measures the total cost of compliance for the tax paying population whose tax affairs are typified by cases 2A and 2B. This is the product of the compliance cost per case (using the central cost scenario), and the adjusted volume of tax payers, adjusted for income threshold, non-compliance and self-filing. In computing aggregate costs, we have made the simplifying assumption that the adjusted volumes relate to standard compliance scenarios only for all Member States.

Table 14: Aggregate monetary costs €000's

Member State	Case 2A Standard compliance scenario	Case 2B Standard compliance scenario
Austria	2,075	3,101
Belgium	1	6
Bulgaria	278	0
Croatia	182	
Cyprus	12	341
Czech Republic	376	23
Denmark	463	2
Estonia	213	1,781
Finland	475	1
France	1,468	13,240
Germany	1,181	64
Greece	421	125
Hungary	227	12
Ireland	135	14
Italy	1,822	13
Latvia		
Lithuania	597	433
Luxembourg	59	
Malta		
Poland	10,255	1
Portugal	203	0
Romania	619	
Slovakia	525	9
Slovenia	50	2
Spain	128	10
Sweden		
Netherlands	526	19
United Kingdom		3,131
EU Median	**399**	**14**

Source: EY analysis

With respect to the baseline cost standard compliance scenario, the countries with the highest aggregate monetary costs are Poland, Austria and Italy for case 2A and France, the United Kingdom and Austria for case 2B.

5.2 Notional cost

The estimated notional costs in hours for cases 2A and 2B are presented below:

Table 15: Notional costs per taxpayer (hours)

	Case 2A		Case 2B	
Member State	Standard compliance scenario	Non-standard compliance scenario	Standard compliance scenario	Non-standard compliance scenario
Belgium	17	32	14	21
Bulgaria	18	77		
France	6	17	6	17
Germany	10	20	25	36
Greece	20	30	17	29
Italy	11	32	12	37
Spain	18	24	13	22
Sweden			7	14
Netherlands	12	16	13	20
EU Median	**14**	**27**	**13**	**21**

Source: EY analysis

With respect to case 2A and considering only standard compliance scenarios, notional cost of compliance is highest in Greece, reported at 20 hours and lowest in France at 6 hours. When non-standard cases are evaluated, the cost is highest in Bulgaria (77 hours) and is lowest in the Netherlands (16 hours).

Regarding case 2B, considering only standard scenarios, notional cost of compliance is highest in Germany (25 hours) and lowest in France (6 hours). Similarly, when non-standard cases are evaluated, the revised total is highest in Italy (37 hours) and lowest in Sweden (14 hours).

These figures were monetised using an average salary for each of the relevant Member States. The resulting figures are presented below for cases 2A and 2B.

Table 16: Notional costs per taxpayer (€)

	Case 2A		Case 2B	
Member State	Standard compliance scenario	Non-standard compliance scenario	Standard compliance scenario	Non-standard compliance scenario
Belgium	125	238	106	159
Bulgaria	19	82		
France	59	168	59	168
Germany	85	170	209	307
Greece	92	138	78	133
Italy	78	233	91	277
Spain	97	129	69	118
Sweden			63	130
Netherlands	108	140	113	176
EU Median	**89**	**154**	**84**	**164**

Source: EY analysis

With respect to case 2A and considering only standard compliance cases, notional cost of compliance is highest in Belgium (€125) and the Netherlands (€108). In contrast, the notional cost of compliance is lowest in Bulgaria (€19) and France (€59).

Regarding case 2B, once again on examination of standard compliance cases, the notional cost of compliance is highest in Germany (€209) and the Netherlands (€113). Similarly, when non-standard compliance cases are examined, the revised total is still highest in Germany (€307) and Italy (€277).

6. Case 3

This section presents the results associated with case 3. Our analysis of case 3 involved questioning the tax professionals on how much time on average they will spend on tax compliance for this case if it *did occur* based on their knowledge of compliance requirements.

6.1 Cost of compliance

With respect to the baseline scenarios (standard and non-standard cases), Table 17 outlines the time taken for cases 3A and 3B tax compliance activities in each EU Member State.

Table 17: Time taken per taxpayer (in hours)

	Purely domestic case		Case 3A		Case 3B	
Member State	**Standard case**	**Non-standard case**	**Standard compliance scenario**	**Non-standard compliance scenario**	**Standard compliance scenario**	**Non-standard compliance scenario**
Austria			12	17	12	18
Belgium			17	32	14	26
Croatia			13	25	13	29
Cyprus			6	8	6	8
Czech Republic	7	13	13	24	13	24
Denmark	2	3	4	8	4	11
Estonia					15	21
Finland	3	5	3	7	3	7
France	2	8	6	15	6	15
Germany			11	32	11	32
Greece			7	11	7	11
Ireland			3	3	2	2
Italy	3	6	4	10	6	17
Latvia	2	7	10	17	15	20
Lithuania			10	16		20
Luxembourg			8	14	8	14
Malta			15	37	15	37
Poland			7	65	13	77
Portugal			6	11	8	14
Romania	6	9			11	15
Slovenia			11	29	11	33
Spain			5	14	9	18
Sweden	3	7	11	19	11	19
Netherlands			5	7	5	7
United Kingdom			5	7	5	8
EU Median	**3**	**7**	**7**	**15**	**10**	**18**

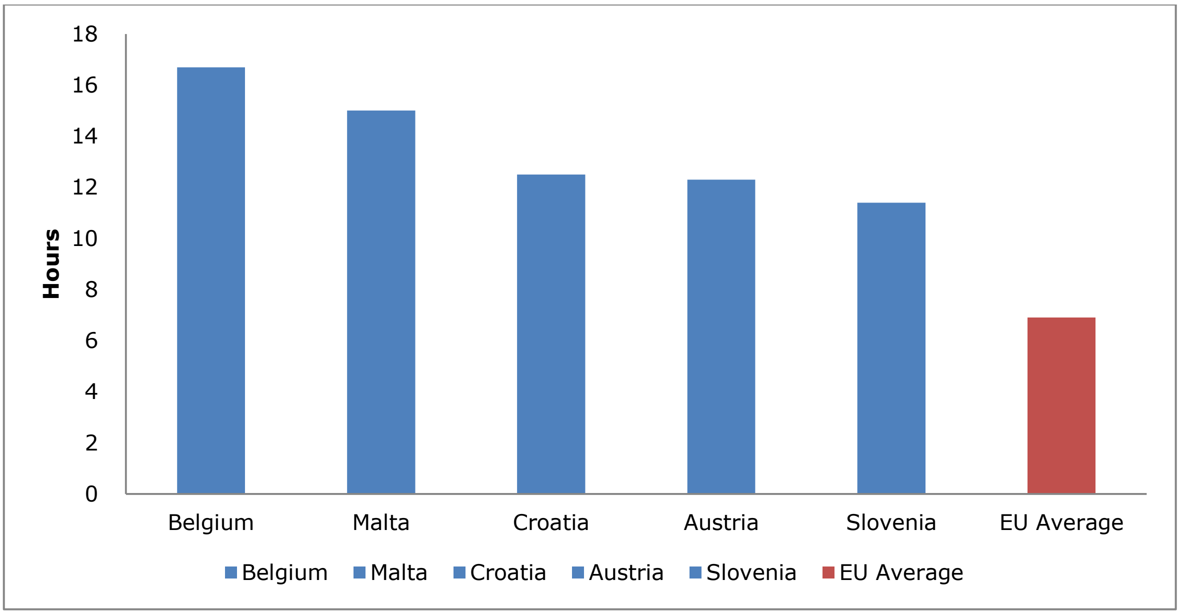
Source: EY analysis

The standard case scenario tax compliance burden is according to our survey results reported to be highest in Belgium, at 17 hours for case 3A. On the other hand, compliance duration in Finland, Ireland, Denmark and Italy is 4 hours or less.

Also, when a standard case 3B scenario was examined, costs were reported to be highest in Latvia, Malta, Estonia and Belgium, while they are below 5 hours in Finland, Denmark and Ireland.

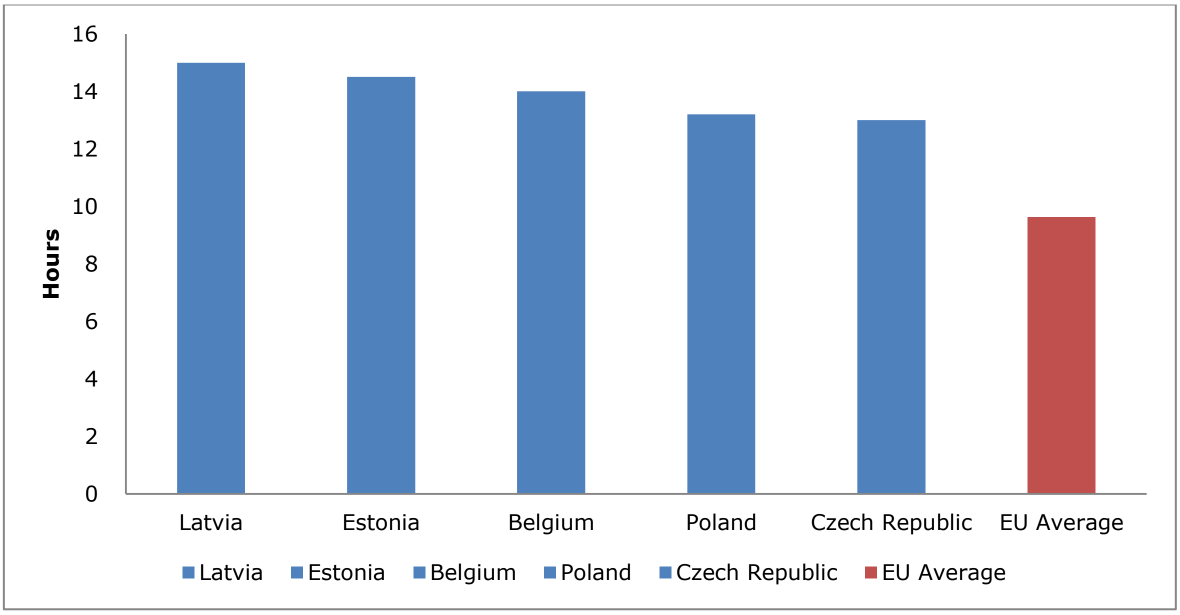
From the perspective of the non-standard compliance cases, case 3A compliance costs burden are highest in Poland, Germany, Malta and Belgium. However, for case 3B, Poland, Malta, Germany and Slovenia reported the most onerous compliance burden. Poland in particular reported a burden of 77 hours, highlighting perhaps the particularly arduous tasks of translation, disputes and responding to letters.

Figure 15: Case 3A - Countries with the highest burden for standard compliance cases



Source: EY analysis

Figure 16: Case 3B - Countries with the highest burden for standard compliance cases



Source: EY analysis

Comparison of case 3 with a purely domestic compliance case

Our survey results indicate that the estimated time required to carry out tax compliance for case 3A standard compliance case compared to a purely domestic tax compliance situation is on average (median) **128%** higher. This trend was observed when case 3B was considered, where it was more onerous and utilised **108%** more time.

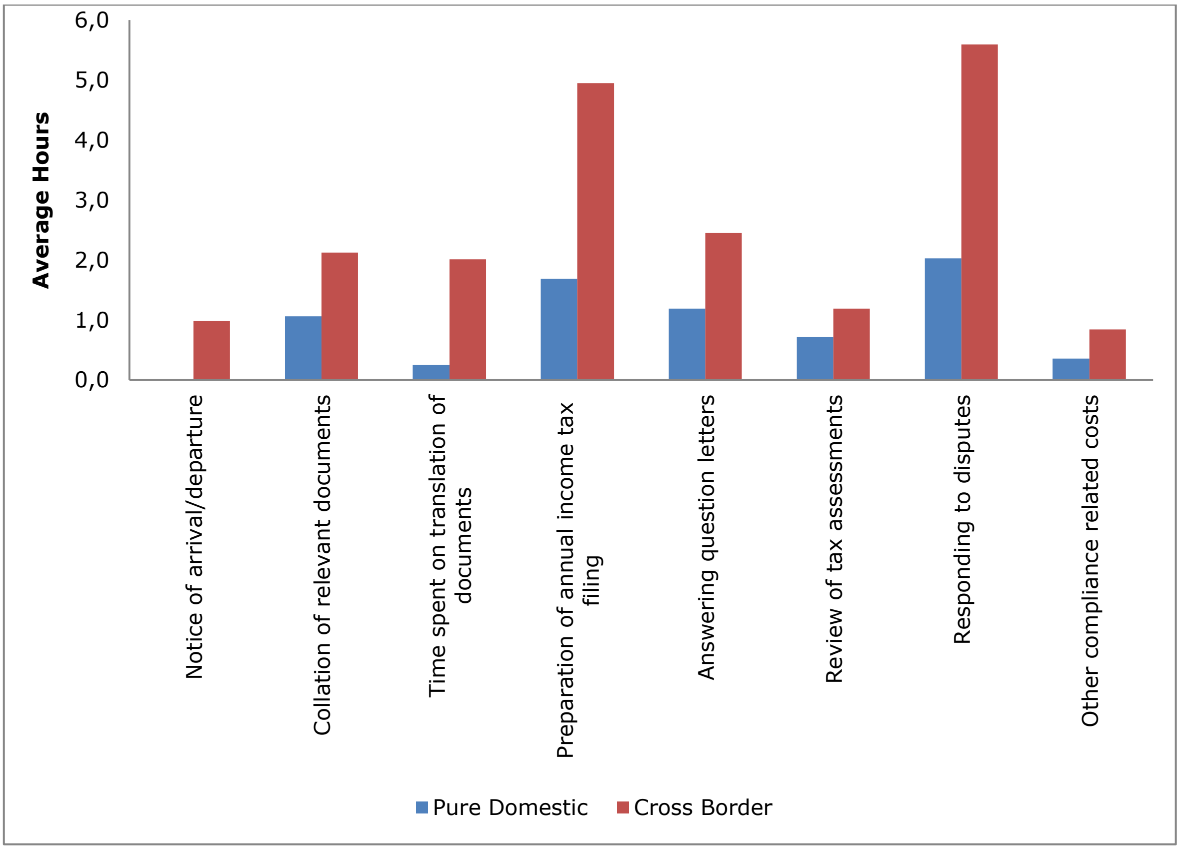
Latvia reported the highest variance from a purely domestic situation for cases 3A and in case 3B also with respect to a standard compliance scenario.

Drivers of compliance burden

Cross border taxpayers according to our findings spend more time per tax compliance activity than purely domestic taxpayers. The most time consuming activities was responding to disputes and the preparation of annual income tax where cross border tax payers spent on average 28% and 25% more time respectively when compared with a purely domestic case. The least important driver is the review of tax assessments which accounts for 4% of the difference in compliance duration.

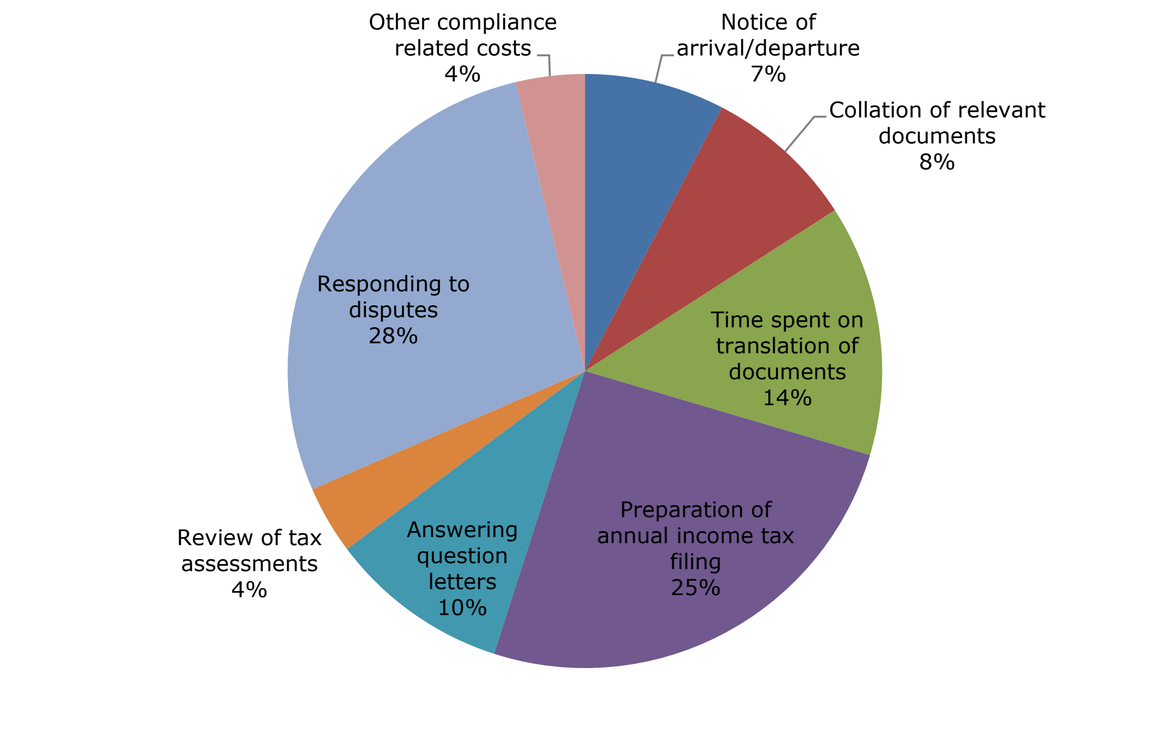
In comparison to cases 1 and 2, it appears that cross border tax compliance activity takes longer in the standard case compared to the domestic case in all of the activities required.

Figure 17: Case 3A - Tax compliance activity comparison – standard cross border and domestic case



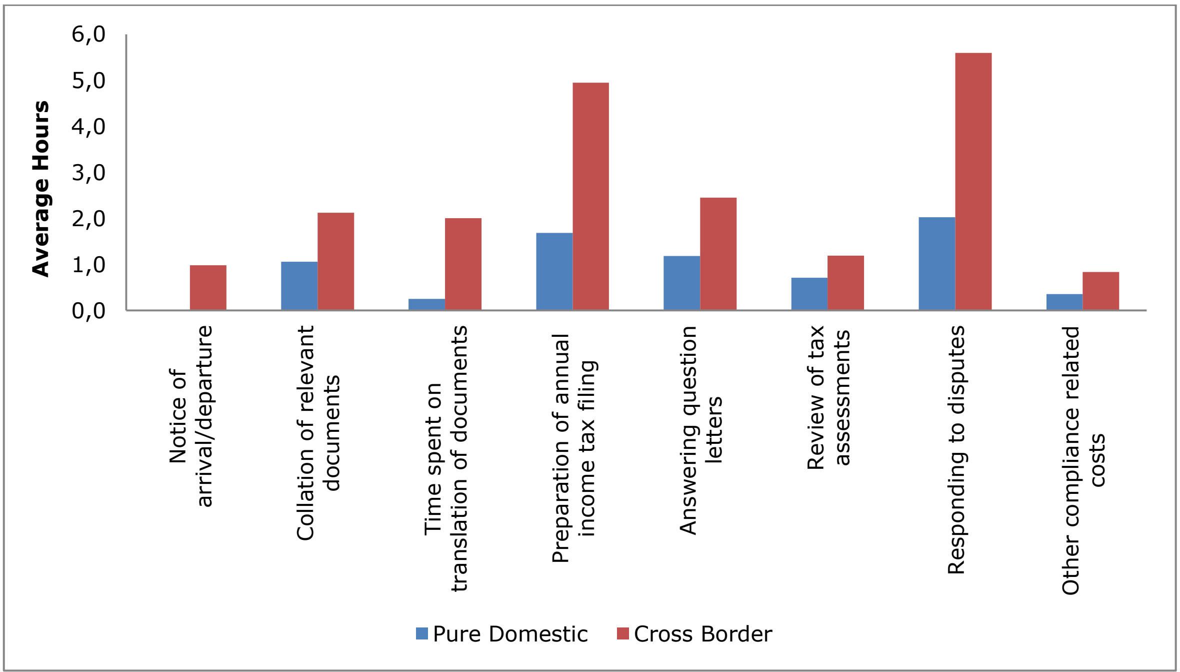
Source: EY analysis

Figure 18: Case 3A - Tax compliance activity time differences –standard cross border and domestic case



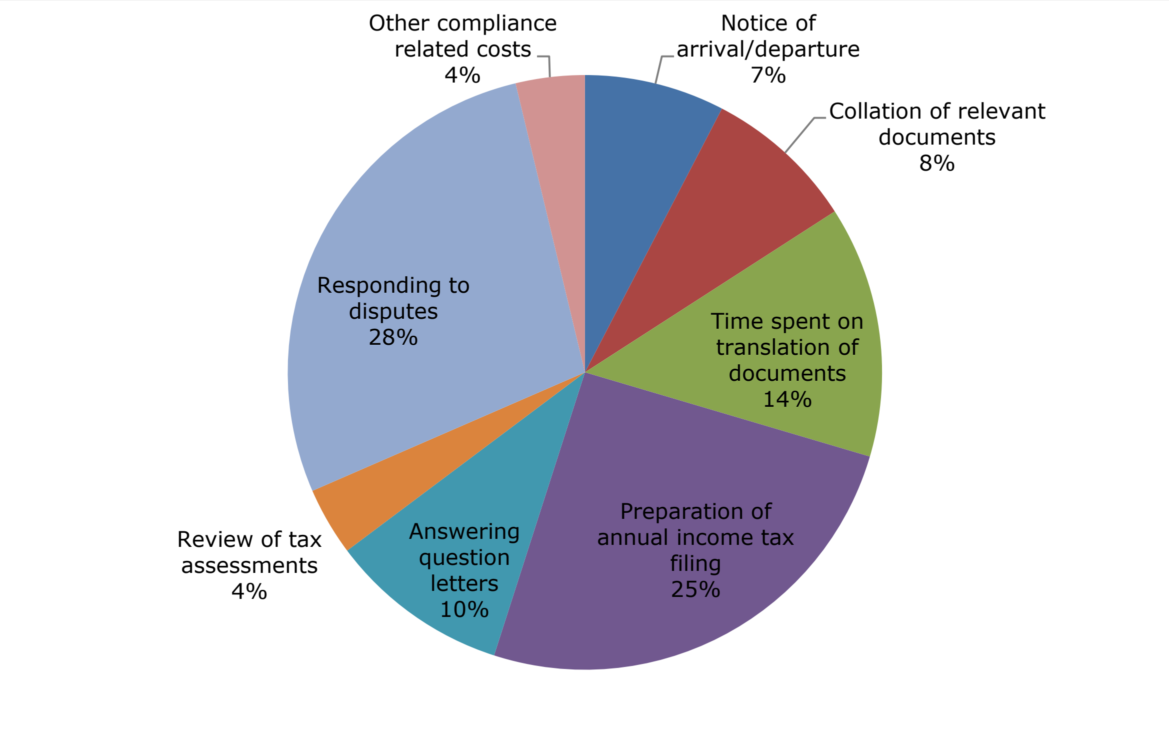
Source: EY analysis

Figure 19: Case 3B - Tax compliance activity time differences –standard cross border and domestic case



Source: EY analysis

Figure 20: Case 3B - Tax compliance activity time differences –standard cross border and domestic case



Source: EY analysis

Figure 19 and Figure 20 show that, similar to case 3A, the most important driver of the difference in compliance between a standard cross border case and a purely domestic case with respect to case 3B is responding to disputes. This is reported to account for 28%; and the least important driver is the review of tax assessments which accounts for 4% of the difference in compliance duration.

Table 18: Monetary costs per taxpayer €

	Case 3A				Case 3B			
Member State	Low cost standard compliance scenario	Low cost non-standard compliance scenario	Baseline cost standard compliance scenario	Baseline cost non-standard compliance scenario	Low cost standard compliance scenario	Low cost non-standard compliance scenario	Baseline cost standard compliance scenario	Baseline cost non-standard compliance scenario
Austria	511	711	1,442	2,004	511	736	1,442	2,075
Belgium	741	1,406	814	1,546	621	1,164	683	1,280
Croatia	97	193	760	1,520	97	220	760	1,733
Cyprus	86	117	1,115	1,520	86	117	1,115	1,520
Czech Republic	364	684	2,500	4,700	378	698	2,600	4,800
Denmark	190	384	550	1,114	190	509	550	1,476
Estonia					112	162	1,727	2,502
Finland	96	240	482	1,200	96	240	482	1,200
France	279	652	1,134	2,646	279	652	1,134	2,646
Germany	479	1,435	770	2,307	479	1,435	770	2,307
Greece	163	263	1,123	1,817	163	263	1,123	1,817

	Case 3A				Case 3B			
Member State	**Low cost standard compliance scenario**	**Low cost non-standard compliance scenario**	**Baseline cost standard compliance scenario**	**Baseline cost non-standard compliance scenario**	**Low cost standard compliance scenario**	**Low cost non-standard compliance scenario**	**Baseline cost standard compliance scenario**	**Baseline cost non-standard compliance scenario**
Ireland	124	124	1,500	1,500	93	93	1,125	1,125
Italy	84	239	525	1,500	132	407	825	2,550
Latvia	77	127	1,400	2,310	116	151	2,100	2,730
Lithuania	77	124	1,015	1,624		154		2,030
Luxembourg	359	603	1,083	1,819	359	603	1,083	1,819
Malta	233	568	625	1,520	233	568	625	1,520
Poland	53	501	1,035	9,735	102	596	1,980	11,580
Portugal	142	260	433	794	195	337	595	1,028
Romania					74	107	2,062	2,965
Slovenia	88	222	1,824	4,592	88	253	1,824	5,248
Spain	129	345	730	1,945	209	425	1,181	2,396
Sweden	338	583	1,674	2,892	338	583	1,674	2,892
Netherlands	226	306	1,723	2,331	226	319	1,723	2,432
United Kingdom	201	290	350	504	210	326	364	567
EU Median	**163**	**306**	**1,035**	**1,817**	**192**	**337**	**1,124**	**2,075**

Source: EY analysis

Bringing together information on tax consultancy fees with the volume and time information above, the following estimates of monetary costs per taxpayer are provided. These are presented in the baseline and low cost scenarios.

These show that the highest compliance costs per taxpayer regarding the baseline cost standard compliance scenario for cases 3A and 3B are reported in the Czech Republic. The lowest costs are reported in the United Kingdom for 3B.

Regarding the baseline cost non-standard scenario for cases 3A and 3B, Poland has the highest compliance cost per taxpayer. The lowest costs are reported in the United Kingdom.

On examination of the other scenarios, we make the following observations:

- With respect to the low cost standard compliance scenario, Poland reports the lowest cost of compliance (€53) for case 3A while Romania reports the lowest for 3B (€74). These may reflect lower than average labour costs in these countries.
- The variation in the compliance burden when the low cost non-standard compliance scenario is examined for case 3A ranges from €117 (Cyprus) to €1435 (Germany). The range for case 3B is from €93 (Ireland) to €1,435 (Germany).

Aggregate costs

The aggregate costs measures the total cost of compliance for the tax paying population who fall under cases 3A and 3B. This is the product of the compliance cost per case (using the central cost scenario), and the adjusted volume of tax payers, adjusted for income threshold, non-compliance and self-filing. In computing aggregate costs, we have made the simplifying assumption that the adjusted volumes relate to standard compliance scenarios only for all Member States.

