

An insight into the latest

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Ruling released on withholding tax on non- resident entities

As recently as the 23 of April, the Tax Office clarified that the 33% withholding tax for non-resident entities is not impacted by the growing rates running from 2015 through the end of 2018 (39% for 2015; 40% for 2016; 42% for 2017 and 43% for 2018%). The ruling makes it clear that only when a non- resident entity is required to file an income tax return and paid tax will the increased rates apply.

This position brings closure to the uncertainty around the withholding tax rates for items such as royalties, taxed dividends, certain interest income, inter alia, which therefore continue to be subject to the 33% rate.

While the ruling does not address how to recover income taxes that may have been over withheld in the past few months, the tax regulations provided for mechanisms which can be invoked directly with the resident withholding party ([ruling 11676, 2015](#)).

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