Table 19: Aggregate costs €000's

	Case 3A	Case 3B
Member State	**Standard compliance scenario**	**Standard compliance scenario**
Austria	1,478	
Belgium	104	524
Croatia	573	
Cyprus	2	
Czech Republic	261	889
Denmark	89	80
Finland	297	52
France	657	
Germany	1,236	4,982
Greece	294	
Ireland	108	381
Italy	862	278
Lithuania	16	
Luxembourg	63	
Malta	1	
Poland	387	124
Portugal	40	30
Slovenia	374	135
Spain	76	780
Sweden	417	2,378
Netherlands	907	1,965
United Kingdom	523	
EU Median	**294**	**41**

Source: EY analysis

The highest aggregate monetary costs for the standard compliance scenario with respect to case 3A are in Germany and Austria. Case 3B on the other hand, is reported to have its highest costs in Germany and Sweden.

6.2 Notional cost

The estimated notional costs measured in compliance duration terms (hours) for cases 3A and 3B are presented in Table 20.

Table 20: Notional costs per taxpayer (hours)

	Case 3A		Case 3B	
Member State	**Standard compliance scenario**	**Non-standard compliance scenario**	**Standard compliance scenario**	**Non-standard compliance scenario**
Belgium	20	33	13	23
Denmark	10	15		
France	6	17	6	17
Germany	14	22	14	22
Greece			18	30
Italy	5	28	18	58
Spain	12	18	10	19
Netherlands	12	16	13	20
United Kingdom	10	19	14	24
EU Median	**11**	**18**	**13**	**23**

Source: EY analysis

As illustrated in Table 20, regarding the standard compliance scenario, the compliance duration is reported to be highest with respect to case 3A in Belgium (20 hours) while it is lowest in Italy and France (5 and 6 hours respectively). On examination of non-standard compliance cases, compliance duration was found to be highest in Belgium (33 hours) and lowest in Denmark (15 hours).

Similarly, on examination of case 3B, with respect to the standard compliance scenario, the compliance duration is reported to be highest in Italy and Greece (18 hours each), while it is lowest in France (6 hours).

Also, when non-standard compliance cases are evaluated, regarding case 3B the highest compliance duration was reported in Italy (58 hours) while the lowest recorded responses were France and Spain (17 and 19 hours respectively).

Table 21: Notional costs per taxpayer (€)

	Case 3A		Case 3B	
Member State	**Standard compliance scenario**	**Non-standard compliance scenario**	**Standard compliance scenario**	**Non-standard compliance scenario**
Belgium	151	250	98	174
Denmark	96	147		
France	59	168	59	168
Germany	119	188	119	188
Greece			83	138
Italy	39	207	129	427
Spain	64	97	56	105
Netherlands	108	140	113	176
United Kingdom	79	154	113	200
EU Median	**88**	**161**	**106**	**175**

Source: EY analysis

With respect to case 3A and considering only standard compliance cases, notional cost of compliance is highest in Belgium (€151) and Germany (€119). In contrast, the notional cost of compliance is lowest in France (€59) and Italy (€39).

Regarding case 3B, once again on examination of standard compliance cases, the notional cost of compliance is highest in Italy (€129) and Germany (€119). Similarly, when non-standard compliance cases are examined, the revised total is highest in the United Kingdom (€200) and Italy (€427).

7. Case 4

This section presents the results associated with case 4. Our analysis of case 4 involved questioning the tax professionals on how much time on average they will spend on tax compliance for this case if it *did occur* based on their knowledge of compliance requirements.

7.1 Cost of compliance

With respect to the baseline scenarios (standard and non-standard cases), Table 22 outlines the time taken for cases 4A and 4B tax compliance activities in each EU Member State.

Table 22: Time taken per taxpayer (in hours)

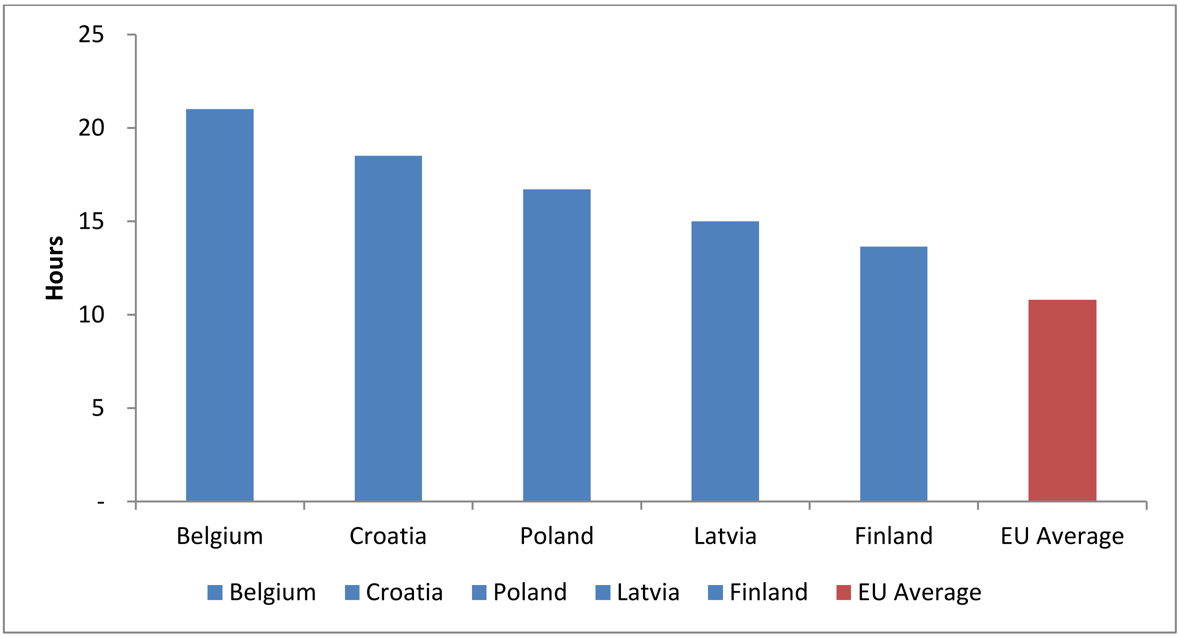
	Purely domestic case		Case 4A		Case 4B	
Member State	**Standard case**	**Non-standard case**	**Standard compliance scenario**	**Non-standard compliance scenario**	**Standard compliance scenario**	**Non-standard compliance scenario**
Belgium			21	40	21	40
Croatia			19	36	19	36
Czech Republic	7	13	13	24	13	24
Denmark	2	3				
Finland	3	5	14	34	14	34
France	2	8				
Germany			12	30	12	30
Greece			7	11	7	11
Ireland			4	4		
Italy	3	6	6	15	6	15
Latvia	2	7	15	16	15	16
Lithuania			10	16		20
Malta			15	37	14	23
Poland			17	87	17	87
Portugal			10	16	12	17
Romania	6	9				
Spain			5	14	10	19
Sweden	3	7	3	3	3	3
Netherlands			5	11	5	7
United Kingdom			11	30	11	30
EU Median	**3**	**7**	**11**	**16**	**12**	**22**

Source: EY analysis

On examination of a case 4A standard compliance case, we observe that the compliance duration is highest in Croatia and Belgium. Conversely, compliance duration is reported to be lowest in Sweden and Ireland. When non-standard compliance cases are evaluated, compliance burden is reported to be highest in Belgium and Poland and lowest in Sweden and Ireland.

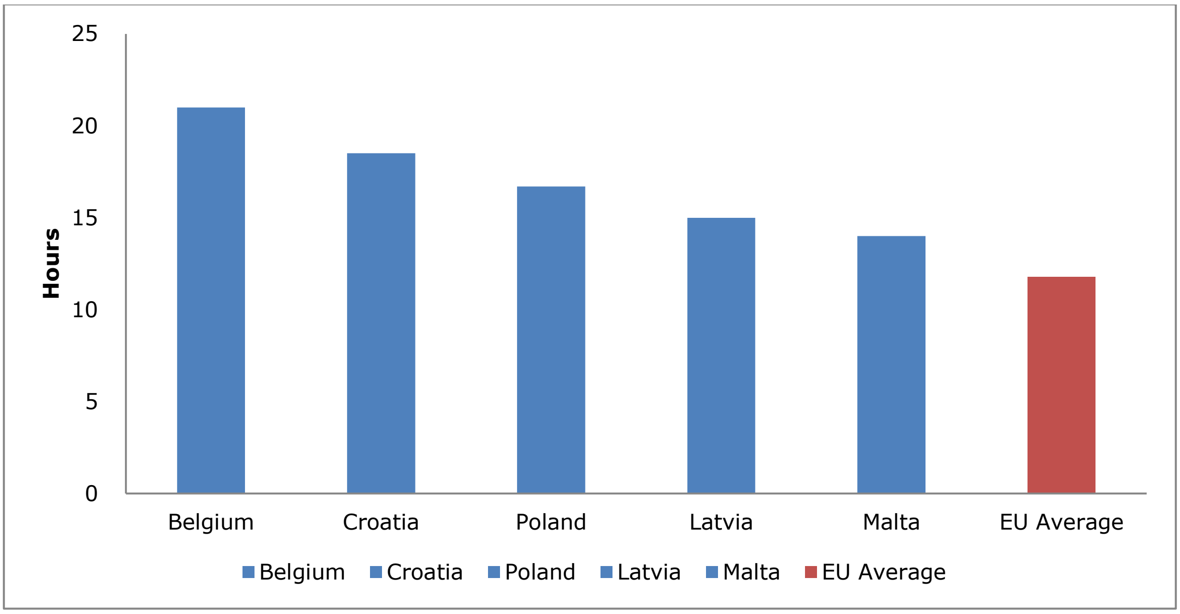
With respect to case 4B, regarding standard compliance cases, similarly to case 4A compliance burden (measured in time taken) was found to be highest in Croatia and Belgium. Compliance duration was found to be lowest in Sweden and the Netherlands. However, when non-standard cases were examined, compliance costs are reported to be highest in Poland and lowest in Sweden.

Figure 21: Case 4A - Countries with the highest burden for standard compliance cases



Source: EY analysis

Figure 22: Case 4B - Countries with the highest burden for standard compliance cases



Source: EY analysis

Comparison of case 4 with a purely domestic compliance case

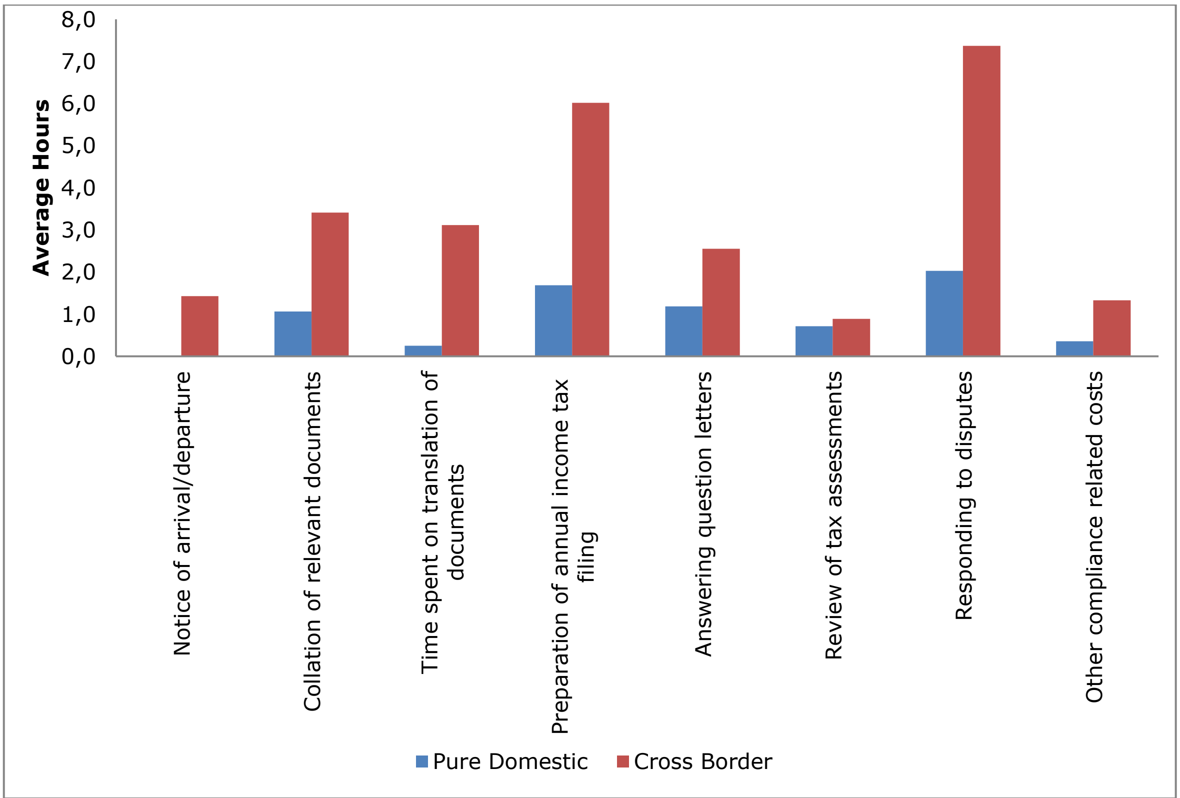
The survey results indicate that the estimated time required to carry out standard situations tax compliance for case 4A compared to a purely domestic tax compliance situation is on average (median) **88%** higher. This trend was observed when case 4B was considered, where it was similarly more onerous and also utilised **88%** more time.

Latvia reported the highest variance from a purely domestic situation for cases 4A and 4B when standard cases were examined.

Drivers of compliance burden

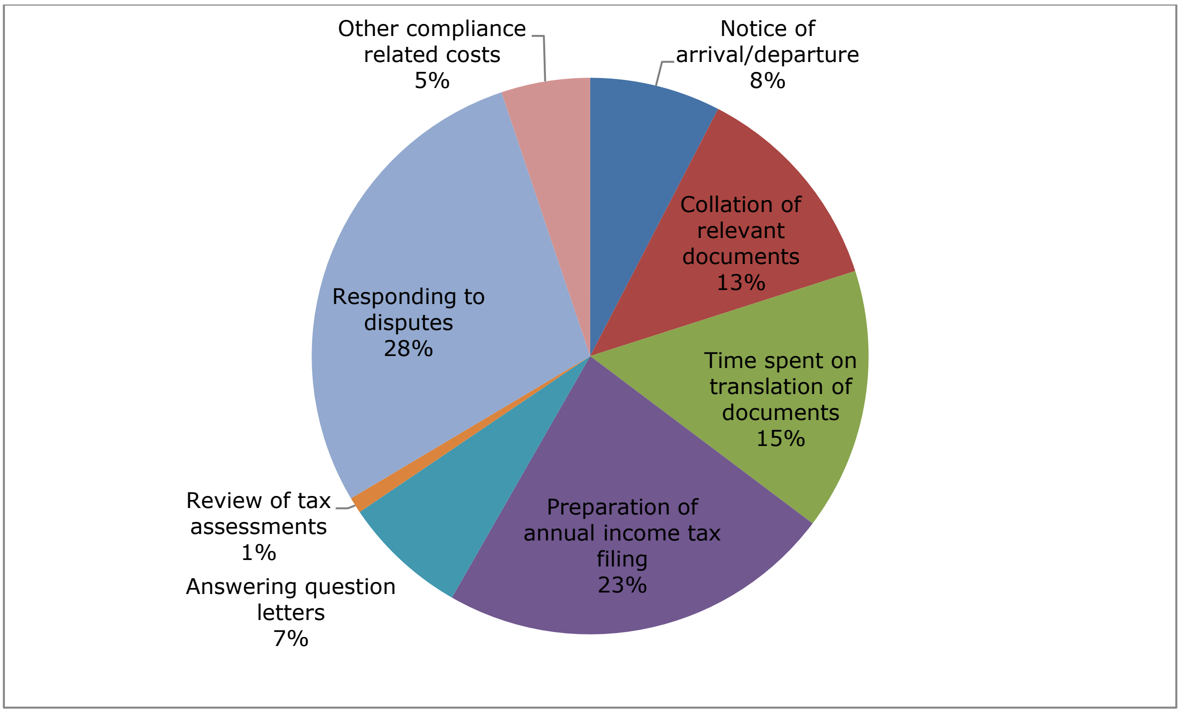
Cross border taxpayers according to our findings spend more time per tax compliance activity than purely domestic taxpayers. The most time consuming activities was responding to disputes and the preparation of annual income tax, where cross border tax payers spent on average 28% and 23% more time respectively when compared with a purely domestic case. The least important driver is the review of tax assessments which accounts for one percentage point of the difference in compliance duration. Cross border and domestic tax compliance taxpayers appear to spend a similar amount of time on reviewing tax assessments. This observation was also very similar for both cases 4A and 4B. (See Figure 23, Figure 24, Figure 25 and Figure 26).

Figure 23: Case 4A - Tax compliance activity comparison –standard cross border and domestic case



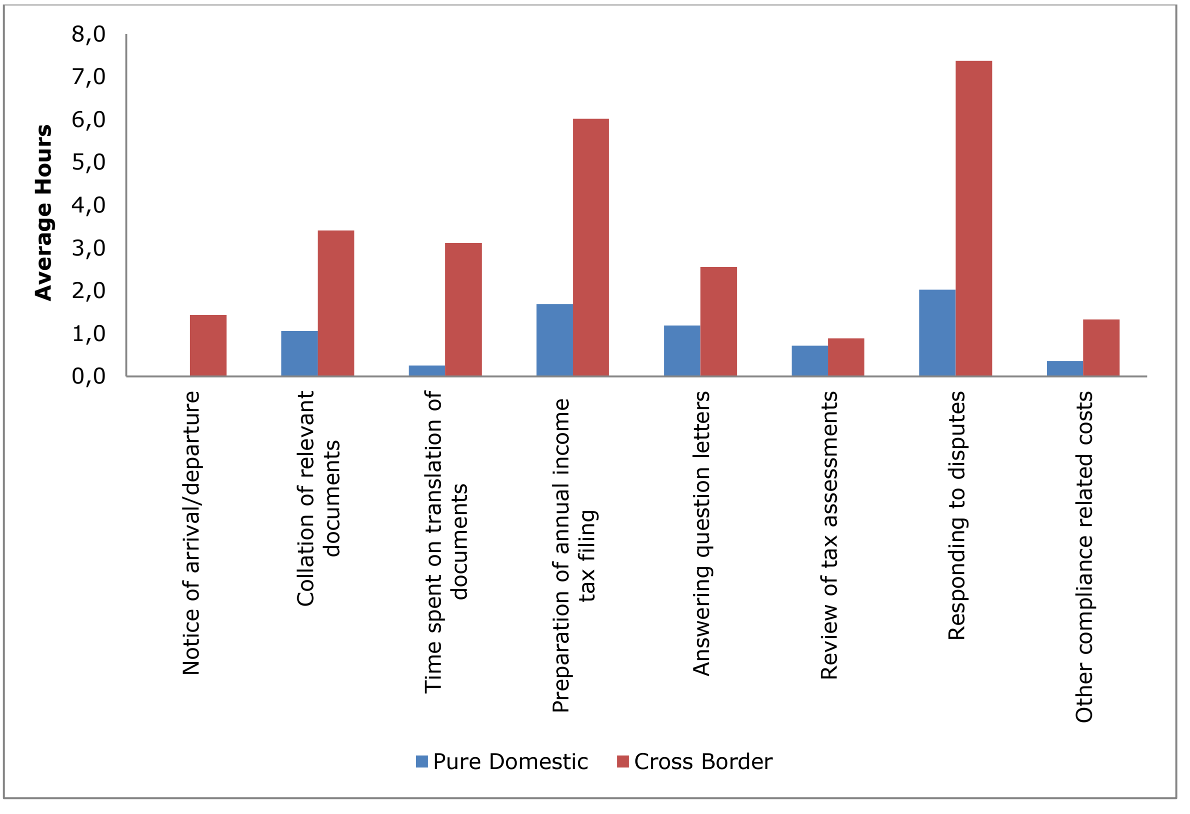
Source: EY analysis

Figure 24: Case 4A - Tax compliance activity comparison –standard cross border and domestic case



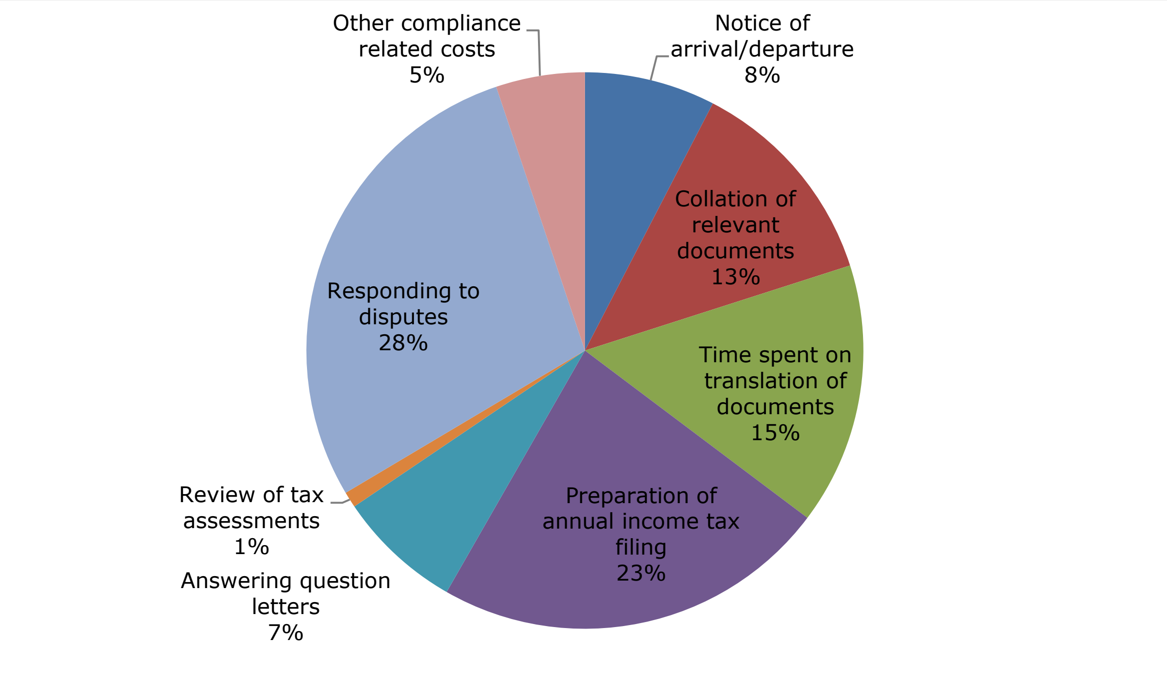
Source: EY analysis

Figure 25: Case 4B - Tax compliance activity time differences –standard cross border and domestic case



Source: EY analysis

Figure 26: Case 4B - Tax compliance activity time differences –standard cross border and domestic case



Source: EY analysis

Figure 25 and Figure 26 show that, similar to case 4A, the most important driver of the difference in compliance between a standard cross border case and a purely domestic case with respect to case 4B is responding to disputes. This is reported to account for around 28% of the difference; and the least important driver is the review of tax assessments which accounts for one percentage point of the difference in compliance duration.

Table 23: Monetary costs per taxpayer (€)

	Case 4A				Case 4B			
Member State	Low cost standard compliance scenario	Low cost non-standard compliance scenario	Baseline cost standard compliance scenario	Baseline cost non-standard compliance scenario	Low cost standard compliance scenario	Low cost non-standard compliance scenario	Baseline cost standard compliance scenario	Baseline cost non-standard compliance scenario
Belgium	931	1,774	1,024	1,950	931	1,774	1,024	1,950
Croatia	143	278	1,125	2,189	143	278	1,125	2,189
Czech Republic	378	698	2,600	4,800	378	698	2,600	4,800
Finland	461	1,136	2,308	5,689	461	1,136	2,308	5,689
Germany	523	1,313	842	2,111	523	1,313	842	2,111
Greece	163	263	1,123	1,817	163	263	1,123	1,817
Ireland	155	155	1,875	1,875				
Italy	132	347	825	2,175	132	347	825	2,175
Latvia	116	124	2,100	2,240	116	124	2,100	2,240
Lithuania	77	124	1,015	1,624		154		2,030
Malta	233	568	625	1,520	218	358	583	958
Poland	129	673	2,505	13,080	129	673	2,505	13,080
Portugal	242	372	740	1,136	272	390	830	1,191

Member State	Case 4A Low cost standard compliance scenario	Case 4A Low cost non-standard compliance scenario	Case 4A Baseline cost standard compliance scenario	Case 4A Baseline cost non-standard compliance scenario	Case 4B Low cost standard compliance scenario	Case 4B Low cost non-standard compliance scenario	Case 4B Baseline cost standard compliance scenario	Case 4B Baseline cost non-standard compliance scenario
Spain	129	345	730	1,945	233	448	1,316	2,531
Sweden	92	92	457	457	92	92	457	457
Netherlands	204	475	1,554	3,614	226	319	1,723	2,432
United Kingdom	435	1,201	756	2,086	435	1,201	756	2,086
EU Median	**163**	**372**	**1,024**	**2,086**	**226**	**374**	**1,123**	**2,143**

Source: EY analysis

Monetised compliance burden per taxpayer is highest with respect to the baseline cost standard compliance scenario for case 4A in the Czech Republic and Poland, where they are above €2,000 per taxpayer. By contrast, they are lowest in Malta and Sweden, where they are below €700.

Examining the baseline cost non-standard compliance scenario, the highest reported costs with respect to case 4A were in the Poland and Finland, where they exceed €13,000 and €5,000 respectively. The lowest costs were reported in Sweden and Portugal, where costs were €457 and €1,136 respectively.

With respect to low cost standard compliance scenario, case 4A monetary costs were reported to be lowest in Lithuania (€77) and Sweden (€92) while they were highest in Belgium (€931). Conversely, regarding the low cost non-standard compliance scenario, case 4A monetary costs were reported to be lowest in Sweden (€92), Latvia and Lithuania (both €124).

Considering case 4B, monetised compliance burden per taxpayer is highest with respect to the baseline cost standard compliance scenario in the Czech Republic and Poland.

By contrast, they are lowest in Malta and Sweden, where they are below €700. Examining the baseline cost non-standard compliance scenario, the highest reported costs with respect to case 4B were in Poland where they exceed €10,000. The lowest costs were reported in Sweden, where costs were €457.

With respect to low cost standard compliance scenario, case 4B monetary costs were reported to be lowest in Latvia (€116) and Sweden (€92) while they were highest in Belgium (€931). Conversely, regarding the low cost non-standard compliance scenario, case 4B monetary costs were reported to be lowest in Sweden (€92) and Latvia (€116).

Aggregate costs

The aggregate costs measures the total cost of compliance for the tax paying population who fall under cases 4A and 4B. This is the product of the compliance cost per case (using the central cost scenario), and the adjusted volume of tax payers, adjusted for income threshold, non-compliance and self-filing. In computing aggregate costs, we have made the simplifying assumption that the adjusted volumes relate to standard compliance scenarios only for all Member States.

Table 24: Aggregate costs €000's

	Case 4A	Case 4B
Member State	**Standard compliance scenario**	**Standard compliance scenario**
Belgium	340	2,050
Croatia	475	-
Czech Republic	152	469
Finland	862	160
Germany	870	3,505
Greece	186	0
Ireland	60	
Italy	672	156
Lithuania	9	
Malta	1	-
Poland	525	83
Portugal	39	22
Spain	40	458
Sweden	134	325
Netherlands	363	1,158
United Kingdom	501	-
EU Median	**186**	**156**

Source: EY analysis

From the perspective of case 4A standard compliance cases, the countries with the highest aggregate monetary costs are Germany and Finland. When non-standard cases are evaluated these costs are found to be highest in Poland.

With respect to case 4B standard compliance cases, the countries with the highest aggregate monetary costs are Germany and Belgium. When non-standard cases are examined, again, similarly to 4A these costs are reported to be highest in Germany and Belgium.

7.2 Notional costs

The estimated notional costs in hours for cases 4A and 4B are presented in Table 25.

Table 25: Notional costs per taxpayer (hours)

	Case 4A		Case 4B	
Member State	**Standard compliance scenario**	**Non-standard compliance scenario**	**Standard compliance scenario**	**Non-standard compliance scenario**
Belgium	38	65	38	65
France	6	17	6	17

Member State	Case 4A Standard compliance scenario	Case 4A Non-standard compliance scenario	Case 4B Standard compliance scenario	Case 4B Non-standard compliance scenario
Germany	15	25	18	29
Greece	17	29	26	44
Italy	19	51	19	51
Spain	11	21	11	20
Netherlands	9	20	13	20
United Kingdom	13	24	19	31
EU Median	**14**	**24**	**18**	**30**

Source: EY analysis

As illustrated in Table 25 when standard compliance cases are examined, the compliance duration is reported to be highest for case 4A in Belgium (38 hours) while it is lowest in France (6 hours). On examination of non-standard compliance cases, once again compliance duration is highest in Belgium (65 hours) and lowest in France (17 hours).

Considering case 4B, compliance duration for standard cases is, similarly to 4A, reported to be highest in Belgium (38 hours) and lowest in France (6 hours). Non-standard compliance cases are again similar to 4A, with compliance duration found to be highest in Belgium (65 hours) and lowest in France (17 hours).

Table 26: Notional costs per taxpayer (€)

Member State	Case 4A Standard compliance scenario	Case 4A Non-standard compliance scenario	Case 4B Standard compliance scenario	Case 4B Non-standard compliance scenario
Belgium	288	492	288	492
France	59	168	59	168
Germany	128	213	149	247
Greece	78	133	120	202
Italy	142	375	142	375
Spain	60	112	57	109
Netherlands	81	181	113	176
United Kingdom	104	196	158	259
EU Median	**93**	**188**	**131**	**225**

Source: EY analysis

With respect to case 4A and considering only standard compliance cases, notional cost of compliance is highest in Belgium (€288) and Italy (€142). In contrast, the notional cost of compliance is lowest in France (€59) and Spain (€60).

Regarding case 4B, on examination of standard compliance cases, the notional cost of compliance is highest in Belgium (€288) and United Kingdom (€158). Similarly, when non-standard compliance cases are examined, the revised total is highest in the Belgium (€492) and Italy (€375).

8. Conclusion

The following summary table presents the differences in costs under each case in comparison to a purely domestic tax compliance situation.

Table 27: Comparison of the average difference of a purely domestic tax compliance case and cross border cases (measured on the basis of time)

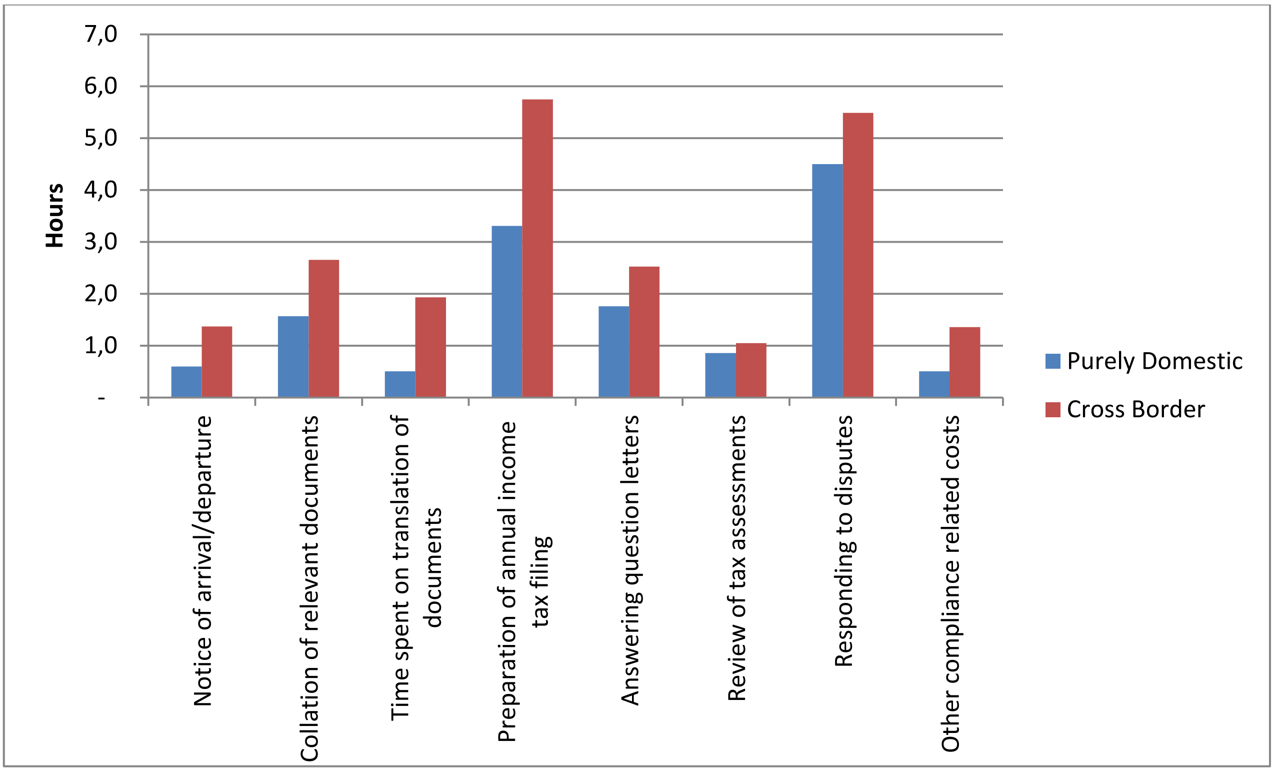
Case	Median	Maximum	Variance
1A	62%	170%	34%
1B	38%	209%	42%
2A	43%	218%	45%
2B	45%	218%	40%
3A	128%	488%	249%
3B	108%	782%	541%
4A	88%	782%	820%
4B	88%	782%	820%

Source: EY analysis

Cross border activities as shown in Table 27 lead to a significant average increase in compliance burden (measured on the basis of time) in all cases ranging from 38% for case 1B to 128% in case 3A. This trend is observed for a significant majority of the EU Member States tax consultant respondents. Besides, some countries report relatively large variances from a purely domestic tax compliance situation – variances above 200% were reported by several Member States tax consultant respondents.

It should be noted however, that a minority of countries indicated that there will be no change in the compliance burden with respect to the cases examined when compared to a purely domestic situation.

Figure 27: Drivers of variation in compliance burden



Source: EY analysis

Cross border taxpayers in the survey across all four cases spent an average of 22.1 hours per year on their tax compliance activities, this compares to 13.6 hours for pure domestic taxpayers. On average, the most time consuming activities with respect to cross border tax compliance were preparation of annual income tax filing (5.7 hours), responding to disputes (5.5 hours), collation of relevant documents (2.6 hours) and responding to letters (2.5 hours). In addition, our findings show that cross border taxpayers tend to spend more time compared to domestic taxpayers in carrying out all tax compliance activities.

The main argument made by our survey respondents regarding the drivers of high compliance costs is that compliance costs tend to be lower where the tax is simple, with limited deductions and reliefs. Our respondents also note that when looking at the tax system as a whole, the operation of a self-assessment system with a well-established online filing system reduces compliance costs for taxpayers.

Certain reasons were also advanced by respondents with relatively low compliance burden on the key drivers of the low compliance times recorded in their Member States.

Some of our respondents asserted that initiatives such as pre-filled returns (where the tax authority requires some information from third parties during the tax year), self-assessment and electronic filing may have had a positive effect on the compliance costs burden of taxpayers in general and cross border compliance cases in particular.

This is not surprising because as a general rule, the greater the reliance on the taxpayer to calculate tax payable, the higher the compliance costs incurred.

Similarly, less onerous audit requirements (such as responding to audits via telephone or by sending a short written reply) and less tasking review of tax assessment such as those which allow corrections to be made via telephone calls rather than a lengthy formal process does help to simplify the compliance burden on taxpayers.

Moreover, given that across the Member States, filling out tax returns has been identified as the most time consuming element of tax compliance, a simplification of these forms with fewer entries to fill will lead to a lessening of the burden.

Another important outcome of this study is that there is a clear perception among some respondents that complexity of tax laws and the administrative requirements imposed by the tax authorities such as additional explanations and documentary proofs and requirement of translation of documents are major drivers of the tax compliance burden. This perception was particularly prominent among the newer EU Member States who appeared to report the highest compliance burdens.

On the basis of the estimated compliance time and the cost data gathered for the study, the conclusion can be reached that in comparison to a pure domestic tax compliance scenario, cross border tax compliance activities are more onerous.

The study, supported by the data collection exercise indicates a substantial difference in compliance time and the picture remains largely the same notwithstanding the cross border case evaluated.

Annex A: Survey responses - volumes

Cases 1A and 1B

In order to estimate aggregate monetary and notional costs of cross border tax compliance it was necessary to understand the scale of intra-EU mobility for employment purposes. The population of outgoing and incoming commuters available from Eurostat was adjusted to eliminate income earners below a certain threshold (approximately £100,000 in the UK) as well as for non-compliant individuals and self-filing taxpayers.

Table 28: Number of taxpayers[4]

	Case 1A		Case 1B	
Member State	**Professional**	**Self-Filed**	**Professional**	**Self-Filed**
Austria	2787		2526	
Belgium	1458	5833	568	2273
Bulgaria	68		1	
Croatia	1144		531	
Cyprus	-		-	
Czech Republic	458	2596	1622	286
Denmark	534		555	333
Estonia	591		23	
Finland	217		1419	
France	8777	3761	278	70
Germany	13227	2334	4138	730
Greece	2		54	
Hungary	3479		898	
Ireland	265		683	
Italy	2564	453	290	51
Latvia	-		-	
Lithuania	76		19	
Luxembourg	222		5426	957
Malta	69		-	
Poland	4624	514	26	5
Portugal	341		33	
Romania			23	
Slovakia	952	5397	60	
Slovenia	123		96	
Spain	382	-	29	
Sweden	3544		451	
Netherlands	1491	2237	4079	1020
United Kingdom	814	1221	290	73

[4] This has been adjusted for non-compliant tax payers as well as high earning tax payers (top 5%-10%) who are deemed to earn enough to justify outsourcing their tax affairs.

Cases 2A and 2B

In order to estimate aggregate monetary and notional costs of cross border tax compliance it was necessary to understand the scale of intra-EU mobility for employment purposes.

For cases 2A and 2B this was undertaken using Eurostat population statistics from the latest available year (2011) on working age (25 to 65 year olds) by country of origin and residency[5]. As with cases 1A and 1B this is truncated to include only high earners capable of owning a second home.

Table 29: Number of taxpayers under these cases[6]

	Case 2A		Case 2B	
Member State	**Professional**	**Self-Filed**	**Professional**	**Self-Filed**
Austria	1439		2151	
Belgium	1	3	7	28
Bulgaria	161	645	0	
Croatia	239		-	
Cyprus	10		306	
Czech Republic	137		8	
Denmark	454		2	
Estonia	143		1031	
Finland	749		2	
France	1295	555	11675	7784
Germany	2365	417	76	32
Greece	375	66	112	28
Hungary	100		5	
Ireland	108		11	
Italy	3037	536	22	4
Latvia	-		-	
Lithuania	193		138	
Luxembourg	54		-	
Malta			-	
Poland	5179		0	
Portugal	341		1	
Romania	444		-	
Slovakia	138		2	
Slovenia	27		1	
Spain	175	-	8	-
Sweden				
Netherlands	296	445	13	3
United Kingdom			6482	

[5] Source: Population by sex, age group and citizenship [migr_pop1ctz]. An interpolation was used for Member States with missing data.
[6] This has been adjusted for non-compliant tax payers as well as high earning tax payers (top 5%-10%) who are deemed to earn enough to justify outsourcing their tax affairs.

Cases 3A and 3B

Volumes

In order to estimate aggregate monetary and notional costs of cross border tax compliance it was necessary to understand the scale of intra-EU mobility for employment purposes. Estimating the adjusted volumes involved adjusting for the number of cross-border citizens relevant to this case who are over 65 years old as well as adjusting for income levels, non-compliance and self-filing rates.

Table 30: Number of taxpayers under these cases

	Case 3A		Case 3B	
Member State	Professional	Self-Filed	Professional	Self-Filed
Austria	1025		-	
Belgium	127	509	767	3068
Bulgaria				
Croatia	754		-	
Cyprus	2		-	
Czech Republic	104		342	
Denmark	161	242	146	
Estonia			-	
Finland	616		108	
France	580	386	-	-
Germany	1605	688	6468	2772
Greece	262		-	-
Hungary				
Ireland	72		339	
Italy	1641	290	337	60
Latvia	-		-	
Lithuania	15			
Luxembourg	58		-	
Malta	2		-	
Poland	374		63	
Portugal	94		50	
Romania			-	
Slovakia				
Slovenia	205		74	
Spain	104	-	660	-
Sweden	249		1420	
Netherlands	526	132	1141	285
United Kingdom	1493	373	-	-

Source: EY analysis

Cases 4A and 4B

Volumes

In order to estimate aggregate monetary and notional costs of cross border tax compliance it was necessary to understand the scale of intra-EU mobility for employment purposes.

Estimating the adjusted volumes involved adjusting for the number of cross-border citizens relevant to this case who are over 65 years old as well as adjusting for income levels, non-compliance, self-filing rates and percentage of widows and widowers.

Table 31: Number of taxpayers under these cases

	Case 4A		Case 4B	
Member State	Professional	Self-Filed	Professional	Self-Filed
Austria				
Belgium	332	3	2002	20
Bulgaria				
Croatia	423		-	
Cyprus				
Czech Republic	58		180	
Denmark				
Estonia				
Finland	373		69	
France		-		-
Germany	1034	115	4165	463
Greece	166	3	-	-
Hungary				
Ireland	32			
Italy	814	144	189	33
Latvia	-		-	
Lithuania	9			
Luxembourg				
Malta	1		-	
Poland	209		33	
Portugal	52		27	
Romania				
Slovakia				
Slovenia				
Spain	55	-	348	-
Sweden	294		711	
Netherlands	234	58	672	168
United Kingdom	663	166	-	-

Source: EY analysis

Annex B: Data sources

Data	Source(s)
▪ Compliance duration for a pure domestic case	Questionnaires sent out to tax professionals
▪ Frequency of occurrence of each of the 4 cases	Questionnaires sent out to tax professionals
▪ Compliance duration for all 4 cases	Questionnaires sent out to tax professionals
▪ Qualitative responses on the workings of the tax system	Questionnaires sent out to tax professionals
▪ Average tax professionals charge out rates	Questionnaires sent out to tax professionals
▪ Estimated compliance duration by a self-filing tax payer	Questionnaires sent out to tax professionals and questions posed to taxpayers
▪ Self-filing and non-compliance rates	Questionnaires sent out to tax professionals and secondary research
▪ Cross border commuters	Eurostat
▪ Expatriates with second homes	Eurostat
▪ Married pensioners	Eurostat
▪ Average earnings/average pensions	Eurostat
▪ Average earnings of accountants	Eurostat

Annex C: Survey questionnaire and responses

General country information

The below overview provides general information on communicating with the country's tax authorities, currency, payments of tax assessments and receipt of tax refunds.

Country overview – availability of information

Country	Is it possible to communicate in another than your country's official language with the tax authorities?	Can tax returns be filed in Euro?	Can tax payments be made from an account outside of your country and can refunds be received on accounts outside of your country?	Is interest paid on refunds?
Austria	No	Yes, local currency	Yes	Yes
Belgium	Most used correspondence languages are French, German and Dutch (country's languages). Please remark that non-resident's files are handled by specific tax authorities who accept English correspondence and in some instances other languages such as Italian or Spanish.	Yes, local currency	Yes	No, except in case of litigation
Bulgaria	No	No, returns must be filed in BGN	Yes	Not in practice
Croatia	No	No, returns must be filed in HRK	Yes	Generally not (only in exceptional cases can the taxpayer request interest on late payment of refunds)
Cyprus	Yes, English	Yes, local currency	Tax payments : Yes. No, refunds are made through the issuance of a cheque	Yes
Czech Republic	No	No, tax returns must be filed in in CKR	Yes	No unless the deadline for the tax refund was not met by the Tax Authorities.
Denmark	As a general rule; yes. Language: English and the other Scandinavian languages.	No, tax returns must be filed in DKK	Tax payments: Yes. Tax refunds: Yes. That being said, the account will have to be	Yes

Country	Is it possible to communicate in another than your country's official language with the tax authorities?	Can tax returns be filed in Euro?	Can tax payments be made from an account outside of your country and can refunds be received on accounts outside of your country?	Is interest paid on refunds?
	That being said, most official documents issued by SKAT (the Danish tax authority) will only be available in Danish. This includes the preliminary and final tax assessments.		registered in the Danish "NEM-KONTO" system. If an individual does not register his account, the amount will be transferred to a locked holding account.	
Estonia	No	Yes, local currency	Yes	Yes, if refund was not paid out by deadline. Deadline is extended in case of additional control procedures, document requests etc.
Finland	Most of the official documents (such as pre-filled tax return forms, tax assessments, tax decisions, question letters, etc…) can usually be obtained only in the official languages (either Finnish or Swedish). The Finnish tax authority has an obligation to provide services only in the official languages, but in practice it is possible to communicate (send documentation, file a tax return, contact the Finnish tax authority for further details, apply for a tax withholding card or other certificates, send a notice of objection, etc…) in other languages as well, especially in English.	Yes, local currency	Yes	Yes
France	No	Yes, local currency	Yes	Yes, if the refund is paid after a claim filed by the taxpayer No, if the refund is due to an overpayment made by the taxpayer himself (e.g. the taxpayer paid provisional installments and his final tax liability is lower than the provisional installments paid)
Germany	Basically, all correspondence with the local tax offices has to be in German language. In case this is done in a different	Yes, local currency	Yes	Yes. Regardless of whether a liability or a refund is assessed, the following applies for purposes of interest payments:

Country	Is it possible to communicate in another than your country's official language with the tax authorities?	Can tax returns be filed in Euro?	Can tax payments be made from an account outside of your country and can refunds be received on accounts outside of your country?	Is interest paid on refunds?
	language, the tax authorities are entitled by law to request a German translation.			15 months after the end of the respective tax year (e.g. 1 April 2014 for the tax year 2012) interest payments become due amounting to 0.5% per each subsequent month until the liability/refund is being paid.
Greece	No	Yes, local currency	Yes	No
Hungary	No	No, returns must be filed in HUF	Yes	Only in case of late payment due to the fault of the tax authority
Ireland	Communications are generally only possible in the official languages of the State (English and Irish).	Yes, local currency	Payments can be made by Electronic Funds Transfer from a foreign bank account. Tax refunds: no	Yes, subject to certain conditions
Italy	Yes, in some Italian regions where there are specific linguistic minorities (German, Slovenian,French).	Yes, local currency	Yes	Yes
Latvia	No, according to the Latvian legislative acts, communication with tax authorities is possible only in Latvian language.	As of 1 January 2014 Euro is national currency in Latvia. It is not allowed to file tax returns in non-national currency.	Yes	No, only if the overpaid amounts are not refunded without justification within the time period specified in the Law.
Lithuania	Yes. In the English and Russian languages.	No, returns must be filed in LTL	Yes	Yes, in case the tax refund is made after the deadline established in the Lithuanian legislation.
Luxemburg	Luxembourg official languages are Luxembourgish, French and German. However, it may be possible to communicate in English as well.	Yes, local currency	Yes, we however would recommend to recover the payment/refunds on a Luxembourg account or at least a foreign bank account located inside the EU.	No
Malta	Yes, English	Yes, local currency	Yes	Yes
Netherlands	No, communication with the Dutch tax authorities is only possible in the Dutch language.	Yes, local currency	Yes	Yes, but only when it takes the Dutch tax authorities more than 3 months to impose a tax assessment and if this tax assessment is based on the information provided in the tax

Country	Is it possible to communicate in another than your country's official language with the tax authorities?	Can tax returns be filed in Euro?	Can tax payments be made from an account outside of your country and can refunds be received on accounts outside of your country?	Is interest paid on refunds?
				return. However, No interest is paid if the tax assessment is imposed within 6 months after the end of the tax year.
Poland	No	No, returns must be filed in PLN	Yes	In case the refund is not made within the deadline (3 months from submitting a tax return), in general, the interests should be paid to the taxpayer on the late payment. Certain tax proceeding may interrupt the period in which the interest would have been calculated. In case of the tax proceedings, in general, the tax authorities have 30 days to end and conclude the tax proceedings. However, the deadline may be prolonged if the case is complicated.
Portugal	No	Yes, local currency	Tax payments: Yes. If there is no Portuguese account, the refund is made through bank cheque.	Yes (article 96 of the PIT Code)
Romania	No, only Romanian.	No. All Romanian tax returns must state only Romanian local currency, i.e., RON.	Yes, provided that the payments are routed through a Romanian commercial bank (as intermediary bank). No, tax refunds are paid only in Romanian bank accounts and only in Romanian currency.	Yes, tax authorities pay interest on tax refunds, only upon taxpayer's request (in practice – in court) and only for the period exceeding the deadline for such reimbursements.
Slovakia	In general, the communication language with the Slovak tax authorities is Slovak language (e.g. for filing objections, official letters, registrations). The only exception (as of 1 January 2014) is application of foreign tax payer for VAT refund who can fill in an application in English; nevertheless any relating communication	Yes, local currency	Yes, it is possible to pay Slovak tax liability from a foreign bank account. In case of payments from non-SEPA country, the payment instructions have specific requirements (payment handled via intermediary Slovak bank). Yes, it is possible to receive a refund into a foreign bank account.	In the case when the refund is remitted belatedly, the sanction interest rate is set at the level of three times the basic interest rate of ECB (or at least 10% p.a. if the interest calculated as three times the basic interest rate of ECB is lower than 10 %). The interest shall be paid within 15 days from the day of delivery of Tax Authority's decision regarding the award

Country	Is it possible to communicate in another than your country's official language with the tax authorities?	Can tax returns be filed in Euro?	Can tax payments be made from an account outside of your country and can refunds be received on accounts outside of your country?	Is interest paid on refunds?
	is to be handled in Slovak language as well.			of interest. However, practical applicability of this provision is very limited. Slovak Tax Authorities usually remits tax refunds within statutory deadlines (internal monitoring of deadlines applied).
Slovenia	No. Except in the area where Italian and Hungarian minority live.	Yes, local currency	Tax payments: yes. Tax refunds: Yes, however a special request must be filled. However, if there is active Slovenian bank account the rule is that it is transferred to that one	Yes
Spain	Yes, it is possible to communicate in the co-official languages (Basque, Catalan, Galician and Valencian), as well as in English	Yes, local currency	Tax payments: Yes, by ordering a bank transfer for the due amount to a specific bank account of the Bank of Spain, filling the "Beneficiary or Payee" field and the "Item" field with the information that the Tax Agency will provide for each declaration. Tax refunds: Yes, it is possible to receive a refund from the Tax Authorities in EU bank accounts. For bank accounts in countries outside the EU it is more difficult to obtain the refund.	Yes
Sweden	Yes, the STA will translate any communication to Swedish. Reply will be sent in Sw or English.	No, returns must be filed is SEK	Yes	Yes
United Kingdom	No. HM Revenue & Customs will allow a friend or family member to interpret for customers who don't speak English as a first language. If the taxpayer does not have or do not wish to use a friend or family member, HMRC offers a free	No, returns must be filed in GBP	Tax payments: Yes Tax refunds: No – other than Channel Islands. Otherwise it needs to be paid in the form of a cheque.	Yes

Country	Is it possible to communicate in another than your country's official language with the tax authorities?	Can tax returns be filed in Euro?	Can tax payments be made from an account outside of your country and can refunds be received on accounts outside of your country?	Is interest paid on refunds?
	language interpretation service. This service can be provided when the person telephones HMRC or when the person visits a HMRC Enquiry Centre. As much notice as possible needs to be given. There is no indication given by HMRC regarding any restriction on languages.			

Case 1

Person who lives in Member State A with his wife and children in a house that they own but who works in Member State B from which he receives almost all of the family's income.

3.2.1 Country overview – Country Member State A

Country – Member State A	Importance to the country?	Should a different tax form be filed?	Is professional assistance needed for the filing of such a tax return?	Is a recalculation of income needed?	How is the relief for double taxation granted?	Are there negative tax effects with respect to the main residence?	Is the other member state's tax assessment needed in order to claim the relief from double taxation?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
Austria	Somewhat important (10.0%)	No, only supplementary forms	Yes.	Yes.	A tax credit or an exemption with progression (depending on which DTT is applicable).	No.	The assessment could be requested by the authorities. Acc. to DTT.	No.
Belgium	Negligible (5.0%)	No, he should introduce a resident tax return, reporting his worldwide income.	No, he should introduce a resident tax return, reporting his worldwide income.	Yes.	Exemption with progression	Yes, although certain remediations have been put in place.	In practice foreign days are exempted in the tax return based on agenda/overview of the individual mentioning foreign working days. However, when verifying the tax return, tax authorities can send a tax inquiry and require the foreign tax assessment to deliver proof.	No, an individual as described in the scenario above will be considered as a Belgian resident and as a consequence has the same filing and/or reporting obligations as a Belgian national living in Belgium (=resident).
Bulgaria	Negligible (5.0%)	No, just the attachments are different.	Yes	Yes, taxable base is calculated according to local legislation	Exemption with progression	No, for EU citizens	Usually no, but depending on the type of method for avoidance of double taxation an income statement from the foreign company or a certificate of paid tax from the other	No

Country – Member State A	Importance to the country?	Should a different tax form be filed?	Is professional assistance needed for the filing of such a tax return?	Is a recalculation of income needed?	How is the relief for double taxation granted?	Are there negative tax effects with respect to the main residence?	Is the other member state's tax assessment needed in order to claim the relief from double taxation?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
							country could be required.	
Croatia	Important (40.0%)	No	Yes. Based on our experience a non-professional will have difficulties preparing the annual tax return correctly in such case.	Yes	Tax credit and Exemption with progression (if such method is stipulated in the respective Double Tax Treaty)	No	Yes	No
Cyprus	Negligible (< 5.0%)	No	N/A	It depends whether the individual is a resident of Cyprus (183 days test). If yes and the income exceeds EUR 19.500 then subject to Cyprus Income tax law rules. If no, and assuming no Cypriot source income then not taxable in Cyprus.	Tax credit	N/A	Yes, evidence of tax paid is required	No
Czech Republic	Somewhat important (15.0%)	Generally, no.	Generally, yes.	Yes	Tax credit and exemption.	Yes, potential loss of child tax allowance depending on the level of income which is not subject to tax exemption in the Czech	Based on the law, yes. However, the tax authorities may accept the relief for double taxation without the foreign tax assessment.	No

Country – Member State A	Importance to the country?	Should a different tax form be filed?	Is professional assistance needed for the filing of such a tax return?	Is a recalculation of income needed?	How is the relief for double taxation granted?	Are there negative tax effects with respect to the main residence?	Is the other member state's tax assessment needed in order to claim the relief from double taxation?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
						Republic.		
Denmark	Somewhat important (20.0%*) *We assume this scenario not only covers commuters, but also outbound assignees not accompanied by their family. We also assume this scenario is not intended to cover individuals that would fulfill the 90% requirement had they been in Denmark for the entire year	No If filed digitally additional fields will have to be filled out. If filed on paper a different or supplemental form may be required.	Depends on the situation. If the individual takes the time to use SKAT's guides etc. he/she should be able to prepare a tax return correctly. As the regular tax assessment/tax return process for individuals that are only taxable in Denmark is more or less automatic, it is our experience that many individuals are unable or unwilling to spend the time required to prepare a correct tax assessment.	Yes	Tax credit. Exemption with progression, If made possible by a DTT. The exemption relief is also applicable in certain cases where an individual is working in a foreign country for at least 6 months and no work is performed in Denmark. (additional requirements apply)	No	No The individual must be able to present a certificate or tax assessment if requested by SKAT.	No That said the individual is of course required to provide information on foreign income etc
Estonia	Somewhat important (10.0%)	No	Yes	Possibly – depends on circumstances	Tax credit and Other.	Yes, loss of deductions	Yes	No

Country – Member State A	Importance to the country?	Should a different tax form be filed?	Is professional assistance needed for the filing of such a tax return?	Is a recalculation of income needed?	How is the relief for double taxation granted?	Are there negative tax effects with respect to the main residence?	Is the other member state's tax assessment needed in order to claim the relief from double taxation?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
Finland	Negligible (< 5.0%)	The tax return format is the same in both situations. However, the content of the tax return would be different, the return being more complicated to prepare in a situation where the person works outside of Finland (if the individual is also paid from outside of Finland, the tax return could be even more complex to prepare).	The person should be able to complete the return without professional tax assistance at least in a situation where his salary income is not taxable in Finland (tax exemption based on Finnish national legislation) and in case he/she is not covered by the Finnish social security. In case the tax exemption rule cannot be applied, professional tax assistance may be required. In case the tax exemption cannot be applied and salary is paid by a foreign entity, professional tax assistance is almost always required to ensure correct reporting.	In case the individual is paid by a foreign employer, his/her income is taxable in Finland and he/she has received taxable benefits in kind in addition to the monetary compensation, it is necessary to determine the taxable value for in kind benefits. In these cases a calculation of taxable income is required for Finnish tax reporting purposes. It may also be necessary to reassess the taxability of allowances, cost reimbursements, per diems, etc. Also, recalculation of taxable income is required in case the individual has a net	Tax credit method is usually applicable in case the "six-month rule" explained below is not applicable. The tax credit method is the most typical method for eliminating the double taxation in the double tax treaties concluded by Finland. Exemption with progression. Applied only in case the "six-month rule" is not applicable and the applicable tax treaty requires exemption method to be applied. For example the Nordic tax treaty requires the exemption with progression. The most common	No	In case the relief can be claimed based on the "six-month rule" explained above, the other member state's tax assessment is needed only in some rare cases to show that the other country has levied tax on the salary income. In case the salary income is taxable in Finland and tax credit is applied to eliminate the double taxation, the other member state's tax assessment or some other document showing the amount of tax collected to the other member state is required.	In case the salary is paid by a foreign employer, the individual is required to calculate and report the taxable salary income by him/herself whereas in purely domestic cases this reporting would be done by the employer. The Finnish tax authority also recommends that persons receiving income from abroad apply for advance taxes to be imposed on them, but this is not mandatory.

Country – Member State A	Importance to the country?	Should a different tax form be filed?	Is professional assistance needed for the filing of such a tax return?	Is a recalculation of income needed?	How is the relief for double taxation granted?	Are there negative tax effects with respect to the main residence?	Is the other member state's tax assessment needed in order to claim the relief from double taxation?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
				salary contract (employer responsible for actual taxes) and the salary income is taxable in Finland. In this case a net to gross calculation would be required, as for Finnish tax purposes gross salary needs to be reported on the tax return.	method to eliminate double taxation is exemption without progression. This method can be applied only if the requirements for the application of so called "six-month rule" in the Finnish domestic legislation are fulfilled. In case the individual travels frequently back to Finland and spends more than on average of six days per month in Finland, the exemption without progression method cannot be applied.			
France	Somewhat important (20.0%)	Yes. He files the standard form (#2042) + specific forms relating to the remuneration received outside	Yes. The non-French income to be reported in the French tax return should be recalculated under the French tax rules. This implies to have an	Yes	Tax credit and Exemption with progression	No. Tax credits with respect to the main residence remain applicable provided that	No	Yes. In case the taxpayer is non-resident, his employer should withhold income tax at source on salary each month and file

Country – Member State A	Importance to the country?	Should a different tax form be filed?	Is professional assistance needed for the filing of such a tax return?	Is a recalculation of income needed?	How is the relief for double taxation granted?	Are there negative tax effects with respect to the main residence?	Is the other member state's tax assessment needed in order to claim the relief from double taxation?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		France	understanding of the French tax rules in order to apply accurate deductions (SS contributions notably), non-French workdays exclusion, etc. In addition, specific boxes should be completed in order to claim an exemption and/or a tax credit according to the relevant tax treaty. This implies to have a good understanding of the tax treaty rules.			the taxpayer is still French tax resident		a monthly withholding tax return together with the payment. Non-residents are subject to specific filing deadlines (June 16 or 31 for NR instead of end of May for R) Non-residents cannot benefit from internal tax credit and/or tax deduction.
Germany	Somewhat important (35.0%)	No, the individual also has to file a German income tax return for unlimited-taxpayers.	Yes	The foreign sourced income as well as deductible expenses have to be considered in the German tax return. The respective amounts have to be determined based on German tax law.	The method to avoid any double taxation regarding employment income depends on the DTT in place.	No. However, please note that according to German tax law expenses related to the main residence (if the taxpayer used the residence himself) are not deductible for tax purposes.	Yes. Some tax officers in charge also want us to provide an additionally proof of payment regarding the taxes disclosed in the foreign tax assessment notice. If the respective proofs cannot be provided to the German tax authorities, national subject-to-tax clauses might apply.	Provided the foreign taxpayers have a domicile or habitual abode in Germany, they qualify as unlimited taxpayers and thus, the same requirements apply. Provided the foreign taxpayers qualify as limited taxpayers in Germany, they only have to file a

Country – Member State A	Importance to the country?	Should a different tax form be filed?	Is professional assistance needed for the filing of such a tax return?	Is a recalculation of income needed?	How is the relief for double taxation granted?	Are there negative tax effects with respect to the main residence?	Is the other member state's tax assessment needed in order to claim the relief from double taxation?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
								German tax return for limited taxpayers, if the German sourced income was not subject to withholding taxes. Foreign sourced income has not to be reported in the German tax return for limited taxpayers. Please note that it is required to apply for a certificate for limited taxpayers in order to withhold German wage tax in the most favourable amount (wage tax class I).
Greece	Negligible (8.0%)	No	Yes	Yes	Tax credit	No	Yes	No
Hungary	Negligible (< 1.0%)	No	Yes	Yes, considering the date of crediting the income, the relevant exchange rate and in certain cases number of workdays as well	Exemption with progression	No	No (but yes in case the return is audited)	No
Ireland	Negligible	In these	Some professional	Yes	Tax credit	No	Yes	As the individual

Country – Member State A	Importance to the country?	Should a different tax form be filed?	Is professional assistance needed for the filing of such a tax return?	Is a recalculation of income needed?	How is the relief for double taxation granted?	Are there negative tax effects with respect to the main residence?	Is the other member state's tax assessment needed in order to claim the relief from double taxation?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
	(< 5.0%)	circumstances the individual would be considered a 'chargeable person ' (someone with income that is not subject to payroll withholding) and may be required to file a Form 11, which is a longer and more detailed form. By comparison, if the individual were working only in Ireland, the shorter Form 12 would be applicable.	assistance may be necessary due to the complexity of claiming foreign tax credits and the possibility of availing of certain kinds of income tax reliefs.					would not be subject to PAYE in Ireland, they would be regarded as a 'chargeable person'. This may impose additional obligations, e.g. • Compulsory return filing • The risk of application of a late filing surcharge if the return is not made on time
Italy	Somewhat important (30.0%)	No, same tax return (ordinary tax return – "Unico Form").	Generally the return could be completed by the individual. In any case, since individual will have to insert abroad income and probably calculate a foreign tax credit, filing tax return will be much complicated.	This kind of calculations is required in respect of some employment income items (e.g. fringe benefits) that benefit from a favorable tax regime and in case individual claims a Foreign Tax	Tax credit	There aren't any negative effects in case taxpayers is a fiscal resident for tax purpose.	Yes, in case the other member state provide the taxpayers with a tax assessment, Italian tax authority require the document in order to grant the relief.	No, there aren't any other filing requirements in respect of income taxes. However, non-resident taxpayers are not required to file the financial monitoring return (i.e. a

Country – Member State A	Importance to the country?	Should a different tax form be filed?	Is professional assistance needed for the filing of such a tax return?	Is a recalculation of income needed?	How is the relief for double taxation granted?	Are there negative tax effects with respect to the main residence?	Is the other member state's tax assessment needed in order to claim the relief from double taxation?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
				Credit relief.				special section of the income tax return aimed at monitor the foreign assets)
Latvia	Negligible (6.0%)	No, the individual should file a standard tax return. There are no differences in forms of tax returns for individuals who work in/outside of Latvia.	The process of completion of tax return is similar. However, in this case additional activities during process of preparation of tax return shall be performed, such as, determination of a tax residency status, obtaining of a compensation details from foreign and local employers (if any), obtaining of a document which is approved by the foreign tax authorities and indicates the taxable income and amount of taxes paid abroad.	Yes, taxable income should be recalculated according to the Latvian legislation.	Exemption with progression	No	Yes, document approved by the foreign tax authorities, that indicates income earned and taxes paid is required to claim the relief for double taxation.	No
Lithuania	Somewhat important (35.0%)	No, in both cases an annual resident`s tax	Due to probable taxation of income in more than one country,	As the person would most likely be treated as a Lithuanian tax	Exemption	In case a person is treated as a Lithuania tax	In general yes, a person wishing to claim relief for double taxation should	Such a person (foreign taxpayer) is required to

Country – Member State A	Importance to the country?	Should a different tax form be filed?	Is professional assistance needed for the filing of such a tax return?	Is a recalculation of income needed?	How is the relief for double taxation granted?	Are there negative tax effects with respect to the main residence?	Is the other member state's tax assessment needed in order to claim the relief from double taxation?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		return shall be filed as the individual has a permanent home available to him in Lithuania.	additional analyses and documents may be required and elimination of double taxation may have to be considered. Filing of the tax return personally would be much more complicated than in the case were an individual only works in his home country.	resident, his worldwide income would be taxable in Lithuania. In order to eliminate double taxation (if any) a recalculation of taxable income would be required.		resident according to the Lithuanian legislation, tax incentives and benefits (including the housing mortgage interest deduction) set in the Lithuanian legislation shall be applicable to him despite of where the person has his main residence or despite the fact that he may be treated as a tax resident in a another member state according to the Treaty on Avoidance of Double Taxation. However, it should be noted that in case the	provide proof of taxation in another member state. However, for EU / Treaty countries it does not necessarily have to be a tax assessment, it may be another document issued by the member state`s tax authorities or the member state`s resident entity which made the payment to the individual indicating the amount of income paid to the individual and the income tax paid/withheld in the other member state.	obtain a residence permit from the Lithuanian Migration Authorities if he spends more than 3 months in a 6 month period in Lithuania and he also has to declare his living place in Lithuania. Such individual must also obtain a tax payer`s identification number to be able to report his income in Lithuania.

Country – Member State A	Importance to the country?	Should a different tax form be filed?	Is professional assistance needed for the filing of such a tax return?	Is a recalculation of income needed?	How is the relief for double taxation granted?	Are there negative tax effects with respect to the main residence?	Is the other member state's tax assessment needed in order to claim the relief from double taxation?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
						person`s income received from another member state shall be taxed at source there may be not enough income taxable in Lithuania to utilize the applicable incentives and deductions.		
Luxemburg	Somewhat important (15.0%)	No	It depends whether the foreign part of the remuneration has been treated properly through the payroll or not. Should it has not been the case, then it requires the assistance of a professional/payroll specialist.	Possibly, only if it has not been done through the payroll.	Exemption with progression	No, since in that case the individual, as a Luxembourg resident taxpayer, will benefit from all deductions.	Not necessarily but it could be requested by the Luxembourg tax authorities (on a case by case basis).	There is no other specific requirement except the one related to filing obligation since criterion are quite different for a Luxembourg non tax resident.
Malta	Negligible (1.0%)	No	Yes	A person resident and domiciled in Malta will be taxed on a worldwide basis however they are	Tax credit : Deducted from the tax due in Malta Exemption with	No	Proof of tax payment is required.	No

Country – Member State A	Importance to the country?	Should a different tax form be filed?	Is professional assistance needed for the filing of such a tax return?	Is a recalculation of income needed?	How is the relief for double taxation granted?	Are there negative tax effects with respect to the main residence?	Is the other member state's tax assessment needed in order to claim the relief from double taxation?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
				eligible for refund on the tax paid above.	progression: A deduction from tax			
Netherlands	Somewhat important (10.0-15.0%)	No, all residents file the same tax return.	Yes it's much more complicated because of the recalculation of taxable income that is required. Individuals may need professional expertise to file a tax return with cross-border implications.	Yes, a recalculation of taxable income is required.	Exemption with progression	Yes the individual may not be able to fully effectuate the mortgage interest deduction immediately (depending on the amount of foreign income) and a progression disadvantage will occur.	No, however the Dutch tax authorities may request for proof that foreign taxes are paid.	No
Poland	Important (46.5%)	No, however certain additional specific attachments / forms to the tax return may be applicable in this case	YES, however, the assistance of tax advisor is not mandatory and the individual may still wish to submit the return prepared by himself	Generally yes	Tax credit and exemption with progression. In case of lack of the double tax treaty – credit method applies (based on the Polish tax law). Additionally, in case of the credit method (regardless of whether DTT is	Generally no	Generally no, however, it may be requested by the tax office in the course of the tax return examination or the tax audit.	Statements to the return concerning foreign source income.

Country – Member State A	Importance to the country?	Should a different tax form be filed?	Is professional assistance needed for the filing of such a tax return?	Is a recalculation of income needed?	How is the relief for double taxation granted?	Are there negative tax effects with respect to the main residence?	Is the other member state's tax assessment needed in order to claim the relief from double taxation?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
					in force or not), it is possible to apply an abolition allowance - tax deduction which makes the tax credit method equal to exemption method – with respect to the employment income and business activity.			
Portugal	[TBC]	In case the individual is deemed resident of Portugal, the tax return is the same, however, a new annex should be included in this tax return (i.e., in relation to foreign-source income). Notwithstanding, assuming the individual does not stay in Portugal for more	In principle, yes, assuming that the individual claims for the foreign tax credit in relation to tax paid abroad.	Yes, in order to asses on whether such income is taxable in Portugal, either as pursuant to domestic or under the relevant Double Tax Treaty.	Tax credit and exemption with progression	No, assuming the residence of the household remains unchanged. If the individual becomes non-resident, he is not entitled to any deductions. The individual may also loose the exemption for Municipal Property tax purposes and may have to pay	Yes. The Portuguese Tax Authorities require the original or authenticated copy of the assessment (or a document that proves the amount of income and taxes paid abroad).	No

Country – Member State A	Importance to the country?	Should a different tax form be filed?	Is professional assistance needed for the filing of such a tax return?	Is a recalculation of income needed?	How is the relief for double taxation granted?	Are there negative tax effects with respect to the main residence?	Is the other member state's tax assessment needed in order to claim the relief from double taxation?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		than 183 days in a calendar year and is able to submit evidence that no connection exists between the majority of his activities and the Portuguese territory, he may be deemed to be a non-resident in Portugal. However, his spouse residing in Portugal is deemed resident and taxed under rules applicable to split couples (in this case, the spouse files a return as resident under the split couple rules and the individual files a return as non-resident (if he earns income not liable to definitive				additional tax for Real Estate Transfer Tax if he becomes non-resident in the period of six years after the purchase of the main residency.		

Country – Member State A	Importance to the country?	Should a different tax form be filed?	Is professional assistance needed for the filing of such a tax return?	Is a recalculation of income needed?	How is the relief for double taxation granted?	Are there negative tax effects with respect to the main residence?	Is the other member state's tax assessment needed in order to claim the relief from double taxation?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		withholding taxation).						
Romania	Negligible (0.0%)	If the individual would work in Romania, the process described under point A6 would apply. Consequently, no personal reporting obligations would arise for him in this case either.	N/A	N/A	N/A	No	N/A	No
Slovakia	Negligible (5.0%*) *if employees with contract with host country entity) 30% (if also employees on Slovak payroll assigned abroad	No, the tax return form is the same; however some specifics need to be indicated in the tax return form.	The tax return form can be filled also by an individual without any professional qualification in taxes or economics while following the explanatory tax return filing instructions issued by the Tax Authorities (to the tax return form). However, the assistance of a professional is recommended. In more complex cross border situations with	Yes. For determination of taxable income the Slovak tax legislation needs to be followed.	Basically, the method of elimination of double taxation is applied based on the tax treaty entered into between the Slovak Republic and the source country. However, for employment income from foreign sources, regardless of the method for the elimination double taxation provided in	No. There are no allowances / deductions of tax liability available linked to the main residence in Slovakia. Income from sale of main residence is exempt from income tax provided minimum 5 years holding period is met.	Need for tax assessment depends on the method of avoidance of double taxation. • Application of credit method - the exact amount of tax is needed at the time of preparation of the tax return. Usually foreign tax assessment / tax return is required by Tax Authority to prove that income was actually taxed abroad. • Application of exemption method – no foreign tax	No

Country – Member State A	Importance to the country?	Should a different tax form be filed?	Is professional assistance needed for the filing of such a tax return?	Is a recalculation of income needed?	How is the relief for double taxation granted?	Are there negative tax effects with respect to the main residence?	Is the other member state's tax assessment needed in order to claim the relief from double taxation?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
			foreign income elements, the professional assistance of a tax advisor / accountant is strongly recommended in order to apply/consider double tax treaty provisions to determine the proper tax treatment and avoid potential double taxation of income.		the respective tax treaty, Slovak tax residents may apply the exemption method if both of the following conditions are satisfied (1) the income was provably taxed abroad and (2) such treatment is more favorable for the individual.		assessment needed in order to claim the relief. Fact that income is taxable abroad is acceptable to apply income exemption method per DTT. For employment income from foreign sources, regardless of the method for the elimination double taxation provided in the respective DTT, Slovak tax residents may apply the exemption method if the income was provably taxed abroad (tax assessment usually required) and such treatment is more favorable for the individual.	
Slovenia	Somewhat important (20.0%)	No, the filling requirements are the same	It depends on the situation and whether monthly tax filling was done.	Yes.	Tax credit	Tax reliefs cannot be claimed	A Certificate of tax paid is needed. However if such document is not issued by the other member state that tax assessment must be provided.	*In all cases monthly tax returns are mandatory for foreign income in case of Slovenian source income or Slovenian tax resident with*

Country – Member State A	Importance to the country?	Should a different tax form be filed?	Is professional assistance needed for the filing of such a tax return?	Is a recalculation of income needed?	How is the relief for double taxation granted?	Are there negative tax effects with respect to the main residence?	Is the other member state's tax assessment needed in order to claim the relief from double taxation?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
								foreign source income.
Spain	Somewhat important (20.0%)	Yes	Yes	No	Tax credit.	N/A	Yes	We should analyze every case in order to determine if there are any further obligations.
Sweden	Somewhat important (20.0%)	No	Yes	Yes	A tax credit or an exemption with progression and other.	Yes	Yes	No
United Kingdom	Negligible (4.3%)	Same tax return but there would be a need to complete additional pages (Foreign pages) to substantiate the foreign source income and claim for a foreign tax credit and potentially the Residence pages.	Yes – in most cases we would expect this to be a difficult task for the individual. Furthermore, the HM Revenue & Customs on-line tax return does not cover this situation and so the individual needs to file a paper version of the tax return or use commercial tax return software.	Yes	tax credit	No – there is no relief for a main residence	No – details of income and the tax paid to the other member state are required. HM Revenue & Customs might ask for a copy of the tax assessment if the UK tax return was subject to audit.	No

3.2.2 Country overview – Country Member State B

Country – Member State B	Importance to the country?	Should the individual file a tax return in your country?	Can the return be filed electronically?	Can the return be filed in another than your country's official language?	Is there a possibility to claim a tax benefit in your country for the main residence?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
Austria	Somewhat important (10.0%)	Yes	Yes (we have to apply for a tax number first)	No	No	No
Belgium	Somewhat important (18.0%)	Filing obligation exists when the income is related to Belgian workdays and no treaty claim can be applied.	Yes	Not the official tax return form, but non-residents need to introduce their tax return to specific tax authorities who accept English correspondence and in some instances other languages such as Italian or Spanish.	Yes	No
Bulgaria	Somewhat important (10.0%)	Yes	Yes, but this process also involves a personal visit to the tax authorities.	No	Yes	No
Croatia	Important (40.0%)	Yes (monthly tax returns and possibly annual tax return)	Monthly yes, annual no.	No	Generally, benefits are available in such cases.	No
Cyprus	Somewhat important (< 40.0%)	Yes, on the proviso that his income exceeds EUR 19.500	Yes	Yes	N/A	No
Czech Republic	Somewhat important (15.0%)	Generally, yes. In certain cases the tax return is not required	Yes, with the certified electronic signature. When filing via databox (special mailbox used for communication with the Czech authorities) an electronic version of the document (.xml format) must be sent.	No	Yes	No
Denmark	Somewhat important (20.0%) (We assume this	Yes	Yes, but only in Danish	Yes The forms are available in English.	Yes, provided certain conditions are fulfilled (The Danish travel	No

Country – Member State B	Importance to the country?	Should the individual file a tax return in your country?	Can the return be filed electronically?	Can the return be filed in another than your country's official language?	Is there a possibility to claim a tax benefit in your country for the main residence?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
	scenario not only covers commuters, but also inbound assignees not accompanied by their family. We also assume this scenario is not intended to cover individuals that would fulfill the 90% requirement had they been in Denmark for the entire year.)				rules/grænsegænger-reglen)	
Estonia	Somewhat important (30.0%)	Yes, if tax is not withheld	Yes	No	Yes, if at least 75% of income is earned in Estonia.	No
Finland	Negligible (< 5.0%)	It is assumed that in this case the employee would be considered as tax resident in Finland according to Finnish domestic legislation and paid by a Finnish resident employer. A tax return is not required in case the individual is covered by the Finnish expatriate regime, individual has not received any other income than his/her salary income, and 35% tax-at-source has been collected	Electronic filing is possible in case the individual has Finnish electronic banking or other electronic ID numbers that are needed to login to the electronic filing portal. However, it is not possible to make all claims or attach supporting documentation electronically (e.g. foreign tax credit claims).	The official pre-filled tax return forms that are usually used for filing are available only in Finnish or Swedish, but it is also possible to file the Finnish tax return using blank forms available in English.	Yes	No

Country – Member State B	Importance to the country?	Should the individual file a tax return in your country?	Can the return be filed electronically?	Can the return be filed in another than your country's official language?	Is there a possibility to claim a tax benefit in your country for the main residence?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		from this salary income to Finland. Should all of the above conditions not be fulfilled, the tax return filing is usually required (or at least the pre-filled tax return should be reviewed).				
France	Somewhat important (30.0%)	Yes	Yes	No	No, since the taxpayer is considered as NR	Yes. In case the taxpayer is non-resident, his employer should withhold income tax at source on salary each month and file a monthly withholding tax return together with the payment. Non-residents are subject to specific filing deadlines (June 16 or 31 for NR instead of end of May for R) Non-residents cannot benefit from internal tax credit and/or tax deduction.
Germany	Somewhat important (35.0%)	Yes. Generally, non-residents are obliged to file a German tax return if they receive German sourced income. However, provided the respective German sourced income is subject to withholding taxes (i.e.	The electronic filing is only possible for tax returns for unlimited taxpayers. For limited taxpayers tax returns need to be filed in hardcopy.	No	No	Provided the foreign taxpayers have a domicile or habitual abode in Germany, they qualify as unlimited taxpayers and thus, the same requirements apply. Provided the foreign

Country – Member State B	Importance to the country?	Should the individual file a tax return in your country?	Can the return be filed electronically?	Can the return be filed in another than your country's official language?	Is there a possibility to claim a tax benefit in your country for the main residence?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		employment income) and these taxes are withheld to the correct amount; the withholding taxes are the final one and no tax return needs to be filed. The individual has also the possibility to file a German income tax return for unlimited taxpayers on application, if at least 90% of his income is taxable in Germany, if so, foreign sourced income needs to be considered for progression clause				taxpayers qualify as limited taxpayers in Germany, they only have to file a German tax return for limited taxpayers, if the German sourced income was not subject to withholding taxes. Foreign sourced income has not to be reported in the German tax return for limited taxpayers. Please note that it is required to apply for a certificate for limited taxpayers in order to withhold German wage tax in the most favourable amount (wage tax class I).
Greece	Negligible (5.0%)	Yes	Yes	No	No	No.
Hungary	Negligible (< 1.0%)	Yes	Yes	No	No	No
Ireland	Negligible (< 5.0%)	If the income is fully subject to payroll withholding (PAYE) and there is no unearned income or gains, a return is only required if specifically requested by Revenue.	Not currently if all the income is subject to PAYE. Self-Assessed taxpayers may file online.	No	No	No
Italy	Somewhat important (35.0%)	Yes but only with reference to the Italian source income (as long as he is regarded as non-resident)	Yes, this kind of service is available in Italy.	Since in some Italian regions there are specific linguistic minorities, tax returns are available in English, French, Germany and Slovenian	No	No, there aren't any other filing requirements.

Country – Member State B	Importance to the country?	Should the individual file a tax return in your country?	Can the return be filed electronically?	Can the return be filed in another than your country's official language?	Is there a possibility to claim a tax benefit in your country for the main residence?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
				Language		
Latvia	Negligible (5.0%)	Yes	Yes, if individual has an access to Electronic Declaration System.	No, tax return shall be filed in Latvian language.	Non-residents are subject to tax on their Latvian – source income, thus income earned in Latvia shall be taxed in Latvia.	No
Lithuania	Important (45.0%)	Yes	Yes, in case a person uses a Lithuanian electronic banking system.	In case it is a non-resident tax return – yes In case it is a resident tax return - no	Lithuanian residents (treated as residents according to the Lithuanian tax legislation) may reduce their taxable income in Lithuania if they incur housing mortgage interest for the house bought in Lithuania until the 1 January 2009.	Such a person (foreign taxpayer) is required to obtain a residence permit from the Lithuanian Migration Authorities if he spends more than 3 months in a 6 month period in Lithuania and he also has to declare his living place in Lithuania. Such individual must also obtain a tax payer`s identification number to be able to report his income in Lithuania.
Luxemburg	Important (50.0%)	Not automatically, depending on the outcome of the analysis, there may be an obligation to file a tax return or not.	Yes (assuming that the taxpayer holds a specific certification issued by Luxtrust).	No (Luxembourg government is planning to edit tax forms in English version as well).	Yes, possible to the extent that the taxpayer meets the conditions to file a tax return as a Luxembourg resident (filing opportunities in Luxembourg).	No
Malta	Somewhat important (10.0%)	Yes	Yes	Yes	No	No
Netherlands	Somewhat important (15.0%)	Yes	Yes	No, the tax return can only be filed in the Dutch language.	Yes, based on EU jurisprudence (Renneberg & Schumacker)	No

Country – Member State B	Importance to the country?	Should the individual file a tax return in your country?	Can the return be filed electronically?	Can the return be filed in another than your country's official language?	Is there a possibility to claim a tax benefit in your country for the main residence?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
Poland	Important (46.5%)	Generally YES	Yes	No	In general no, however there is a tax relief (exemption) in the amount of PLN 500 per month for housing provided by the Employer (according to the Polish tax law).	Generally no
Portugal	[TBC]	Yes. Assuming that he stays in Portugal for more than 183 days , he should be deemed as resident in Portugal (as pursuant to domestic provisions) and, therefore, required to file a tax return therein. Furthermore, residents of EU member states may also opt to be taxed as if they were residents of Portugal. This option is available to employment income if the individual's Portuguese source income is at least 90% of his worldwide income derived from during the year.	Yes	No	Yes, assuming the individual is taxed as resident in Portugal, he will be entitled to credit some expenses (e.g., interest on loans) related to the acquisition (or improvement) or rental payments in connection to a residence in Portugal or a country in the EU.	No
Romania	Important (40.0%)	In Romania, salary income is subject to monthly reporting process. In case of secondees, the individual has the obligation to calculate, report and pay the taxed due here personally. A monthly tax return should be	No, only on paper format.	No, the tax return can be filled only in Romanian.	No	No

Country – Member State B	Importance to the country?	Should the individual file a tax return in your country?	Can the return be filed electronically?	Can the return be filed in another than your country's official language?	Is there a possibility to claim a tax benefit in your country for the main residence?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		submitted.				
Slovakia	Somewhat important (10.0%*) *if foreign employees with local Slovak contracts; 40% if also foreign employees assigned to Slovakia	An individual (an employee), who receives only Slovak source employment income (or income subject to Slovak withholding tax at source), can request his/her Slovak employer to prepare the Annual Tax Reconciliation for the calendar year concerned. Consequently, preparation of tax return is not required.	Tax returns may be filled via electronic means if the person has certified digital signature or established electronic communication with the Tax Authority (via mutual agreement concluded). Please note that as of 1 January 2014 obligatory electronic communication for selected tax payers was established (e.g. all VAT payers, taxpayers represented by tax advisors / legal representatives and VAT payers represented by other persons).	No	No. No allowances / deductions of tax liability available linked to main residence in Slovakia.	No
Slovenia	Somewhat important (30.0%)	Depends, assuming he is ta nonresident individual can choose whether he wants to file it or not	Yes.	No. Except in the area where Italian and Hungarian minority live.	If decides to file annual tax return than he can claim tax reliefs.	In case individual decides to file annual tax return he must obtain a sign off from country where he is a tax resident that he has not filed a tax return or claimed any reliefs in that country.
Spain	Negligible (5.0%)	We should analyze every different situation in order to determine whether there is an obligation or not	Yes, when the individual is provided with a certificate	The steps that must be followed are available in the co-official languages and in English, but the forms for filing are available in Spanish (and in some cases	N/A	We should analyze every different situation in order to determine if there are any further obligations.

Country – Member State B	Importance to the country?	Should the individual file a tax return in your country?	Can the return be filed electronically?	Can the return be filed in another than your country's official language?	Is there a possibility to claim a tax benefit in your country for the main residence?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
				in English).		
Sweden	Somewhat important (20.0%)	Yes	Yes	No - however personal information by letter can be submitted in other languages, preferably English.	Yes	No
United Kingdom	Negligible (4.3%)	Yes	Yes	No	No – there is no relief for a main residence	Same tax return but there would be a need to complete additional pages (the Residence pages) and to provide a certificate of residence in the other member state – assumption is that even if regarded as domestic tax resident in the UK the individual will tie-break to the other member state and be treaty resident there.

Case 2

Person who has lived in Member State A with her husband and children in a house that they own but who then moved with her husband and family to Member State B to work. They sell their home but they keep a summer house that they let for most of the year.

3.3.1 Country overview – Country Member State A

Country - Member State A	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Should the income from the summer house be reported in your country?	Is the income from the summer house treated in the same manner as in case the individual would have lived in Member State A?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
Austria	Negligible (< 5.0%)	Yes.	Yes.	Yes.	Yes.	No.	They have to de-register their Austrian home (main residence) in Austria. There are different forms.
Belgium	Negligible (8.0%)	Yes, he should file a Belgian resident tax return special reporting his worldwide income as from January 1 until the day he deregisters from the Belgian commune.	No	No, a paper form should be requested with the competent authority. The tax return special should be introduced within a period of three months following the individual's departure.	The income should be reported in a Belgian non-resident tax return if the income exceeds EUR 2.500,00.	Yes.	Yes, deregistration is required at the Belgian commune. In addition, while the Belgian tax compliance is organized in a way that every paying (for income) or receiving (for qualifying expenses) entity will issue a certificate which details the reportable amount along with the relevant code on the return. For residents leaving the country, these certificates are not issued in time so the taxpayer will have to reconcile all income and expenses himself.
Bulgaria	Negligible (5.0%)	Generally no, unless split residency under a Treaty for Avoidance of	Yes	Yes, but this process also involves a personal	Yes	Generally Yes	No

Country - Member State A	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Should the income from the summer house be reported in your country?	Is the income from the summer house treated in the same manner as in case the individual would have lived in Member State A?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		Double Taxation (DTT) is applied.		visit to the tax authorities			
Croatia	Somewhat important (10.0%)	No	Potentially yes (depends on taxpayer's circumstances).	No	Yes. However, not included in annual tax return.	Yes.	No
Cyprus	Negligible (< 5.0%)	No	N/A	Yes	Yes, on the proviso that it exceeds EUR 19.500.	Yes, for Income Tax purposes. In addition, not subject to SDC assuming not tax resident	No
Czech Republic	Negligible (1.0%)	No	Generally, yes.	Yes, with the certified electronic signature. When filing via databox (special mailbox used for communication with the Czech authorities) an electronic version of the document (.xml format) must be sent.	Yes	Yes	No
Denmark	Negligible (1.0 – 5.0%)	Yes	Yes	Yes	Yes	Yes Tax imposed may vary	Yes, assuming an exit tax applies.
Estonia	Negligible (0.0%)	Yes, two different tax returns in case of change of tax residency	Yes	Yes	Yes	Yes	No
Finland	Negligible (< 10.0%)	The tax return format is the same in both situations. However, the content of the tax return would be different, the	The person should be able to complete the return without professional tax assistance at least in	Electronic filing is generally possible in case the individual has Finnish electronic banking or other	Yes, in case the individual would receive rental income or capital gains from the sale of the	Yes	No

Country - Member State A	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Should the income from the summer house be reported in your country?	Is the income from the summer house treated in the same manner as in case the individual would have lived in Member State A?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		return being more complicated to prepare in a situation where the person works outside of Finland (if the individual is also paid from outside of Finland, the tax return could be even more complex to prepare). It may also be possible for the individual to claim for a non-residency status after moving outside of Finland permanently. Should this claim be accepted, the individual would be required to file a tax return in Finland in the following years only if she would receive some Finnish sourced income that is not subject to final tax-at-source withholding.	a situation where his salary income is not taxable in Finland (based on Finnish national legislation) and in case he/she is not covered by the Finnish social security. In case the tax exemption rule cannot be applied, professional tax assistance may be required. In case the tax exemption cannot be applied and salary is paid by a foreign entity, professional tax assistance is almost always required. In case the individual would like to claim for a non-resident status after the departure, professional tax assistance may also be required.	electronic ID numbers that are needed to login to the electronic filing portal. However, it is not possible to make all claims or attach supporting documentation electronically (e.g. foreign tax credit claims).	summer house.		
France	Negligible	Yes. He must file a	Yes	Yes	Yes provided that the	Yes for the	No

Country - Member State A	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Should the income from the summer house be reported in your country?	Is the income from the summer house treated in the same manner as in case the individual would have lived in Member State A?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
	(5.0 – 10.0%)	return as R (departure tax return with worldwide income from January 1 to the date of departure) and a return as NR (with French source income only from the date of departure to December 31)			rental income is taxable in France according to the relevant tax treaty	determination of the taxable income. No, for the tax rate (NR are subject to a minimum 20% tax rate unless they can justify that they would have been subject to a lower effective rate in case they would have been considered as R with report of their worldwide income)	
Germany	Somewhat important (12.0%)	As long as the individual has a house in Germany for personal use, he has to file a German income tax return for unlimited taxpayers for the entire calendar year. As of the following year (only a summer house) the individual should generally only have a filing obligation of a German income tax return for limited taxpayers if he has German sourced income which was not subject to	No	The electronic filing is only possible for tax returns for unlimited taxpayers. For limited taxpayers tax returns need to be filed in hardcopy.	Provided the summer house is located in Germany and the individual has income/losses from rent and lease in this respect, this has to be reported in the German tax return (no withholding tax).	Yes. The respective income has to be reported in the German tax return for unlimited taxpayers as well as for limited taxpayers as the respective rental income is German sourced income.	Provided the foreign taxpayers have a domicile or habitual abode in Germany, they qualify as unlimited taxpayers and thus, the same requirements apply. Provided the foreign taxpayers qualify as limited taxpayers in Germany, they only have to file a German tax return for limited taxpayers, if the German sourced income was not subject to withholding taxes. Foreign sourced income has not to be reported in the German tax return for

Country - Member State A	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Should the income from the summer house be reported in your country?	Is the income from the summer house treated in the same manner as in case the individual would have lived in Member State A?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		withholding tax in the correct amount. However, we would like to point out that there is a risk that the German tax authorities qualify the summer house as a German residence, in particular if it is not rented out for the entire year. If so, the individuals have to be qualified as unlimited taxpayers and have to file a German tax return. Thus, case by case evaluation is required.					limited taxpayers. Please note that it is required to apply for a certificate for limited taxpayers in order to withhold German wage tax in the most favourable amount (wage tax class I).
Greece	Somewhat important (20.0%)	Yes she files as a Greek tax resident up to the day of departure and not the full year.	Yes	Yes	Yes. Capital gains tax apply.	Yes. Capital gains tax apply.	No
Hungary	Negligible (< 1.0%)	No	Yes	Yes	Yes	Yes	No
Ireland	Negligible (< 1.0%)	No	They may be required to complete the more detailed Form 11 return which is for taxpayers with sources of income other than salary, wages etc.	Yes	Yes	Yes	No

Country - Member State A	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Should the income from the summer house be reported in your country?	Is the income from the summer house treated in the same manner as in case the individual would have lived in Member State A?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
Italy	Somewhat important (10.0%)	No, he should file the same tax return model.	No, this situation is not much more complicated and individual could file tax return by himself.	Yes, this kind of service is available in Italy	Only in case he receive a rental income.	Yes, the income should be treated in the same manner.	No, there aren't any other filing requirements.
Latvia	Negligible (3.0%)	No, Latvian legislative acts do not provide specific form of tax return for individuals who moved to another country.	The process of completion of tax return is similar. However, obtaining of additional information documents and determination of a tax residency status shall be performed.	Yes, if individual has an access to Electronic Declaration System	Yes, rental income is subject to tax and shall be reported.	Yes, as it is Latvian source income, there are the same rates and treatment for both Latvian residents or non - residents.	No
Lithuania	Negligible (5.0%)	No, the tax return form remains the same. Depending on the situation a person may be required to file a departure and an annual tax return, however the tax return forms are the same.	In the year of migration dual residency issue may have to be solved, elimination of double taxation may be required, so additional analysis would be required and the reporting of income may become more complicated.	Yes	Yes	Yes	The person would be obliged to de-register his / her living place in Lithuania.
Luxemburg	Somewhat important (10.0%)	No, same form to be used (no dedicated tax form for departure/arrival).	A special form has to be filed for the rental income derived from the summer house	Yes	Yes, since the house is located in Luxembourg (income qualifies as	Yes	No

Country - Member State A	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Should the income from the summer house be reported in your country?	Is the income from the summer house treated in the same manner as in case the individual would have lived in Member State A?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
			and may require professional tax assistance especially to determine taxable/loss income according to local tax law.		Luxembourg source income).		
Malta	Negligible (0.0%)	No	No	Yes	Yes	Yes	No
Netherlands	Negligible (5.0 – 10.0%)	Yes, in the year of the migration a migration tax return has to be filed.	Yes, it is more complicated and can only be filed on paper.	No, the migration tax return cannot be filed electronically.	Yes	Yes, income from savings and investments.	No
Poland	Negligible (0.5%)	No, additional specific attachments / forms to the tax return may be applicable in this case	Potentially yes , however, the assistance of tax advisor is not mandatory and the individual may still wish to submit the return prepared by himself	Yes	Yes	Generally yes , under the main rule that it is taxed in the country in which the real estate is located (depends on the double tax treaty provisions)	Potentially, additional forms / attachments could be required
Portugal		Depends on her tax status (resident *versus* non-resident). In any case, non-residents who receive rental income from Portugal must also file a tax return to report such income (as no final withholding tax applies).	In principle, yes, in case the individual is deemed as resident in Portugal, taking into consideration that he may be taxed in two countries and, therefore, be entitled to claim for a foreign tax credit. In	Yes	Regardless of the tax status of the individual, rental income or capital gains derived from the sale of a summer house located within the Portuguese territory, should be reported and taxable	Again, this depends on the tax status of the individual. In any case, in what regards rental income, a 28% flat rate applies, either in relation to residents and non-residents . However, residents	No

Country - Member State A	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Should the income from the summer house be reported in your country?	Is the income from the summer house treated in the same manner as in case the individual would have lived in Member State A?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
			particular, the complexity is higher in transfer years.		in our country (in principle, also under the Double Tax Treaties Portugal would be entitled to tax).	may elect to include rental income in taxable income in the tax return.	
Romania	Negligible (0.0%)	No, for rental income obtained from Romania the individual should file the same tax return as he would continue to live in Romania.	N/A	Yes, the tax return above can be filed electronically as well.	Yes	Yes	No
Slovakia	Negligible (5.0%)	No, the tax return form is the same; however some specifics need to be indicated in the tax return. Tax return filing deadline is the ordinary tax return filing date. No specific “exit” tax filings required.	We would recommend the assistance of the tax professional as it is necessary to consider the tax residency position, the allocation of income etc. The filling of the form could be managed also by an individual without any professional qualification in taxes or economics while following the explanatory tax return filing instructions issued by	Tax returns may be filled via electronic means if the person has certified digital signature or established electronic communication with the Tax Authority (via mutual agreement concluded). Please note that as of 1 January 2014 obligatory electronic communication for selected tax payers was established (e.g. all VAT payers, taxpayers represented by tax advisors / legal	Yes. Income from renting the Slovak property (exceeding EUR 500) is considered taxable Slovak source income reportable for Slovak tax purposes.	Yes, no beneficial regime applies for non-residents.	No

Country - Member State A	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Should the income from the summer house be reported in your country?	Is the income from the summer house treated in the same manner as in case the individual would have lived in Member State A?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
			the Tax Authorities (to the tax return form).	representatives and VAT payers represented by other persons).			
Slovenia	Negligible (2.0%)	No, just the timing is different	Yes	Yes	Yes	Yes	No
Spain	Negligible (5.0%)	For the first year, it will depend on the date they will leave the country, due to the fact that, according to the Spanish Tax Law, an individual is deemed to be a Spanish Tax Resident when he/she spends more than 183 days in Spain. Therefore, if the individual spent more than 183 days during the year in Spain, the situation will not change. In case that he/she spent less than this number of days in Spain, the situation will vary, as the individual will be considered as a Spanish non tax resident.	Yes	Yes, when the individual is provided with a certificate	Yes, in both scenarios.	Assuming that the individual will be considered as a Spanish non tax resident for the tax year, the income from the summer house will not be treated in the same manner, being taxed at 24.75%,	When renting a house, the obligation to file the correspondent tax return is set on a quarterly basis instead of being set on a yearly obligation.
Sweden	Somewhat important (30.0%)	No	Yes	Yes	Yes	Yes	Yes – coupon tax instead of capital gains tax.

Country - Member State A	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Should the income from the summer house be reported in your country?	Is the income from the summer house treated in the same manner as in case the individual would have lived in Member State A?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
United Kingdom	Negligible (0.0 – 1.0%)	Same tax return but there would be additional supplementary pages to deal with – residence pages and Land & Property	Depends on the capability of the individual – likely to need professional tax assistance.	Yes	Yes	Yes	Same tax return but there would be a need to complete additional pages (the Residence pages). HM Revenue & Customs on-line tax return does not cover this situation and so the individual needs to file a paper version of the tax return or use commercial tax return software.

3.3.2 Country overview – Country Member State B

Country – Member State B	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	How is the income from the summer house reported?	Is a relief for double taxation granted for the income from the summer house?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
Austria	Negligible (< 5.0%)	No.	Yes.	Yes (we have to apply for a tax number first).	No.	Rental income. Yes.	Depending on DTT.	No.
Belgium	Somewhat important (28.7%)	They should file a Belgian resident tax return, reporting their worldwide income as from the day they register with the Belgian commune, unless they benefit from a special tax regime, which is approximately 95% of the 55% quoted above.	No.	Yes.	Officially a resident tax return should be filed in one of the three country languages.	If not rented out, the deemed rental value. In case rented out, taxes should be paid on : - Deemed rental value increased by 40% when rented to a private user - The rent received in case rented for professional usage	Yes, Belgium will progressively exempt the income.	No.
Bulgaria	Somewhat important (10.0%)	Yes, depending on her residence status.	Yes	Yes, but this process also involves a personal visit to the tax authorities	No	No valuation of the house is necessary, only amounts for rent received are reported. Most DTTs do not give right to Bulgaria to tax such income and it is subject to exemption in the tax return.	Yes, exemption with progression.	No
Croatia	Somewhat important (10.0%)	No	Yes	No	No	Based on rental contract. Valuation is generally not necessary.	Yes to residents (credit for	No

Country – Member State B	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	How is the income from the summer house reported?	Is a relief for double taxation granted for the income from the summer house?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
							taxes paid abroad, up to tax payable in Croatia).	
Cyprus	Negligible (< 5.0%)	NO	N/A	Yes	Yes, in English	If the person is a resident of Cyprus (183 days test) then income should be reported on its tax return. A valuation is not required.	Yes, credit method irrespective of whether a DTT exists.	No
Czech Republic	Negligible (5.0%)	No	Generally, yes.	Yes, with the certified electronic signature. When filing via databox (special mailbox used for communication with the Czech authorities) an electronic version of the document (.xml format) must be sent.	No	The rental income should be reported in the tax return. Valuation is needed only in very specific cases.	Yes. The tax relief depends on the respective Tax Treaty.	No
Denmark	Negligible (5.0 – 10.0%)	Yes	Yes A foreign individual is unlikely to be able to file a tax return on their own for the entry year.	Yes	Not electronically	SKAT will typically accept an estimate, but ideally the house should be evaluated	Typically handled by the double tax treaty. But internal rules can also apply	No
Estonia	Negligible	Yes, two different tax	Yes	Yes	No	Income from letting is	Yes, ordinary	No

Country – Member State B	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	How is the income from the summer house reported?	Is a relief for double taxation granted for the income from the summer house?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
	(0.0%)	returns in case of change of tax residency				reported, costs cannot be deducted. Valuation is not necessary	credit method	
Finland	Negligible (< 10%)	Yes. It is likely that in case the individual would be considered as non-tax resident in Finland in case she would be living outside of Finland. Non-residents are required to file a tax return in Finland only on their Finnish sourced income and only if they receive Finnish sourced income from which no final tax-at-source has been collected to Finland. As the individual has moved to Finland, she will be considered as Finnish tax resident and required to report her worldwide income to Finland starting from the day they moved to Finland.	The individual may need assistance at least with the first migration year tax return filing, as she would not be familiar with the Finnish tax reporting requirements, available deductions and taxable income.	Electronic filing is possible in case the individual has Finnish electronic banking or other electronic ID numbers that are needed to login to the electronic filing portal. However, it is not possible to make all claims or attach supporting documentation electronically (e.g. foreign tax credit claims).	The official pre-filled tax return forms that are usually used for filing are available only in Finnish or Swedish, but it is also possible to file the Finnish tax return using blank forms available in English.	Valuation of the house is not required, but in case the individual has rented out the property and she would like to claim for a deduction from the rental income based on the depreciation of the rented out summer house, the undepreciated purchase price of the house should be determined.	Tax credit or exemption with progression, depending on the applicable tax treaty.	No

Country – Member State B	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	How is the income from the summer house reported?	Is a relief for double taxation granted for the income from the summer house?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
France	Negligible (5.0 – 10.0%)	Yes. He has to file a tax return as NR (if he had French source income from January 1 to the date of his arrival to France) + a tax return as R with worldwide income from January 1 to the date of departure)	Yes	Yes	No	Rental income needs to be reported in France (as R). The income should be determine according to the French tax rules with application of an exemption and/or a tax credit if applicable under tax treaty rules	Yes. Exemption with progression or tax credit equal to French tax on this income	
Germany	Somewhat important (12.0%)	As soon as the individual has a house in Germany, he has to file a German income tax return for unlimited taxpayers for the entire calendar year. Provided the individual has foreign sourced income in the migration year before he becomes a German resident, the respective income is tax exempted in Germany and has only to be considered for progression clause purposes in	Yes	Yes, as it is a tax return for unlimited taxpayers.	No	Provided the individual receives rental income related to a summer house located in an EU/EEA state the respective income has not be reported in the German tax return. Provided the summer house is located in another foreign country, the respective rental income has to be reported in the German income tax return for unlimited taxpayers.	The rental income from a summer house located in a foreign country is tax exempted in Germany (see above).	Provided the foreign taxpayers have a domicile or habitual abode in Germany, they qualify as unlimited taxpayers and thus, the same requirements apply. Provided the foreign taxpayers qualify as limited taxpayers in Germany, they only have to file

Country – Member State B	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	How is the income from the summer house reported?	Is a relief for double taxation granted for the income from the summer house?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		the German income tax return, i.e. to determine the individual's personal tax rate.						a German tax return for limited taxpayers, if the German sourced income was not subject to withholding taxes. Foreign sourced income has not to be reported in the German tax return for limited taxpayers. Please note that it is required to apply for a certificate for limited taxpayers in order to withhold German wage tax in the most favourable amount (wage tax class I).
Greece	Somewhat	They will file as	It depends on the	Yes	No	No valuation required.	Tax credit	No

Country – Member State B	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	How is the income from the summer house reported?	Is a relief for double taxation granted for the income from the summer house?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
	important (10.0%)	Greek tax residents if this is the case from the day of their official entry into Greece and not the whole year.	tax knowledge of the individual.			Foreign rental income is taxed with no foreign deductions allowed.	provided.	
Hungary	Negligible (< 1.0%)	No	Depends on the timing of move and on what kind of income they have in Hungary.	Yes	No	Not needed if there is a double tax treaty	According to most of the DTTs that Hungary concluded, property-related income is taxable in the country where the property is situated. Therefore, the income from the summer house located in another Member State is not taxable and is not reportable in Hungary.	No
Ireland	Negligible	No	No	Only if the individual	No	The rent is reported on	Double	None.

Country – Member State B	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	How is the income from the summer house reported?	Is a relief for double taxation granted for the income from the summer house?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
	(< 1.0%)			is regarded as a 'chargeable person' i.e. has income that is not subject to payroll tax deduction		the annual tax return. A valuation is not required.	taxation relief would be granted by way of credit for tax paid in the other country.	
Italy	Somewhat important (10.0%)	No, a special form in case of migration is not requested by Italian tax law.	No, this situation is not much more complicated and individual could file tax return by himself.	Yes, this kind of service is available in Italy.	Since in some Italian regions there are specific linguistic minorities, tax returns are available in English, French, Germany and Slovenian Language	Income should be reported only in case of rental income. In any case Italian resident for tax purpose will be subject on wealth tax on real estate held abroad. Wealth tax taxable basis is equal to foreign taxable basis in some EU member countries, to purchase price or to market value.		No, there aren't any other filing requirements.
Latvia	Negligible (1.0%)	No, Latvian legislative acts do not provide form of tax return for individuals who moved to another country.	Generally no. However, obtaining of additional documents, such as compensation from local and foreign employer, tax assessment, as well as determination of residency status	Yes, if individual has an access to Electronic Declaration System.	No	Individual should file tax return. If the person is tax resident, income earned abroad is subject to tax in Latvia. Taxation is based on the amount of income earned. Valuation of the house is not necessary.	Yes, tax credit may be claimed, however a document from foreign tax authorities, which proves income earned	Foreign tax payers, who have permanent residence permit in Latvia and who become Latvian tax residents, shall submit

Country – Member State B	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	How is the income from the summer house reported?	Is a relief for double taxation granted for the income from the summer house?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
			and claim of a tax credit should be performed.				and taxes paid shall be submitted to the Latvian tax authorities.	property declaration, if certain criteria are met (for example, if a tax payer owns immovable property abroad).
Lithuania	Negligible (5.0%)	The tax return form depends on her residence status in Lithuania according to the Lithuanian legislation.	In the year of migration dual residency issue may have to be solved, elimination of double taxation may be required, so additional analysis would be required and the reporting of income may become more complicated.	Yes, if the person is using Lithuanian electronic banking system.	In case it is a non-resident tax return – yes (in the English language). In case it is a resident tax return (which is the most probable in this case) – no.	The actual rental income received during the tax year is reported. Valuation of the house is not necessary.	Yes. Exemption method is applied via the tax return.	Such a person (foreign taxpayer) is required to obtain a residence permit from the Lithuanian Migration Authorities if he spends more than 3 months in a 6 month period in Lithuania and he also has to declare his living place in Lithuania. Such individual must also obtain a

Country – Member State B	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	How is the income from the summer house reported?	Is a relief for double taxation granted for the income from the summer house?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
								tax payer`s identification number to be able to report his income in Lithuania.
Luxemburg	Somewhat important (15.0%)	No	Yes because there is additional analysis to be performed to determine the best filing practice.	Yes	No (however Luxembourg government is planning to edit tax forms in English version as well).	It is reported through a specific appendix form in which valuation of the house must be provided.	Yes, exemption with progression is applied.	No
Malta	Negligible (0.0%)	No	No	Yes	Yes, English	If the income is remitted to Malta, it would be taxable in Malta.	The gain made from the summer house, assuming this has been sold, will not be taxable in Malta by a Non-dom individual even though such income is remitted to Malta.	N/A
Netherlands	Somewhat important (10.0%)	Yes, in the year of the migration a migration tax return	Yes, it is much more complicated.	No, the migration tax return cannot be filed electronically.	No, the migration tax return can only be filed in the Dutch language.	Value of the house is reported for the deemed income from savings and	Yes, the Netherlands grants an	No

Country – Member State B	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	How is the income from the summer house reported?	Is a relief for double taxation granted for the income from the summer house?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		has to be filed.				investment.	exemption with progression	
Poland	Negligible (0.5%)	No, however, additional specific attachments / forms to the tax return may be applicable in this case	Potentially yes , however, the assistance of tax advisor is not mandatory and the individual may still wish to submit the return prepared by himself	Yes	No	It depends on the provisions of the double tax treaties. As a main rule, the income from real estate is subject to tax in the country where it is located. In case of Polish tax residents, it may be subject to exemption from taxation in Poland (e.g. exemption with progression method), monthly tax advance withholdings on rental income and the tax credit respectively. In general, no valuation is needed.	Yes, please refer to the comments above.	Additional forms / attachments to the tax return may be required
Portugal	[TBC]	Yes, assuming that he is deemed as resident in Portugal in the migration year.	In principle, yes, in case the individual is deemed as resident in Portugal, taking into consideration that he may be	Yes	No	The income from the summer house should only be reported in our country if the individual is resident herein. A valuation of the house is not necessary.	Yes, if this income was taxed abroad, the individual is entitled to a tax credit equal to the	No

Country – Member State B	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	How is the income from the summer house reported?	Is a relief for double taxation granted for the income from the summer house?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
			taxed in two countries and, therefore, be entitled to claim for a foreign tax credit.				lower of the foreign tax paid or the Portuguese tax payable on such income. This is claimed in the individual's tax return and a certification from the foreign tax authority is required (i.e., as an evidence of the income obtained abroad and the tax borne by the individual therein).	
Romania	Negligible (0.0%)	The foreign individual could become Romanian tax resident with the obligation to declare other type of income than salary obtained	n/a – for the migration year Annual tax return to be used to declare the rental income obtained from abroad is a 2	No, only in paper format.	No, only Romanian.	The rental income is taxed based on the rental income stipulated in the rental agreement, irrespective of house value.	Yes, a tax relief is granted, provided that the individual can make the proof of taxes	No

Country – Member State B	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	How is the income from the summer house reported?	Is a relief for double taxation granted for the income from the summer house?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		abroad only starting the second year of tax residency in Romania, the soonest. Consequently, it will be no reporting obligation for her in Romania in respect of the rental income from the home country in the migration year.	pages form containing only basic information regarding the taxpayer and the income declared. The only obstacle we envisage is the language, as all tax returns are in Romanian only.				paid in the other country.	
Slovakia	Somewhat important (10.0%)	No. The tax return form is the same; however some specifics need to be indicated in the tax return. Tax return filing deadline is the ordinary tax return filing date. No specific "migration" tax filings required.	For non-Slovak individual it is recommended to seek assistance with the tax return by tax advisor or certified accountant. For purposes of tax residency determination and provided foreign rental income is also declarable in Slovak tax return of	Tax returns may be filled via electronic means if the person has certified digital signature or established electronic communication with the Tax Authority (via mutual agreement concluded). Please note that as of 1 January 2014 obligatory electronic communication for	No	The foreign rental income (exceeding EUR 500) is to be declared via standard income tax return filed (with following applicability of tax relief via tax credit or income exemption method as specified in DTT). Slovak legislation provides for alternatives on applicability of rental costs towards rental income for tax base	Yes, the relief may be claimed via tax return via tax credit or income exemption method as specified in relevant DTT.	No

Country – Member State B	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	How is the income from the summer house reported?	Is a relief for double taxation granted for the income from the summer house?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
			resident taxpayers (with following applicability of tax relief), the professional assistance of a tax advisor / accountant is recommended in order to apply/consider double tax treaty provisions.	selected tax payers was established (e.g. all VAT payers, taxpayers represented by tax advisors / legal representatives and VAT payers represented by other persons).		determination. The valuation of the house is required only if the property is considered by the taxpayer as a depreciable business asset for Slovak tax purposes. Valuation requirements – unless the property relatively new / purchased recently (the purchase price may be used as a base for tax depreciation). In other cases expert's opinion is commonly used for property valuation purposes.		
Slovenia	Negligible (5.0%)	Yes	Yes	Yes	No. Except in the area where Italian and Hungarian minority live.	Through special tax return form. No the valuation is not necessary only the income generated by the renting of the summer house	Tax credit.	No
Spain	Negligible (5.0%)	Yes, regardless the individual is considered as tax	Yes	Yes, when the individual is provided with a certificate	The steps that must be followed are available in the co-official	It depends in whether the house is rented or not. If it is rented, we	Yes. The relief is granted by applying for	If the individual is deemed to be a Spanish non

Country – Member State B	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	How is the income from the summer house reported?	Is a relief for double taxation granted for the income from the summer house?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		resident or as a non tax resident in Spain.			languages and in English, but the forms for filing are available in Spanish (and in some cases in English).	will only need the rental amount and the deductible expenses. If it is not rented, it should be treated as an "imputed income" needing the cadastral value or the acquisition value.	tax credit.	tax resident, the obligations will vary. If he/she is a Spanish Tax Resident, there will be no differences, even though the person is a foreign taxpayer.
Sweden	Somewhat important (30.0%)	No	Yes – first year, not following years.	Yes	No	Rental income reported on separate form No	Yes Claim made in tax return	No
United Kingdom	Negligible (0.0 – 1.0%)	The UK tax system includes a remittance basis of assessment for individuals who are not domiciled. In very broad terms an individual will be not domiciled in the UK if born in another country and their father was living permanently there. Where a person is not domiciled in the UK it is possible to	This depends on the amount of the foreign rental income profit (each spouse would file a separate tax return) and whether there are other sources of foreign income and gains.	Yes	No	Valuation not necessary. Income and allowable expenses (per UK tax rules) would be reported. In GBP. Same tax return but there would be a need to complete additional pages (Foreign pages) to report the income and allowable expenses and claim for a foreign tax credit.	The UK would allow a credit for the foreign tax, limited to the UK tax due on the rental profit. A claim is required in the tax return.	No

Country – Member State B	Importance to the country?	Should a different tax return be filed in the migration year?	Is professional assistance needed for the filing of such a tax return?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	How is the income from the summer house reported?	Is a relief for double taxation granted for the income from the summer house?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		claim to be taxed on the remittance basis such that foreign source income is only taxable if brought to the UK. The same tax return is required but it is more complicated if the remittance basis of assessment is claimed.						

Case 3

A retired couple who move from Member State A to Member State B. They keep their house in Member State A and also have a house in Member State B. They each receive a pension from Member State A, one for work in the public sector and the other for work in the private sector.

3.4.1 Country overview – Country Member State A

Country – Member State A	Importance to the country?	Is tax withheld at source on the pension payments?	Is the right to taxation on the pension granted to member state A? If not can withholding at source be avoided? Should a separate request be filed for this?	Should the house be reported for tax purposes?	If a return needs to be filed can this be filed electronically?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
Austria	Negligible (< 5.0%)	Yes	Yes	No	Yes	No
Belgium	Negligible (1.0%)	Yes	In some cases the right to taxation on the pension is granted to member state A. Yes, a withholding at source can be avoided. Yes, separate actions are required	The income of the house should be reported in a Belgian non-resident tax return only in case the income exceeds EUR 2.500,00.	Yes	No
Bulgaria	Negligible (0.0%)	There is no tax on pensions in Bulgaria.	N/A	There will be Local (municipality) taxes. No tax return is necessary. If the house is not rented out or sold there would be no personal income tax obligations.	N/A	N/A
Croatia	Negligible (0.0%)	Yes	Depends on the treaty (typically, the resident state will have taxation rights). If Croatia does not have taxation rights, the withholding should be avoidable based on tax residency certificate of the other state (via separate request or annual tax return).	No	No	No
Cyprus	Negligible (< 5.0%)	Yes (however there could be exemptions regarding pensions paid out of funds created by the Government or local authorities)	The right to tax stems from the local tax law unless a DTT provides otherwise.	No, tax authorities have records of the persons that own properties in Cyprus	N/A	No

Country – Member State A	Importance to the country?	Is tax withheld at source on the pension payments?	Is the right to taxation on the pension granted to member state A? If not can withholding at source be avoided? Should a separate request be filed for this?	Should the house be reported for tax purposes?	If a return needs to be filed can this be filed electronically?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
Czech Republic	Negligible (0.0%)	No, pension payments from the state old age pension system are not subject to the withholding tax. The income from the state old age pension system is exempted from the taxation in the Czech Republic if the total pension income per year does not exceed 36times the minimum wage applicable on 1 January of the respective year. If the income from the state old age pension system exceeds this limit, the income above the limit is taxable and the individual must file a tax return.	Generally, no. However the respective tax treaty must be reviewed.	No if no income is generated from the house.	Yes, with the certified electronic signature. When filing via databox (special mailbox used for communication with the Czech authorities) an electronic version of the document (.xml format) must be sent.	No
Denmark	Negligible (1.0 – 3.0%)	Yes	Largely depends on the situation and the DTT. SKAT believes that that the nation that deducted the pension form the taxable income should also tax it. If the pension is not taxable in Denmark the withholding obligation can be lifted, the individual is required to report the non-taxable pension to SKAT.	Yes	Yes	Exit tax may apply
Estonia	Negligible (0.0%)	Yes	Taxation of public sector pension is granted to Estonia. Taxation right of private pensions depends on a particular	No	N/A	No

Country – Member State A	Importance to the country?	Is tax withheld at source on the pension payments?	Is the right to taxation on the pension granted to member state A? If not can withholding at source be avoided? Should a separate request be filed for this?	Should the house be reported for tax purposes?	If a return needs to be filed can this be filed electronically?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
			treaty. Withholding at source can be avoided in case the payer either has the residency certificate of the payee or in case the person has been registered in the non-residents register at the Estonian tax authorities' database. In case withholding at source cannot be avoided, then a respective application should be submitted to the Estonian authorities to receive a refund (TM3)			
Finland	Negligible (< 1.0%)	Yes, pension paid out by a Finnish payer is subject to tax withholding.	Most of the tax treaties allow Finland to levy tax on pension income paid from Finland. However, some of the tax treaties prevent Finland from taxing Finnish sourced pension income. It is possible to avoid withholding if the treaty does not allow Finland to tax the pension income. If the individual would like to avoid withholding when the pension is paid, a separate request is required (tax card application). It is also possible to claim for a tax refund when filing the tax return.	In case the individual living abroad receives any rental income from a property located in Finland, tax return filing in Finland is required. In case no rental income is received, no annual tax return filing is required due to owning a house. Properties located in Finland are subject to property tax which needs to be paid, but property tax return is required only if the individual wants to challenge the property tax calculation prepared by the tax authority.	Electronic filing is generally possible in case the individual has Finnish electronic banking or other electronic ID numbers that are needed to login to the electronic filing portal. However, it is not possible to make all claims or attach supporting documentation electronically (e.g. foreign tax credit claims).	Generally no. However, the individual is usually required to provide the Finnish tax authority with a certificate of residency from the home state in order to avoid the tax withholding/to claim for a tax refund where the tax treaty prevents Finland from taxing the pension income.
France	Negligible (< 5.0%)	Yes if taxable in France and if the taxpayer is NR		No, except : - In case of French source rental income ➔ Income tax return needed	Yes for income tax return No for wealth tax return if the total value of French assets	

Country – Member State A	Importance to the country?	Is tax withheld at source on the pension payments?	Is the right to taxation on the pension granted to member state A? If not can withholding at source be avoided? Should a separate request be filed for this?	Should the house be reported for tax purposes?	If a return needs to be filed can this be filed electronically?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
				- In case the value of the property exceed the minimum taxable threshold to the French wealth tax (1,300,000 € for 2014) ➔ Wealth tax return needed	exceed 2,570,000 €	
Germany	Negligible (< 1.0%)	Yes, but might be exempted.	No, as assuming, that the treaty residence has changed to the foreign state due to the move.	Yes, but only in case the couple receive rental income regarding the German house.	Yes, the electronic filing of the tax return is possible, if the individuals will not rent the German house.	Provided the foreign taxpayers have a domicile or habitual abode in Germany, they qualify as unlimited taxpayers and thus, the same requirements apply. Provided the foreign taxpayers qualify as limited taxpayers in Germany, they only have to file a German tax return for limited taxpayers, if the German sourced income was not subject to withholding taxes. Foreign sourced income has not to be reported in the German tax return for limited taxpayers. Please note that it is required to apply for a certificate for limited taxpayers in order to withhold German wage tax

Country – Member State A	Importance to the country?	Is tax withheld at source on the pension payments?	Is the right to taxation on the pension granted to member state A? If not can withholding at source be avoided? Should a separate request be filed for this?	Should the house be reported for tax purposes?	If a return needs to be filed can this be filed electronically?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
						in the most favourable amount (wage tax class I).
Greece	Negligible (0.0%)	Yes	Yes. Withholding can be avoided by depositing the relevant tax residence certificate of the country of residence.	Yes	Yes	No
Hungary	Negligible (0.0%)	No, pensions are tax free	N/A	No	Yes	No
Ireland	Negligible (< 1.0%)	Yes	Depends on the particular tax treaty, but generally the position would be; Public service pension – yes, if a national of Ireland. Private sector pension: - The sole taxing rights are allocated to the country of residence. Determining treaty residence in this scenario would be complicated due to the couple having a place of abode in both States. Withholding can be avoided if the individual is a resident of another treaty partner state. A separate application is required.	Income from rental or a gain on disposal would be reported on the annual tax return. The property would also need to be reported for Local Property Tax.	Yes	No
Italy	Negligible (1.0%)	Generally, pension income tax are withheld at source in Italy.	Yes, Italy provide this possibility in case there is a double tax treaty in force between Italy and the foreign country where taxpayer is resident for tax purpose.	Generally, Italian house should not been reported in Italian tax return if taxpayer paid on this real estate property the municipal tax (i.e. IMU).	Yes, this kind of service is available in Italy.	No, there aren't any other filing requirements.
Latvia	Negligible (0.0%)	Yes	Yes, withholding at source cannot be avoided.	Only if they receive rental income from leasing of house.	Yes, via Electronic Declaration system	Immovable property tax shall be imposed on the land or buildings located in Latvia. There is no

Country – Member State A	Importance to the country?	Is tax withheld at source on the pension payments?	Is the right to taxation on the pension granted to member state A? If not can withholding at source be avoided? Should a separate request be filed for this?	Should the house be reported for tax purposes?	If a return needs to be filed can this be filed electronically?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
						requirements to submit tax return.
Lithuania	Negligible (< 1.0%)	No	According to some applicable treaties signed, pension payments received from state social security authorities or under another state social care program are taxable in that state only. Other kinds of pensions are taxable in the country of residence. However, according to other applicable treaties, pensions are only taxable in the country of residence. Despite of the applicable treaty, state pensions are treated as non-taxable and non-reportable in Lithuania.	For income tax purposes – No. Depending on the value of the house, a real estate tax return may be required.	Yes	The person would be obliged to de-register her living place in Lithuania.
Luxemburg	Negligible (5.0%)	Yes, taxes are withheld at source for Luxembourg state old age pension. For pensions distributions received from a company pension plan, taxes are withheld at source on contributions paid by the employer into the pension plan. Pension paid out are then tax exempt for Luxembourg resident. For non-residents, it depends on what is foreseen into the tax treaty.	Yes, right to taxation on the pension is usually allocated considering tax treaties signed by Luxembourg. If there is no tax treaty, the withholding tax can be avoided to a certain extent by asking for it to the pension provided before the payment or by filing a claim (avoidance of existing double taxation).	The Luxembourg house must be reported only if it generates some rental income and if conditions to file a tax return are met.	Yes	No

Country – Member State A	Importance to the country?	Is tax withheld at source on the pension payments?	Is the right to taxation on the pension granted to member state A? If not can withholding at source be avoided? Should a separate request be filed for this?	Should the house be reported for tax purposes?	If a return needs to be filed can this be filed electronically?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
Malta	Negligible (0.0%)	Pension Payments are taxed at the progressive rates.	Yes	No, unless they don't receive rental income	Yes	N/A
Netherlands	Negligible (< 5.0%)	Yes, wage tax is withheld.	Regarding the pension derived from employment in the private sector, in general our country is not granted the right to taxation based on the tax treaties. Pensions paid by our government are however in general taxable in our country based on the tax treaties. The exact outcome is however always depending on the tax treaty that is applicable.	Yes the house should be reported and a tax return should be filed.	Yes (as of the year following the year of emigration).	No
Poland	Negligible (0.5%)	Generally, yes	It depends on the double tax treaty provisions. The withholding may be avoided by filing the appropriate application with the Polish social security office indicating the circumstances and foreign residency address. Filing foreign certificate of residency may be also required.	It may be subject to property tax (no tax return required)	In practice one time declaration is filed in paper and the decision is issued by the authorities	See comments above
Portugal	Very limited number of cases	Yes (however if Portugal is not entitled to tax under the relevant Double Tax Treaty, it is possible to avoid withholding taxation, provided some formal requirements are met).	Generally, under most tax treaties signed by Portugal, Portugal is entitled to tax as long the retired couple is deemed resident of Portugal. In addition, in relation to the public pensions, Portugal is entitled exclusive or cumulative right to tax depending upon specific circumstances. If Portugal is not entitled to tax, it is possible to avoid withholding taxation, provided some formal requirements are met.	Only if they receive rental income in connection to such house or realize a capital gain derived from its sale.	Yes	In case it is possible to avoid withholding taxation (e.g. in case the retired couple is deemed non-resident of Portugal, and for the spouse that receives a pension from the work in the private sector), a certificate of residence under the relevant double tax treaty should be provided .

Country – Member State A	Importance to the country?	Is tax withheld at source on the pension payments?	Is the right to taxation on the pension granted to member state A? If not can withholding at source be avoided? Should a separate request be filed for this?	Should the house be reported for tax purposes?	If a return needs to be filed can this be filed electronically?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
Romania	Negligible (0.0%)	Yes, pension tax is withheld at source in Romania.	All Romanian pension payers have the obligation to withhold the income tax (which is a final tax), as per the current tax law. The withholding cannot be stopped.	The ownership of houses is registered with the tax authorities only at the moment of acquisition. Ownership of houses is subject to local tax which is automatically computed by the tax authorities, without any reporting obligations from individual's side.	N/A	N/A
Slovakia	Negligible (0.0%)	No, pensions received from Slovak pension system (provided contributions to pension scheme were made as mandatory contributions under the Slovak legislation) in Slovakia are exempted from income tax.	N/a, Slovak pensions are exempt from taxation in Slovakia	• Individual is not required to report the house for income tax purposes. • Individual is obliged to file a tax return to immovable property only after acquisition of new property for purposes of assessment of property tax. From that time onwards, the Tax Authority will issue a property tax assessment notice automatically.	Tax returns may be filled via electronic means if the person has certified digital signature or established electronic communication with the Tax Authority (via mutual agreement concluded).	No
Slovenia	Negligible (0.0%)	Yes	No. With most treaty countries Slovenia has concluded agreements in the way that pension is taxed in the country of residency, hence taxation at source is very limited and applied with very few countries. The individual must prove that he/she is resident of other country	No there is no reporting required if no income is generated from it. Nevertheless property tax/charge for the use of building land is levied on the real estate	N/A	No
Spain	Negligible (5.0%)	Yes	In principle, according to the concluded tax treaties, pensions will be taxed in	Assuming that they will both be considered as non tax	Yes, when the individual is provided	In case of renting the house, they should report

Country – Member State A	Importance to the country?	Is tax withheld at source on the pension payments?	Is the right to taxation on the pension granted to member state A? If not can withholding at source be avoided? Should a separate request be filed for this?	Should the house be reported for tax purposes?	If a return needs to be filed can this be filed electronically?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
			Spain.	residents, the reporting of the house will depend on whether the house is rented or not. If it is rented, the obligation is set on a quarterly basis. If it is not rented, it should be treated as an "imputed income" needing the cadastral value or the acquisition value to calculate the due amount and the obligation is set on a yearly basis.	with a certificate	it on a quarterly basis.
Sweden	Negligible (0.0%)	Yes	Yes Depends on the applicable DTA Separate claim (tax waiver)	Yes Yes – included in the normal tax return	Yes	No
United Kingdom	Negligible (0.0 – 1.0%)	Yes – unless HM Revenue & Customs issues a NT (no tax) PAYE withholding tax code.	The vast majority of tax treaties would grant the other country with the sole right of taxation for private source pensions paid from the UK. It is possible to apply to HM Revenue & Customs for a NT code. If not it is possible to claim a refund through the tax return. Public sector pension would remain taxable in the UK under the vast majority of tax treaties.	Only if the house is rented.	Yes. Same tax return but there would be a need to complete additional pages (the Residence pages). HM Revenue & Customs on-line tax return does not cover this situation and so the individual needs to file a paper version of the tax return or use commercial tax return software.	No

3.4.2 Country overview – Country Member State B

Country – Member State B	Importance to the country?	Should the pension be reported as taxable income? Is the right to taxation granted to your country based on the tax treaty? If not, How is the relief for double taxation calculated?	Should the house located in the other country be reported for your country's taxation?	Should a tax return be filed for the pension and the houses?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
Austria	Negligible (< 5.0%)	In case the person relates to an Austrian employment there may be a taxation right in Austria, based on DTT. The relief for double taxation depends on the applicable DTT.	No.	No. Not for the houses.	Yes.	No.	No.
Belgium	Negligible (0.0 – 1.0%)	Yes, they should file a Belgian resident tax return reporting their worldwide income. In the majority of the older double tax treaties, the right of taxation is allocated to the residence state. If not, exemption with progression applies.	Yes, as Belgian resident they should declare their worldwide income. The taxable amount exists of the total amount of rent payments and advantages received if rented out, or the estimated rental value if the house is vacant. However, the income can be progressively exempt from Belgian taxes in case treaty claim can be applied.	Yes	Yes	Officially a resident tax return should be filed in one of the three country languages.	No
Bulgaria	Negligible (1 case)	No, pensions are not taxable income in Bulgaria, see previous answer.	No, unless it is rented out or sold. If sold, a valuation that would have been valid in the other country generally will suffice.	Pensions are not reportable. Income from sale or rent of the houses would be subject to reporting.	Yes, but this process also involves a personal visit to the tax authorities.	No	No
Croatia	Negligible (0.0%)	Yes (unless Double Tax Treaty stipulates differently). Relief from double taxation is provided by credit or exemption with progression method.	Only income from rental activity should be reported. Valuation is not required.	If taxes are paid on a monthly level for pensions received from abroad, there is no filing requirement. Same	Monthly yes, annual no.	No	No

Country – Member State B	Importance to the country?	Should the pension be reported as taxable income? Is the right to taxation granted to your country based on the tax treaty? If not, How is the relief for double taxation calculated?	Should the house located in the other country be reported for your country's taxation?	Should a tax return be filed for the pension and the houses?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
				applies for rental activities.			
Cyprus	Negligible (< 5.0%)	Assuming the persons are residents of Cyprus, then foreign pensions are taxable. Irrespective of DTT a tax credit can be claimed	No, assumed not let	Yes, on the proviso that their income exceeds EUR19.500	Yes	Yes, in English	No
Czech Republic	Negligible (0.0%)	The income from the state old age pension system is exempted from the taxation in the Czech Republic if the total pension income per year does not exceed 36times the minimum wage applicable on 1 January of the respective year. If the income from the state old age pension system exceeds this limit, the income above the limit is taxable and the individual must file a tax return. Based on the tax treaties, the Czech Republic has generally the taxation right if the individual is a Czech tax resident. The relief for double taxation is calculated based on the respective Tax Treaty.	No if no income is generated from the house	Generally, yes. Depends on the level of the income.	Yes, with the certified electronic signature. When filing via databox (special mailbox used for communication with the Czech authorities) an electronic version of the document (.xml format) must be sent.	No	No
Denmark	Negligible (0.0 – 1.0%)	Yes We assume the couple will be considered as tax treaty resident in Denmark.	SKAT will typically accept an estimate, but ideally the house should be evaluated. Rental income and value is to be	Yes	Yes	Yes The forms are available in English	No

Country – Member State B	Importance to the country?	Should the pension be reported as taxable income? Is the right to taxation granted to your country based on the tax treaty? If not, How is the relief for double taxation calculated?	Should the house located in the other country be reported for your country's taxation?	Should a tax return be filed for the pension and the houses?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
			reported.				
Estonia	Negligible (0.0%)	Taxation right of pension from public sector is not generally granted to Estonia based on treaties; therefore this type of pension should not be reported in Estonia. In case of pension from private sector, taxation right depends on particular treaty. In case taxation right is granted, then pension has to be reported and relief from double taxation is granted by ordinary credit method.	No	Yes, in case taxation right is granted to Estonia (private sector pension)	Yes	No	No
Finland	Negligible (< 1.0%)	The foreign pension must be reported on the Finnish tax return and in general pensions are taxable income in Finland. Most of the tax treaties allow Finland to tax foreign sourced pension income paid to a Finnish treaty resident and the double taxation is usually removed through foreign tax credit, but some treaties require exemption with progression to be applied.	The house should be reported, but as there is no asset or wealth tax in Finland, it is sufficient to report the existence of such an asset and valuation is not required. In case the property located outside of Finland has been rented out, the undepreciated purchase price of the house should be determined in order to claim for a deduction from the rental income based on the depreciation of the rented out property.	Yes	Electronic filing is possible in case the individual has Finnish electronic banking or other electronic ID numbers that are needed to login to the electronic filing portal. However, it is not possible to make all claims or attach supporting documentation electronically	The official pre-filled tax return forms that are usually used for filing are available only in Finnish or Swedish, but it is also possible to file the Finnish tax return using blank forms available in English.	No

Country – Member State B	Importance to the country?	Should the pension be reported as taxable income? Is the right to taxation granted to your country based on the tax treaty? If not, How is the relief for double taxation calculated?	Should the house located in the other country be reported for your country's taxation?	Should a tax return be filed for the pension and the houses?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
					(e.g. foreign tax credit claims).		
France	Negligible (< 5.0%)	Yes, it should be reported Yes, on the pension from private sector Relief : exemption with progression or tax credit equal to French tax due on this income	No, except : - In case of French source rental income ➔ Income tax return needed - In case the value of the property exceed the minimum taxable threshold to the French wealth tax (1,300,000 € for 2014) ➔ Wealth tax return needed	Yes	Yes	No	
Germany	Negligible (< 1.0%)	Yes. As Germany concluded a DTT with the other member state, generally the state of residence at the point in time of the pay-out has the right of taxation regarding the pension income. The method to avoid any double taxation regarding the respective income depends on the DTT in place.	Provided the individual receives rental income related to a summer house located in an EU/EEA state the respective income has not be reported in the German tax return. Provided the summer house is located in another foreign country, the respective rental income has to be reported in the German income tax return for unlimited taxpayers.	Yes, a German tax return for unlimited taxpayers has to be filed. Regarding the treatment of the respective income we refer to our above comments.	Yes, as both individuals qualify as unlimited taxpayers in Germany as they have a German domicile for personal use.	No	Provided the foreign taxpayers have a domicile or habitual abode in Germany, they qualify as unlimited taxpayers and thus, the same requirements apply. Provided the foreign taxpayers qualify as limited taxpayers in Germany, they only have to file a German tax return

Country – Member State B	Importance to the country?	Should the pension be reported as taxable income? Is the right to taxation granted to your country based on the tax treaty? If not, How is the relief for double taxation calculated?	Should the house located in the other country be reported for your country's taxation?	Should a tax return be filed for the pension and the houses?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
							for limited taxpayers, if the German sourced income was not subject to withholding taxes. Foreign sourced income has not to be reported in the German tax return for limited taxpayers. Please note that it is required to apply for a certificate for limited taxpayers in order to withhold German wage tax in the most favourable amount (wage tax class I).
Greece	Negligible (1.0%)	Yes. Usually Yes. Tax credit.	No	Yes for the pensions.	Yes	Yes	No
Hungary	Negligible (0.0%)	No. Pensions are tax free.	No	No	N/A	N/A	No
Ireland	Negligible (< 1.0%)	Yes. The non public sector pension would be taxable in Ireland. The treatment of the public sector pension would depend on the terms of the relevant double taxation agreement. If Ireland has sole	The foreign property would only need to be reported if any income or gains arose from it. A valuation is not required.	Yes for the pensions. No for the house in the other country. A local property tax return would be required for the	Yes	No	No

Country – Member State B	Importance to the country?	Should the pension be reported as taxable income? Is the right to taxation granted to your country based on the tax treaty? If not, How is the relief for double taxation calculated?	Should the house located in the other country be reported for your country's taxation?	Should a tax return be filed for the pension and the houses?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		taxing rights the relief is given by exemption. Otherwise a foreign tax credit would be applicable.		house in Ireland			
Italy	Negligible (1.0%)	Generally this kind of income should be reported in Italian tax return in case taxpayer is a Italian resident for tax purpose.	Yes, in case taxpayer is resident for fiscal purpose, he is required to report in Italian tax return real estate properties held abroad.	Yes, it is required in case of foreign real estate properties.	Yes, this kind of service is available in Italy.	Since in some Italian regions there are specific linguistic minorities, tax returns are available in English, French, Germany and Slovenian Language.	No, there aren't any other filing requirements.
Latvia	Negligible (0.0%)	Yes, the foreign pension, according to the Latvian legislative acts, for Latvian tax residents is subject to tax in Latvia. Tax credit should be claimed through submission of annual tax return in Latvia.	If persons are treated as a Latvian tax residents and receive rental income from leasing of house, they shall report amount of income received. Valuation of the house is not required, however documents proving amount of income earned and tax paid abroad shall be submitted to tax authorities.	Yes	Yes, via Electronic Declaration system.	No, according to the Latvian legislative acts, tax return can be filed only in Latvian language.	Foreign tax payers, who have permanent residence permit in Latvia and who become Latvian tax residents, shall submit property declaration, if certain criteria are met (for example, if a tax payer owns immovable property abroad).
Lithuania	Negligible (< 1.0%)	No, pensions received from foreign country`s state funds do not have to be reported or taxed in Lithuania.	No reporting of the house is required in Lithuania, as the house is located in a foreign country.	No	N/A	N/A	Such a person (foreign taxpayer) is required to obtain a residence

Country – Member State B	Importance to the country?	Should the pension be reported as taxable income? Is the right to taxation granted to your country based on the tax treaty? If not, How is the relief for double taxation calculated?	Should the house located in the other country be reported for your country's taxation?	Should a tax return be filed for the pension and the houses?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		According to some applicable treaties signed, pension payments received from state social security authorities or under another state social care program are taxable in that state only. Other kinds of pensions are taxable in the country of residence. However, according to other applicable treaties, pensions are only taxable in the country of residence. Despite of the applicable treaty, state pensions are treated as non-taxable and non-reportable in Lithuania.					permit from the Lithuanian Migration Authorities if he spends more than 3 months in a 6 month period in Lithuania and he also has to declare his living place in Lithuania.
Luxemburg	Negligible (5.0%)	Luxembourg sticks on OECD rules on tax treaties meaning that right of taxation of private pension belongs to the country of residence. The relief for double taxation is granted based on exemption with progression method.	The house located in the other country must be reported in Luxembourg only if it generates rental income. In this case, several information must be provided: value of the house, amount received during the year, deductible expenses (insurance, expenses,…).	Only if some conditions are met.	Yes	No (Luxembourg is planning to edit tax forms in English version as well).	No
Malta	Somewhat important (10.0%)	If the pension income is received in Malta it would be taxable in Malta.	No	A tax Return should be filed for the pension income	Yes	Yes, English	No
Netherlands	Negligible	Yes, as a resident has to report	Yes, value of the house is	Yes	Yes (as of the	No, the tax return	No

Country – Member State B	Importance to the country?	Should the pension be reported as taxable income? Is the right to taxation granted to your country based on the tax treaty? If not, How is the relief for double taxation calculated?	Should the house located in the other country be reported for your country's taxation?	Should a tax return be filed for the pension and the houses?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
	(< 5.0%)	his world income. Regarding the pension derived from employment in the private sector, our country is granted the right to taxation based on the tax treaties. Pensions paid by the other member state are however taxable in the other member state. The Netherlands grants a relief for double taxation. The exact outcome is however always depending on the tax treaty that is applicable.	reported for the deemed income from savings and investments.		year following the year of immigration).	can only be filed in Dutch.	
Poland	Negligible (0.5%)	In general yes with respect to the Polish tax residents. Taxation of pensions depends on the provisions of the double tax treaties, it can be subject to exemption or a tax credit.	In case of the Polish tax residents, rental income should be reported in the tax return with application of the double tax treaty provisions. In general, no valuation is needed.	In general, in case of the Polish State pension, the reconciliation is prepared by the Polish social security office and in some cases (e.g. only source of income), a separate Polish annual tax return does not need to be filed. Filing the annual tax return may be necessary in case the taxpayer has	Yes	No	Potentially, additional form/attachment to the tax return

Country – Member State B	Importance to the country?	Should the pension be reported as taxable income? Is the right to taxation granted to your country based on the tax treaty? If not, How is the relief for double taxation calculated?	Should the house located in the other country be reported for your country's taxation?	Should a tax return be filed for the pension and the houses?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
				other sources of income, e.g. rental income. In case of the foreign pension income, the individual is solely obliged to calculate and pay the monthly tax advances, prepare and file the Polish annual tax return, as well as pay the tax resulting from the annual tax return.			
Portugal	Negligible (very limited number of cases)	Yes, if the individuals are deemed a resident in our country, Portugal would be granted the exclusive right to taxation on the pension derived from the private sector (article 18 of the relevant tax treaty). On the other hand the other member state would be entitled to tax pensions derived from a public function performed in the other member state, unless the beneficiary of the pension was	Assuming they become resident in Portugal, they will be taxed on a worldwide basis, which should include foreign source rental income (if the house is rented). No valuation is required.	Yes. If the individual is a resident of Portugal.	Yes	No	Yes, if the individual applies to be treated as non habitual resident (a specific application is required)

Country – Member State B	Importance to the country?	Should the pension be reported as taxable income? Is the right to taxation granted to your country based on the tax treaty? If not, How is the relief for double taxation calculated?	Should the house located in the other country be reported for your country's taxation?	Should a tax return be filed for the pension and the houses?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		not only resident, but also a national of Portugal (article 19(2) of the relevant double tax treaty). We note that a special regime applies to the so-called non habitual residents (i.e., individuals who become tax residents of Portugal and have not been taxed as such in any of the previous five years), according to which a foreign-source pension income not resulting from contributions that have been claimed a tax deduction in Portugal is exempt from tax in Portugal if such pension is taxed in a tax treaty country or is not deemed sourced in Portugal under domestic tax law.					
Romania	Negligible (1 case)	Yes, pension income obtained from abroad should be reported through the annual tax return, only by Romanian fully tax residents. The right to taxation is granted based on DTT. Provided that the individuals can make the proof of income taxes payments in the other country,	The house located abroad is reported in Romania only for the establishment of tax residency. No valuation or fiscal registration is required.	Only the pension should be reported through the annual tax return, but only when the individuals become Romanian fully tax residents.	No	No	No

Country – Member State B	Importance to the country?	Should the pension be reported as taxable income? Is the right to taxation granted to your country based on the tax treaty? If not, How is the relief for double taxation calculated?	Should the house located in the other country be reported for your country's taxation?	Should a tax return be filed for the pension and the houses?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		they will obtain a tax relief.					
Slovakia	Negligible (0.0%)	No. Pensions received from abroad are exempted from the income tax in Slovakia provided contributions to pension scheme in home country was mandatory under the local home country legislation. No reporting is needed.	The ownership of the house does not need to be reported for Slovak tax purposes, unless a rental income or income from the sale of property is achieved (*under assumption the couple will qualify tax residents in Slovakia). If such income from abroad is received, the double tax treaty should be observed, i.e. avoidance of double taxation to be claimed via tax credit or exemption method in Slovak tax return. The valuation of the house is not required, unless the property is rented and business costs applied (please refer to section BIIB 7 for more details). The valuation is required to determine cost towards property sale proceedings in order to determine the tax base for Slovak tax purposes.	If the couple receives only pension income and possesses the house abroad (with no rental income) the income tax return does not have to be filled in. Individual is obliged to file a tax return to immovable property located in Slovakia only after acquisition of new property for purposes of assessment of property tax in Slovakia. From that time onwards, the Tax Authority will issue a property tax assessment notice automatically.	Tax returns may be filled via electronic means if the person has certified digital signature or established electronic communication with the Tax Authority (via mutual agreement concluded). For further details please refer to BIIB 4	No	No
Slovenia	Negligible (0.0%)	Yes. With most treaty countries Slovenia has concluded agreements in the way that pension is taxed in the country	Yes, if income is generated form it. Generated income from rental activity.	Yes	Yes	No. Except in the area where Italian and Hungarian minority live.	Monthly tax returns for income received from abroad

Country – Member State B	Importance to the country?	Should the pension be reported as taxable income? Is the right to taxation granted to your country based on the tax treaty? If not, How is the relief for double taxation calculated?	Should the house located in the other country be reported for your country's taxation?	Should a tax return be filed for the pension and the houses?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		of residency, hence taxation at source is very limited and applied with very few countries. The individual must prove that he/she is resident of other country. Taxpayers can request the refunding of tax at the relevant authority abroad.	No				
Spain	Negligible (5.0%)	In principle, pensions are withheld in the other member state.	We assume that they will be considered as tax residents in Spain. If it is rented, they must report the rental amount and, if is not rented, it should be treated as an "imputed income" needing the cadastral value or the acquisition value to calculate the due amount.	Yes	Yes, when the individual is provided with a certificate	The steps that must be followed are available in the co-official languages and in English, but the forms for filing are available in Spanish (and in some cases in English).	N/A
Sweden	Negligible (0.0%)	Yes Depends on the DTA Credit or exempt	Yes if let out Rental income No	Yes	Yes	No	No
United Kingdom	Negligible (0.0 – 1.0%)	Yes. The vast majority of tax treaties would grant the UK with the sole right of taxation for private source pensions paid from the other country. Public sector pension would remain taxable in	Valuation not necessary. If the house in the other country is rented the income and allowable expenses (per UK tax rules) would be reported in GBP. Same tax return but there would be a need to complete	Yes – pension income should be reported and credit claimed for foreign tax.	Yes.	No	Yes. More complicated by the need to consider whether the individual can claim to be taxed on the remittance basis. If

Country – Member State B	Importance to the country?	Should the pension be reported as taxable income? Is the right to taxation granted to your country based on the tax treaty? If not, How is the relief for double taxation calculated?	Should the house located in the other country be reported for your country's taxation?	Should a tax return be filed for the pension and the houses?	Can the tax return be filed electronically?	Can the return be filed in another than your country's official language?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		the other country under the vast majority of tax treaties. The UK would allow a credit for the foreign tax, limited to the UK tax due on the public sector pension. A claim is required in the tax return. However, not reportable if the individual is not domiciled in the UK, claims remittance basis of assessment and does not bring the income to the UK.	additional pages (Foreign pages) to report the income and allowable expenses and claim for a foreign tax credit. However, not reportable if the individual is not domiciled in the UK, claims remittance basis of assessment and does not bring the income to the UK.				not taxed under the remittance basis there is a need to report the income on the Foreign pages and claim credit for the foreign tax.

Case 4

A retired couple who move from Member State A to Member State B. They keep their house in Member State A and also have a house in Member State B. When one of them dies bequests are left to the remaining partner (immovable property in Member State A and Member State B) as well as to their children who live in Member State A (movable property located in Member State A and Member State B.)

3.5.1 Country overview – Country Member State A

Country Member State A	Importance to the country?	Are the bequests subject to inheritance tax in Member State A?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
Austria	Negligible (< 1.0%)	No.	No.	N/A	No.	N/A	N/A	Electronic notification has to be sent to the tax authorities.
Belgium	Negligible (4.0%)	Considering that the deceased was a non-resident for Belgian tax purposes, Belgian inheritance tax should only be levied on the Belgian real estate left by the deceased.	The fair market value of the Belgian real estate at the time of death must be reported in Belgium. A valuation by an expert is not mandatory. The fair market value of the Belgian real estate can also be determined by the heirs based on all other information at their disposal (e.g.	The foreign real estate left by a non-resident is not included in the taxable base for the Belgian inheritance tax. As a result, it does not have to be reported nor valued for Belgian inheritance tax purposes.	***Income tax return*** The bequests themselves should not be reported in an income tax return in Belgium. However, in the situation at hand, the children (living in Belgium) should report the income arising from the inherited movable property in their own Belgian income tax return. The surviving spouse	The Belgian inheritance tax return must be filed by the heirs or beneficiaries inheriting Belgian real estate.	There is no tax relief applicable in Belgium in respect of foreign inheritance tax when the deceased was a non-resident.	N/A

Country Member State A	Importance to the country?	Are the bequests subject to inheritance tax in Member State A?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
			selling price of similar immovable property in the same neighborhood, own knowledge of the Belgian market…) . A valuation by an expert is however highly recommended when the heirs do not have any knowledge of the Belgian market. Please, note that a valuation made by an expert is never binding for the tax authorities, except when the expert received the preliminary approval of the tax authorities, on written request of the heirs, in a so-called "preliminary		(living in the other country) could possibly have the obligation to file a non-resident income tax return in Belgium. This would be the case in the event that the surviving spouse would receive a Belgian source income. In the event that the surviving spouse would only receive a Belgian source immovable income, he/she would only have the obligation to file a non-resident income tax return in the event that the value/revenue of the immovable property would excess a certain amount. All Belgian income tax returns can be filed electronically.			

Country Member State A	Importance to the country?	Are the bequests subject to inheritance tax in Member State A?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
			valuation procedure". A preliminary valuation procedure is only possible in the applicable national language (Dutch, French or German). In the absence of preliminary valuation procedure, the tax authorities may challenge the value reported in the inheritance tax return if they consider, based on the information at their disposal, that the reported value is lower than the fair market value at the time of death. The reported value can be challenged by the Belgian tax authorities within		***Inheritance tax return*** An inheritance tax return should be filed for the immovable property situated in Belgium. An inheritance tax return cannot be filed electronically. The inheritance tax return may only be filed in the applicable national language (Dutch, French or German).			

Country Member State A	Importance to the country?	Are the bequests subject to inheritance tax in Member State A?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
			the 2 years period following the filing of the inheritance tax return. The foreign real estate left by a non-resident is not included in the taxable base for the Belgian inheritance tax. As a result, it does not have to be reported nor valued for Belgian inheritance tax purposes.					
Bulgaria	Negligible (0.0%)	Yes, but direct lineal ascendants and descendant as well as spousal partner are exempted from it. Another important exception is that inherited property abroad is only taxable for Bulgarian citizens and not for	Yes, if no such valuation for taxation purposes already exists.	Valuations from other Member State's authorities are recognized but need to be translated in Bulgarian.	Yes, they have to be reported in s tax return. The return cannot be filed electronically.	In the name of the inheritor, but filed in the territorial department with jurisdiction over the deceased.	Depending on the DTT with the other country.	No

Country Member State A	Importance to the country?	Are the bequests subject to inheritance tax in Member State A?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		foreign nationals.						
Croatia	Negligible (0.0%)	Generally yes (exemptions are available).	Presumably yes (no practical experience)	(no practical experience)	Any taxable income may need to be reported in the monthly and / or annual tax return.	Successor	Presumably yes (no practical experience)	Presumably no (no practical experience)
Cyprus	Negligible (< 1.0%)	Cyprus does not impose an Inheritance tax	Not required by tax law	N/A	No	N/A	No	No
Czech Republic	Negligible (0.0%)	No, the inheritance tax was abolished as of 1 January 2014.	N/A	N/A	N/A	N/A	N/A	N/A.
Denmark	Negligible (0.0 – 1.0%)	Assuming the estate is to be settled in the other member state, Denmark will only levy inheritance tax on the Danish house.	Yes	A valuation in English will typically be accepted.	No	N/A	Yes	No
Estonia	Negligible (0.0%)	No	N/A	N/A	No	N/A	N/A	N/A
Finland	Negligible (< 1.0%)	Yes. Bequests are subject to inheritance tax in Finland in case one or more of the following requirements is	The inheritance tax is based on the value of the bequest and therefore valuation is needed. In practice it is	The valuation of foreign property is required for inheritance tax purposes (the same applies both to properties located in and outside of	Bequests are subject to inheritance tax, not income tax. In purely domestic cases where both the deceased and the	In this case the separate notification should be filed in the name of the each beneficiary. Each beneficiary should file their own notification.	It is possible to claim for foreign tax credit against the Finnish inheritance tax if the taxpayer (legatee) is resident in Finland. In case the foreign	No

Country Member State A	Importance to the country?	Are the bequests subject to inheritance tax in Member State A?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		fulfilled: - Legatee lives in Finland at the time of the death - Deceased lives in Finland at the time of the death - Bequeathed immovable property is located in Finland In this case one of the requirements is fulfilled both regarding the bequests to the partner and to the children.	possible to provide a valuation also in other language than the official ones. Usually the Finnish tax authority does not require the documentation regarding the valuation to be translated into Finnish or Swedish language. They may do so, but in practice this is quite uncommon (at least if the documentation is provided in English or in one of the other biggest European languages).	Finland). The Finnish tax authority may request to provide them with supporting documentation to establish how the value for a property located outside of Finland is determined, and they may request for this documentation to be translated into Finnish or Swedish, but in practice this translation is not usually requested (at least if the documentation is provided in English or in one of the other biggest European languages).	legatee(s) live in Finland, the inheritance tax is usually assessed based on the assets inventory that needs to be prepared after the death and provided to the tax authority. The assets inventory needs to be filed in either Finnish or Swedish. In cases where the deceased did not live in Finland and assets inventory is not required, the inheritance tax is assessed based on separate notification that the legatee(s) is required to file after the death. According to the domestic legislation this notification should be filed in one of the official languages,		inheritance tax is paid on property located in Finland, no foreign tax is allowed. In this specific case the spouse would not be able to claim for a tax credit on a foreign inheritance tax paid on the property located in Finland. The children would be able to claim for a foreign tax credit as they are living in Finland.	

Country Member State A	Importance to the country?	Are the bequests subject to inheritance tax in Member State A?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
					but in practice at least notifications made in English are accepted. In this case the inheritance tax is assessed based on separate notification that the legatee(s) are required to file after the decease. Electronic filing is not possible. Please note that prior to the distribution of the assets the estate is liable to the income tax returns.			
France	Negligible (< 1.0%)	When the heir is domiciled in France at the date of the transfer and he was also domiciled during a period of 6 years in the last 10 previous years in	Yes to both questions	For French bequests, the valuations should be made according to the French rules (i.e. market price at the date of death) For non-French bequests, the valuation	The bequests are not reported in an income tax return. It is reported in a notarial act. There is no electronically file	Heirs	Two cases: **In absence of a tax treaty**: if the deceased is considered as R under the French tax rules, the French	

Country Member State A	Importance to the country?	Are the bequests subject to inheritance tax in Member State A?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		France, the foreign bequests are taxable in France, even if the deceased is not a resident of France. Furthermore, bequests located in France are taxable in France whatever the tax residency status of the heir or deceased.		is made according to the local rules under the control of the French tax authorities (with potential administrative assistance of the foreign tax authorities if provided by the relevant tax treaty) but the valuation should be in line with French tax rules (e.g. valuation at the date of death, market price, etc.)			legislation grants, in case of inheritance tax, a tax credit for foreign inheritance tax paid (capped to the French tax) on non-French properties if the deceased is considered as NR under the French tax rules, the French legislation grants, in case of inheritance tax, a tax credit for foreign inheritance tax paid (capped to the French tax) on non-French properties if the taxation in France was triggered by the French residency status of the heirs **In presence of a tax treaty:** Assumption: deceased is NR, no tax relief on bequest	

Country Member State A	Importance to the country?	Are the bequests subject to inheritance tax in Member State A?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
							taxable in France	
Germany	Negligible (< 1.0%)	Generally yes	Yes	The respective property has to be valued according to German tax law. Basically, all documents have to be provided in German language. In case this is done in a different language, the tax authorities are entitled by law to request a German translation.	No, bequests have to be reported in a separate tax return. The respective returns cannot be filed electronically.	In the name of the partner and children.	Taxpayers can claim for a tax credit for foreign inheritance tax under national provisions. The maximum tax credit equals the German inheritance tax. As a DTT between the involved countries is in place the foreign tax credit or the tax exemption method depending on the respective DTT applies.	No
Greece	Negligible (0.5%)	Yes	Yes	Each country shall evaluate separately the moveable and immoveable property under their own evaluation system. A tax credit will be provided in Greece for foreign taxes paid on the inheritance.	Yes. Currently the tax return can only be filed through a hard copy.	Tax return should be filed in the name of the inheritor.	Yes. The inheritance tax assessment from the foreign country translated into Greek should be provided in order to be able to claim the tax credit.	No
Hungary	Negligible (0.0%)	Bequests situated in Hungary are subject	Yes, valuation is required	As a general rule, valuation is performed	No	N/A	Bequests situated in Hungary are subject	No

Country Member State A	Importance to the country?	Are the bequests subject to inheritance tax in Member State A?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		to inheritance tax. If a Hungarian citizen or a foreign citizen living in Hungary inherits movable property from abroad, it is only subject to Hungarian inheritance tax, if no such tax had to be paid abroad. Immovable property situated abroad is not subject to Hungarian inheritance tax. Bequests inherited by lineal relatives and spouses are exempt from inheritance tax.		by the tax authority. However, we do not have relevant experience as to the valuation of foreign property.			to inheritance tax. If a Hungarian citizen or a foreign citizen living in Hungary inherits movable property from abroad, it is only subject to Hungarian inheritance tax, if no such tax had to be paid abroad. Immovable property situated abroad is not subject to Hungarian inheritance tax. Bequests inherited by lineal relatives and spouses are exempt from inheritance tax. Inheritance tax is assessed by the tax authority. The heir may appeal against the assessment. It is the heir's responsibility to provide evidence on the inheritance tax paid abroad.	
Ireland	Negligible	Yes	Yes		The beneficiary would	The inheritance tax	Yes. Credit for the	No

Country Member State A	Importance to the country?	Are the bequests subject to inheritance tax in Member State A?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
	(< 1.0%)				need to report the bequest in their annual tax return. This can be filed electronically.	return would be filed in the name of the deceased.	foreign tax would be claimed in the return.	
Italy	Negligible (< 1.0%)	Generally bequests are subject to Inheritance tax but only on the property held in Italy in case the deceased was Italian tax resident for fiscal purpose. Despite this, an exemption equals to 1 million Eur. is provided in case inheritance's beneficiary is the immediate families.	Yes, valuation is required and should be provided in the Italian language.	Value of foreign property should be reported only in case, under the relevant double tax treaty on inheritance and gift, Italian has the right to tax the property.	It is required to file a special tax return for inheritance purpose.	The return should be filed in name of the deceased		No, there are no other filing requirements.
Latvia	Negligible (0.0%)	There is no specific inheritance tax in Latvia however state fee shall be paid for transfer of inherited immovable property located in Latvia and registration	No	N/A	Yes, if the rental income is earned. Yes, via Electronic Declaration system.	Person, who earned rental income.	No, tax relief is not available in respect of foreign inheritance tax.	N/A

Country Member State A	Importance to the country?	Are the bequests subject to inheritance tax in Member State A?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		with the Land register.						
Lithuania	Negligible (< 1.0%)	Yes, they are subject to inheritance tax in Lithuania. However, since in this case the bequest shall be received from a spouse/one of the parents, such bequest shall be exempt from taxation with inheritance tax. Additionally, no reporting obligation for inheritance tax purposes shall occur in Lithuania.	Yes, but only for legal purposes to formalize the bequest.	The value of the inherited foreign property is determined according to the foreign inheritance documents. If the value of the foreign property is not indicated in the inheritance documents the value of the inherited property is determined by the beneficiary according to the documents related to such property. Foreign valuation concerning a foreign property should be accepted in Lithuania. As regards the valuation of domestic property, detailed rules on the valuation of domestic bequest are established in the Lithuanian legislation.	No, bequests that are subject to inheritance tax (even if exempt from actual inheritance tax) do not have to be reported in the income tax return.	N/A	Yes, the tax payer can claim an inheritance tax credit for the tax paid in another country via submission of the inheritance tax return (credit may be applied only if inheritance tax has been paid in a country indicated in the list of foreign countries approved by the order of the Lithuanian Minister of Finance). The maximum relief is the amount of tax the Lithuanian tax authorities would have levied on the bequests. However, in the scenario above as there would be no actual inheritance tax calculated in	De-registration of living place in Lithuania may be required.

Country Member State A	Importance to the country?	Are the bequests subject to inheritance tax in Member State A?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
							Lithuania, no tax foreign inheritance tax relief would be applicable.	
Luxemburg	Negligible (0.0%)	Inheritance taxes are levied on the whole estate left by an inhabitant of Luxembourg at the time of his death whereas death duty are levied on real estate located in Luxembourg which is left by a person who is not an inhabitant of Luxembourg. No tax is due on movable property located in Luxembourg and owned by a person who is not an inhabitant of Luxembourg.	Yes, since the tax base for inheritance tax is the market value at the time of death of the entire net estate inherited. It should be provided in one of the 3 languages used in Luxembourg (Luxembourgish, German or French).	Since real estates located abroad are exempt from inheritance tax in Luxembourg, there is no need to provide a valuation.	No income tax return to be filed for bequests but since the deceased is not domiciled in Luxembourg, the legatees must file a detailed declaration at each local tax office where the real estate property is located. This procedure is mandatory even if no inheritance tax is due. It cannot be done electronically.	The detailed declaration must be filed by the legatees.	There is no procedure in place in Luxembourg to claim for a relied if double taxation occurs.	No
Malta	Somewhat important (10.0%)	Maltese Law does not envisage an inheritance tax but duty on documents	Yes	No	No	N/A	N/A	N/A

Country Member State A	Importance to the country?	Are the bequests subject to inheritance tax in Member State A?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		and transfers applies to transmissions causa mortis of certain assets.						
Netherlands	Negligible (0.0 – 1.0%)	No. However, If the person has the Dutch nationality and deceases within 10 years after the couple moved to the other member state, the deceased person is considered to live in the Netherlands on the moment he deceases, and the bequest could be subject to inheritance tax in our country.	If more than 10 years have passed after the migration, the bequest is not subject to Dutch inheritance tax. Therefore a valuation is not needed in this situation. However, if the person deceases within 10 years after the couple moved to the other member state, a valuation of foreign property is needed. A translation of this valuation rapport is not required. Valuation of the Dutch property is not needed.	The tax base for inheritance tax is the market value. For both Dutch property and for foreign property, the market value had to be provided in the Inheritance Tax Return.	No, they are not reported in the regular income tax return. The bequests have to be reported in an Inheritance Tax Return.	The Inheritance Tax Return has to be filed in the name of the beneficiaries.	Yes, our country grants a tax relief if the foreign inheritance tax is levied based on residency. A tax relief will also be granted if our country would qualify the subject of inheritance as a situs subject. A proof of the fact that foreign inheritance tax is paid has to be provided in order to obtain a tax relief.	No

Country Member State A	Importance to the country?	Are the bequests subject to inheritance tax in Member State A?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
Poland	Negligible (0.1%)	Yes, however, generally the tax obligation refers to the items or property rights located on the territory of Poland. Bequests with respect to items or property rights located outside Poland are subject to inheritance tax if on the day of opening the inheritance proceedings, the beneficiary is a Polish citizen or has a place of permanent residence on the territory of Poland.	Yes, the valuation should be in Polish.	There is a special form, namely SDZ 2 that needs to be filed in Polish in case of inheritance. Taxation of inheritance is dependent on the degree of relationship between testator/donor and beneficiary.	Separate return	Partner, children	Yes. There are a few double tax treaties signed by Poland on avoidance of double taxation of bequests and inheritances (e.g. Austria, Hungary). Moreover, taxation of inheritance of foreign property is dependent on the degree of relationship between testator/donor and beneficiary. Reliefs are applicable for Polish citizens, individuals with the permanent place of residence in Poland, as well as the citizens of the other EU countries and the European Economic Area.	N/A
Portugal	Negligible (very limited number of cases)	Inheritance and gift taxes were eliminated, effective from 1 January	Not applicable (as an exemption applies in the example hereunder	Not applicable (as an exemption/non liability applies in case of foreign property)	Income derived from an undivided estate shall be reported by the beneficiaries, who	It depends on the specific circumstances, namely on the nature	No, foreign tax credit is only available in relation to personal income taxes paid	No

Country Member State A	Importance to the country?	Are the bequests subject to inheritance tax in Member State A?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		2014. However, Stamp Duty, at a rate of 10% applies, if the beneficiary is an individual. Specific rules apply to determine on whether an asset is deemed to be located in Portugal for Stamp Duty purposes. Notwithstanding, an exemption is available for the spouse, ascendants and descendants	analysis		shall include it in their income tax return. Furthermore, the bequest itself must be reported through the so-called “Modelo 1” (which cannot be filed electronically) even when an exemption applies. The tax obligations also depend on the residency status of the individuals (resident vs non residents).	of the income received, if there is or not a spouse of the deceased, if there is undivided inheritance, etc. The return may have to be filed by the living spouse, by the beneficiary/ies of the inheritance, by the “head-of-inheritance” on behalf of the deceased, etc.	abroad.	
Romania	Negligible (0.0%)	No. Romania does not have an inheritance tax.	N/A	N/A	N/A	N/A	N/A	N/A
Slovakia	Negligible (0.0%)	N/A The inheritance tax was abolished in Slovakia as of 1 January 2004.	No	N/A	In general, bequests are not reported in an income tax return. However, if deceased achieved any taxable income in the respective tax year concerned (i.e. Slovak rental income	If filing obligation arises (please see above BIVA 5) the tax return is filed in name of the deceased.	N/A	N/A

Country Member State A	Importance to the country?	Are the bequests subject to inheritance tax in Member State A?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
					from letting of Slovak property), heritor(s) are obliged to file a tax return on behalf of the deceased within the period of three months from the day of death of the deceased person.			
Slovenia	Negligible (0.5%)	No. First order of succession is exempt from paying tax	No	N/A	No. In case of *inheritance the tax is charged on the basis of a final decree of distribution sent by the court to the TA*	N/A	N/A	No
Spain	Negligible (5.0%)	We assume that they will be considered as non tax residents. There will be subject to taxation in Spain when the assets are considered as Spanish source of income (e.g. a building set in Spanish territory)	Yes. Yes.	When being considered as non tax residents in Spain, the applicable law is the Spanish one (the state law).	No	In the legatee's name.	Yes, according to the tax treaties, a deduction for double taxation is applicable.	N/A
Sweden	Negligible	No	Yes – for the	Yes	No	N/A	N/A	No

Country Member State A	Importance to the country?	Are the bequests subject to inheritance tax in Member State A?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
	(0.0%)		inheritance	Yes	N/A			
United Kingdom	Negligible (0.0 – 1.0%)	Bequests to surviving spouse are exempt from IHT. However, there is a limit (currently GBP 325,000) to the exemption when the bequest is from a UK domiciled spouse to a non-UK domiciled spouse. Bequest to children will be subject to IHT based on the value of the deceased's estate on death that is subject to IHT.	Yes and ideally in English. Valuation is required so as to make the Inheritance tax return	Foreign valuation should be accepted but it is open to HM Revenue and Customs to enquire into the valuation of foreign property. The foreign currency values must be converted to GBP.	The Inheritance tax account due in respect of the estate of deceased can only be filed in paper format.	The Inheritance tax account should be filed by the person appointed to deal with the estate of the deceased i.e. the Executor	If the deceased is regarded as remaining domiciled in the UK for Inheritance tax purposes the value of their worldwide assets are reportable in the Inheritance tax account. Credit for foreign inheritance tax would be allowed under a bilateral capital taxes treaty or unilaterally. The credit would be limited to the UK IHT tax due on the property in the other country. If the deceased is not regarded as remaining domiciled in the UK for Inheritance tax purposes only the value of their UK assets are reportable in the Inheritance	No

Country Member State A	Importance to the country?	Are the bequests subject to inheritance tax in Member State A?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
							tax account hence there would be no credit for foreign tax in the other country.	

3.5.2 Country overview – Country Member State B

Country – Member State B	Importance to the country?	Are the bequests subject to inheritance tax in Member State B?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
Austria	Negligible (< 1.0%)	No	N/A	N/A	No	N/A	N/A	Electronic notification has to be sent to the tax authorities.
Belgium	Negligible (8.0%)	Considering that the deceased was a Belgian resident at the moment of death, Belgian inheritance tax should be levied on the worldwide movable and immovable property left by the deceased.	All bequests must be provided in the applicable national language (Dutch, French or German). Each bequest must in principle be reported at its fair market value at the time of death. Please, note that some exception may apply for specific assets. A valuation by an expert is not mandatory. The fair market value can also be determined by the heirs based on all other information at their disposal.	If foreign documents confirming the reported value of foreign assets are transferred to the tax authorities, a translation in the applicable national language (Dutch, French or German) may be requested. A value based on a foreign valuation may be accepted by the Belgian tax authorities. Please, note however that the valuation of foreign assets is never binding for the Belgian tax authorities (the possibility of a preliminary valuation procedure being limited to Belgian movable and immovable property only).	***Income tax return*** The bequests themselves should not be reported in an income tax return in Belgium. However, in the situation at hand, the surviving spouse should file a resident income tax return in Belgium reporting her worldwide income, including her income arising from the immovable property she received (both Belgian as foreign immovable property). The foreign immovable property must be reported in the income tax return but its income is tax-exempt. The	We consider this question is about the inheritance tax return. The Belgian inheritance tax return must be filed by the heirs or beneficiaries. In the case at hand, the inheritance tax return should be filed by the surviving spouse and the children.	A tax credit may be granted up to the amount of foreign tax effectively paid abroad on foreign real estate, without exceeding the amount of Belgian inheritance tax to be levied on the same property. The tax credit is only granted when the following conditions are met: - the tax credit is claimed by the heirs in the Belgian inheritance tax return; - a copy of the foreign inheritance tax return and a copy of the foreign tax	N/A

Country – Member State B	Importance to the country?	Are the bequests subject to inheritance tax in Member State B?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
			For Belgian real estate, a valuation by an expert is however highly recommended when the heirs do not have any knowledge of the Belgian immovable market. Please, note that a valuation made by an expert is not binding for the tax authorities, except when the expert received the preliminary approval of the tax authorities, on written request of the heirs, in a so-called "preliminary valuation procedure". A preliminary valuation procedure is only possible in		exemption method applied in Belgium is an "exemption with progression", meaning that the worldwide income (including the exempted part) will be taken into account to determine the income tax rate that will be applicable on the remaining income (i.e. the part which is to be taxed in Belgium). This resident income tax return can be filed electronically using the "tax-on-web"-system. The tax return is only available in the three national languages (French, Dutch and German). In the situation at hand, the language to be used will depend on the Region where the		assessment, duly certified by the foreign tax authorities, must be provided to the Belgian tax authorities, together with a certificate delivered by the foreign tax authorities, confirming the effective payment of the foreign tax.	

Country – Member State B	Importance to the country?	Are the bequests subject to inheritance tax in Member State B?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
			the applicable national language (Dutch, French or German) and for Belgian immovable property or movable assets located in Belgium. **For foreign real estate**, the reported market value must at least be equal to the value used for the collection of inheritance tax in the country where the real estate is located. In the absence of convincing documents demonstrating the fair market value of the foreign real estate, the value to be reported must be equal to the annual rental		surviving spouse would be living. ***Inheritance tax return*** The worldwide property left by the deceased must be reported in a Belgian inheritance tax return. This tax return cannot be filed electronically. It must be filed in the applicable national language (Dutch, French or German). The applicable national language is determined based on the Region where the deceased had been domiciled the most during the five years period prior to death.			

Country – Member State B	Importance to the country?	Are the bequests subject to inheritance tax in Member State B?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
			income of the property multiplied by 20 for plots of land and by 30 for buildings. The tax authorities may challenge each value reported in the inheritance tax return if they consider, based on the information at their disposal, that the reported value is lower than the fair market value at the time of death (for Belgian assets, except when the reported value has been determined based on a preliminary valuation procedure). The reported value can be challenged by the Belgian tax authorities within					

Country – Member State B	Importance to the country?	Are the bequests subject to inheritance tax in Member State B?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
			the 2 years period following the filing of the inheritance tax return.					
Bulgaria	Negligible (0.0%)	Yes, but direct lineal ascendants and descendant as well as spousal partner are exempted from it. Another important exception is that inherited property abroad is only taxable for Bulgarian citizens and not for foreign nationals. In this case only the property located in Bulgaria will be subject to tax.	Yes, if no such valuation for taxation purposes already exists.	Valuations from other Member State's authorities are recognized but need to be translated in Bulgarian.	Yes, they have to be reported in a tax return. The return cannot be filed electronically.	In the name of the inheritor, but filed in the territorial department with jurisdiction over the deceased.	Depending on the DTT with the other country.	No
Croatia	Negligible (0.0%)	Generally yes (exemptions are available).	Presumably yes (no practical experience)	(no practical experience)	Any taxable income may need to be reported in the monthly and / or annual tax return.	Successor	Presumably yes (no practical experience)	Presumably no (no practical experience)
Cyprus	Negligible (< 1.0%)	No	No	N/A	No	N/A	N/A	No
Czech Republic	Negligible (0.0%)	No, the inheritance tax was abolished	N/A	N/A	N/A	N/A	N/A	N/A

Country – Member State B	Importance to the country?	Are the bequests subject to inheritance tax in Member State B?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		as of 1 January 2014.						
Denmark	Negligible (0.0 – 1.0%)	Yes	Yes We assume the estate will be handled in Denmark	A valuation in English will typically be accepted	No	N/A	Yes	No
Estonia	Negligible (0.0%)	No	N/A	N/A	No	N/A	N/A	N/A
Finland	Negligible (< 1.0%)	Yes. Bequests are subject to inheritance tax in Finland in case one or more of the following requirements is fulfilled: - Legatee lives in Finland at the time of the death - Deceased lives in Finland at the time of the death - Bequeathed immovable property is located in Finland In this case one of	The inheritance tax is based on the value of the bequest and therefore valuation is needed. In practice it is possible to provide a valuation also in other language than the official ones. Usually the Finnish tax authority does not require the documentation regarding the valuation to be translated into Finnish or Swedish language. They	The valuation of foreign property is required for inheritance tax purposes (the same applies both to properties located in and outside of Finland). The Finnish tax authority may request to provide them with supporting documentation to establish how the value for a property located outside of Finland is determined, and they may request for this documentation to be translated into Finnish or Swedish, but in practice this translation is not usually requested	Bequests are subject to inheritance tax, not income tax. In purely domestic cases where both the deceased and the legatee(s) live in Finland, the inheritance tax is usually assessed based on the assets inventory that needs to be prepared after the death and provided to the tax authority. The assets inventory needs to be filed in either Finnish or Swedish.	The assets inventory should be filed in the name of the deceased and it should include information on the beneficiaries. The inheritance taxes are assessed on the beneficiaries based on the assets inventory. The beneficiaries do not need a tax registration number for this purpose.	It is possible to claim for foreign tax credit against the Finnish inheritance tax if the taxpayer (legatee) is resident in Finland. In case the foreign inheritance tax is paid on property located in Finland, no foreign tax is allowed. In this specific case the spouse would be able to claim for a tax credit on a foreign inheritance tax paid on the property located outside of Finland,	No

Country – Member State B	Importance to the country?	Are the bequests subject to inheritance tax in Member State B?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		the requirements is fulfilled both regarding the bequests to the partner and to the children.	may do so, but in practice this is quite uncommon (at least if the documentation is provided in English or in one of the other biggest European languages).	(at least if the documentation is provided in English or in one of the other biggest European languages).	In this case, as the deceased lived in Finland, an assets inventory needs to be prepared. Electronic filing is not possible. Please note that prior to the distribution of the assets the estate is liable to the income tax returns.		but not on the one located in Finland. The children would not be able to claim for a foreign tax credit as they are living outside of Finland.	
France	Negligible (< 1.0%)	Yes since the deceased was R in France	Yes to both questions	For French bequests, the valuations should be made according to the French rules (i.e. market price at the date of death) For non-French bequests, the valuation is made according to the local rules under the control of the French tax authorities (with potential administrative assistance of the foreign tax authorities if provided by the relevant	The bequests are not reported in an income tax return. It is reported in a notarial act. There is no electronically file	Heirs No need to have a tax registration number	Two cases: **In absence of a tax treaty**: the French legislation grants, in case of inheritance tax, a tax credit for foreign inheritance tax paid (capped to the French tax) on non-French properties **In presence of a tax treaty:** the French legislation	

Country – Member State B	Importance to the country?	Are the bequests subject to inheritance tax in Member State B?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
				tax treaty) but the valuation should be in line with French tax rules (e.g. valuation at the date of death, market price, etc.)			grants, either an exemption with progression or a tax credit equal to foreign inheritance tax paid (capped to French tax) depending on specific provision on inheritance tax of the relevant tax treaty The claim should be done by the notary within the notarial act with proof of payment of the foreign tax paid.	
Germany	Negligible (< 1.0%)	Generally yes.	Yes	The respective property has to be valued according to German tax law. Basically, all documents have to be provided in German language. In case this is done in a different language, the tax authorities are entitled by law to request a German translation	No, bequests have to be reported in a separate tax return. The respective returns cannot be filed electronically. The return is only available in German language.	In the name of the partner and children. Individuals being resident of Germany are automatically given a tax ID number when being born. The taxpayer keeps this ID number for his entire life. In addition, a tax number is granted when filing the tax	Taxpayers can claim for a tax credit for foreign inheritance tax under national provisions. The maximum tax credit equals the German inheritance tax. As a DTT between the involved countries is in place the foreign tax credit or the tax exemption	No

Country – Member State B	Importance to the country?	Are the bequests subject to inheritance tax in Member State B?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
						return. There is no need to apply for either the tax ID or the tax number.	method depending on the respective DTT applies. Please note that Germany only have to grant for relief regarding the house located in the foreign country. According to the DTTs Germany has the right of taxation regarding the German house.	
Greece	Negligible (0.5%)	Yes	Yes	Each country should valuate their property under their domestic rules. A translation is required of foreign documents.	Yes, however should be submitted in hard copy. Not available in another language.	The inheritor. The beneficiaries should obtain a tax number for this purpose.	Yes, an inheritance tax assessment of the foreign country should be provided translated into Greek.	No
Hungary	Negligible (0.0%)	Bequests situated in Hungary are subject to inheritance tax. If a Hungarian citizen or a foreign citizen living in Hungary inherits movable property from abroad, it is only subject to	Yes, valuation is required	As a general rule, valuation is performed by the tax authority. However, we do not have relevant experience as to the valuation of foreign property.	No	N/A	See answer to BIVB 2. Inheritance tax is assessed by the tax authority. The heir may appeal against the assessment. It is the heir's responsibility to provide evidence on the inheritance tax paid abroad.	No

Country – Member State B	Importance to the country?	Are the bequests subject to inheritance tax in Member State B?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		Hungarian inheritance tax, if no such tax had to be paid abroad. Immovable property situated abroad is not subject to Hungarian inheritance tax. Bequests inherited by lineal relatives and spouses are exempt from inheritance tax.						
Ireland	Negligible (< 1.0%)	Bequests to the surviving spouse are exempt. The other bequests would be taxable.	Valuations would usually be obtained for real estate in order to arrive at an accurate value and would usually be in English. This is not strictly a requirement however it would generally be done in order to validate the values used in the return. In this case the bequest to	A foreign valuation from a suitably qualified person would be acceptable. This would need to be in English or a translation should be provided.	Any Irish resident beneficiaries would need to include the bequests in their tax returns.	Beneficiaries who have an Irish tax liability would need to file inheritance tax returns in their own name. They would need to apply for a tax number. There is no charge for this, but they may need to engage a local lawyer or accountant to make the application on their behalf if they can't do so in person.	Yes. Credit would be claimed in the inheritance tax return.	No

Country – Member State B	Importance to the country?	Are the bequests subject to inheritance tax in Member State B?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
			the spouse is exempt and it would not be necessary to obtain a valuation.					
Italy	Negligible (< 1.0%)	Yes, with reference to property held in Italy.	Yes, valuation is required and should be provided in the Italian language.	Value of foreign property should be reported only in case, under the relevant double tax treaty on inheritance and gift, Italian has the right to tax the property. Generally the value is equal to the foreign value.	It is required to file a special tax return for inheritance purpose.	The return should be filed in name of the deceased.	Only in case this kind of measure is provided by a double tax treaty on inheritance and gifts.	No, there aren't any other filing requirements.
Latvia	Negligible (0.0%)	There is no specific inheritance tax in Latvia, however state fee shall be paid for transfer of inherited immovable property located in Latvia and for registration with the Land register.	No	N/A	Yes, if rental income is earned. Return may be filed electronically, however it is available only in Latvian language.	Person, who has earned rental income.	No, tax relief is not available in respect of foreign inheritance tax.	Foreign tax payers, who have permanent residence permit in Latvia and who become Latvian tax residents, shall submit property declaration, if certain criteria are met (for example, if a tax payer owns

Country – Member State B	Importance to the country?	Are the bequests subject to inheritance tax in Member State B?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
								immovable property abroad).
Lithuania	Negligible (< 1.0%)	Yes, they are subject to inheritance tax in Lithuania. However, since in this case the bequest shall be received from a spouse/one of the parents, such bequest shall be exempt from taxation with inheritance tax. Additionally, no reporting obligation for inheritance tax purposes shall occur in Lithuania.	Yes, but only for legal purposes to formalize the bequest.	The value of the inherited foreign property is determined according to the inheritance documents. If the value of the foreign property is not indicated in the inheritance documents the value of the inherited property is determined by the beneficiary according to the documents related to such property. Foreign valuation concerning a foreign property would be accepted in Lithuania. As regards the valuation of property located in Lithuania, detailed rules on the valuation of domestic bequest are established in the Lithuanian legislation.	No, bequests that are subject to inheritance tax (even if exempt from actual inheritance tax payment) do not have to be reported in the income tax return.	N/A	Yes, the tax payer can claim an inheritance tax credit for the tax paid in another country via submission of the inheritance tax return (credit may be applied only if inheritance tax has been paid in a country indicated in the list of foreign countries approved by the order of the Lithuanian Minister of Finance). The maximum relief is the amount of tax the Lithuanian tax authorities would have levied on the bequests. However, in the case above, no tax relief shall be applicable as no inheritance tax shall be calculated.	Such persons (foreign taxpayers) are required to obtain a residence permit from the Lithuanian Migration Authorities if they spend more than 3 months in a 6 month period in Lithuania and they also have to declare their living place in Lithuania.

Country – Member State B	Importance to the country?	Are the bequests subject to inheritance tax in Member State B?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
Luxemburg	Negligible (0.0%)	Inheritance taxes are levied on the whole estate left by an inhabitant of Luxembourg at the time of his death, except real estate located abroad and movable goods located abroad that are taxed by reference to the citizenship of the deceased. Inheritance taxes are due in Luxembourg wherever the legatees are resident.	Yes, since the tax base for inheritance tax is the market value at the time of death of the entire net estate inherited. It should be provided in one of the 3 languages used in Luxembourg (Luxembourgish, German or French).	Since real estates located abroad are exempt from inheritance tax in Luxembourg, there is no need to provide a valuation.	No income tax return to be filed but if the death occurs in Luxembourg, the legatees must file a detailed declaration within six months of the date of the death. This procedure is mandatory even if no inheritance tax is due and cannot be done electronically. It should be done in one of the Luxembourg official languages (Luxembourgish, French or German).	The detailed declaration must be filed by the legatees. Since it is not a tax return, there is no need to have a tax registration number.	There is no procedure in place in Luxembourg to claim for a relied if double taxation occurs.	No
Malta	Negligible (0.0%)	Yes	Yes	No	No	In the name of the heirs	No	No
Netherlands	Negligible (0.0 – 1.0%)	Yes	If more than 10 years have passed after the migration, the bequest is not subject to Dutch inheritance tax. Therefore a valuation is not	The tax base for inheritance tax is the market value. For both Dutch property and for foreign property, the market value had to be provided in the Inheritance Tax Return.	No, they are not reported in the regular income tax return. The bequests have to be reported in an Inheritance Tax Return.	The Inheritance Tax Return has to be filed in the name of the beneficiaries.	Yes, our country grants a tax credit if the foreign inheritance tax is levied based on the fact that the property is situated in that country.	No

Country – Member State B	Importance to the country?	Are the bequests subject to inheritance tax in Member State B?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
			needed in this situation. However, if the person deceases within 10 years after the couple moved to the other member state, a valuation of foreign property is needed. A translation of this valuation rapport is not required. Valuation of the Dutch property is not needed.					
Poland	Negligible (0.1%)	Yes. However, generally the tax obligation refers to the items or property rights located on the territory of Poland. Bequests with respect to items or property rights located outside	Yes, the valuation should be in Polish.	There is a special form, namely SDZ 2 that needs to be filed in Polish in case of inheritance. Taxation of inheritance is dependent on the degree of relationship between testator/donor and beneficiary.	Separate return	Partner, children	Yes. There are a few double tax treaties signed by Poland on avoidance of double taxation of bequests and inheritances (e.g. Austria, Hungary). Moreover, taxation of inheritance of foreign	

Country – Member State B	Importance to the country?	Are the bequests subject to inheritance tax in Member State B?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		Poland are subject to inheritance tax if on the day of opening the inheritance proceedings, the beneficiary is a Polish citizen or has a place of permanent residence on the territory of Poland.					property is dependent on the degree of relationship between testator/donor and beneficiary. Reliefs are applicable for Polish citizens, individuals with the permanent place of residence in Poland, as well as the citizens of the other EU countries and the European Economic Area.	
Portugal	Negligible (very limited number of cases)	Inheritance and gift taxes were eliminated, effective from 1 January 2014. However, Stamp Duty, at a rate of 10% applies, if the beneficiary is an individual. Specific rules apply to determine on whether an asset is deemed to be	Not applicable (as an exemption applies in the example hereunder analysis)	Not applicable (as an exemption/non liability applies in case of foreign property)	Income derived from an undivided estate shall be reported by the beneficiaries, who shall include it in their income tax return. Furthermore, the bequest itself must be reported through the so-called "Modelo 1" (which cannot be filed electronically) even when an exemption	It depends on the specific circumstances, namely on the nature of the income received, if there is or not a spouse of the deceased, if there is undivided inheritance, etc. The return may have to be filed by the living spouse, by the beneficiary/ies of the	No, foreign tax credit is only available in relation to personal income taxes paid abroad.	No

Country – Member State B	Importance to the country?	Are the bequests subject to inheritance tax in Member State B?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		located in Portugal for Stamp Duty purposes. Notwithstanding, an exemption is available for the spouse, ascendants and descendants.			applies. The tax obligations also depend on the residency status of the individuals (resident/non habitual resident vs non residents).	inheritance, by the "head-of-inheritance" on behalf of the deceased, etc.		
Romania	Negligible (0.0%)	No	N/A	N/A	No	N/A	N/A	N/A
Slovakia	Negligible (0.0%)	No, the inheritance tax was abolished in Slovakia as of 1 January 2004.	No	N/A	In general, bequests are not reported in an income tax return. However, if deceased achieved any income taxable in Slovakia in the respective tax year concerned (i.e. rental income from letting of property), heritor(s) are obliged to file a tax return on behalf of the deceased within the period of three months from the day of death of the deceased person.	If filing obligation arises (please see above BIVB 5) the tax return is filed in name of the deceased. No tax registration number required (unless the deceased generated income from entrepreneurial / business activities in Slovakia, which we understand is not this case).	N/A	No
Slovenia	Negligible	No. First order of	No	N/A	No. In case of	N/A	N/A	No

Country – Member State B	Importance to the country?	Are the bequests subject to inheritance tax in Member State B?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
	(0.5%)	succession is exempt from paying tax.			inheritance the tax is charged on the basis of a final decree of distribution sent by the court to the TA.			
Spain	Negligible (5.0%)	Yes	Yes	Yes. In case that the bequest is set in Spain and the legatee is considered as a Spanish Tax resident, the Regional Law will be applied. In case that the bequest is not set in Spain, the state law will be applied.	No	In the legatee's name.	Yes, according to the tax treaties, a deduction for double taxation is applicable.1	N/A
Sweden	Negligible (0.0%)	No	Yes – for the inheritance	Yes	N/A	N/A	N/A	N/A
United Kingdom	Negligible (0.0 – 1.0%)	Bequests to surviving spouse are exempt from IHT. However, there is a limit (currently GBP 325,000) to the exemption when the bequest is from a UK domiciled spouse to a non-UK	Yes and ideally in English. Valuation is required so as to make the Inheritance tax return. The foreign currency values must be converted to GBP.	Foreign valuation should be accepted but it is open to HM Revenue and Customs to enquire into the valuation of foreign property.	The Inheritance tax account due in respect of the estate of deceased can only be filed in paper format.	The Inheritance tax account should be filed by the person appointed to deal with the estate of the deceased i.e. the Executor	If the deceased is regarded as remaining domiciled in the UK for Inheritance tax purposes the value of their worldwide assets are reportable in the Inheritance tax account. Credit for foreign inheritance	No

Country – Member State B	Importance to the country?	Are the bequests subject to inheritance tax in Member State B?	Should a valuation be made?	If a valuation must be made, how should the valuation be reported and are there differences in this regard between domestic and foreign valuations?	Should the bequests be reported in an income tax return? Can this be filed electronically?	In whose name should the return be filed?	Is tax relief available in respect of foreign inheritance tax?	Are there any other filing, reporting or administrative requirements applicable in this scenario?
		domiciled spouse. Bequest to children will be subject to IHT based on the value of the deceased's estate on death that is subject to IHT.					tax would be allowed under a bilateral capital taxes treaty or unilaterally. The credit would be limited to the UK IHT tax due on the property in the other country. If the deceased is not regarded as remaining domiciled in the UK for Inheritance tax purposes only the value of their UK assets are reportable in the Inheritance tax account hence there would be no credit for foreign tax in the other country.	