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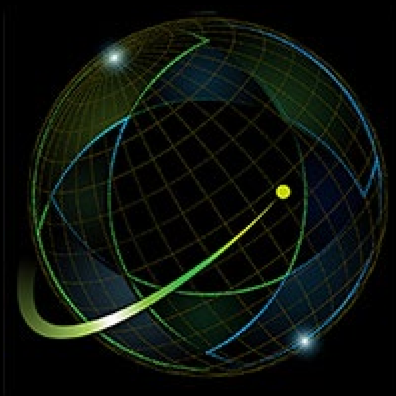
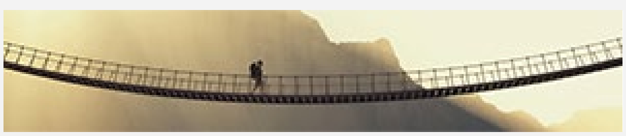
Hong Kong SAR passes global minimum tax and domestic minimum top-up tax legislation

The Legislative Council has passed legislation that introduces significant tax reforms intended to implement the OECD Pillar Two rules and the Hong Kong SAR minimum top-up tax. This article discusses the main features of the legislation and highlights the key compliance deadlines for in-scope multinational enterprises.





Australia

ATO releases draft PCG on inbound, cross-border related party financing arrangements

The Australian Taxation Office has released a draft practical compliance guideline on factors to consider when determining the amount of inbound, cross-border related party financing arrangements for transfer pricing purposes. The guideline is proposed to apply to income years commencing on or after 1 July 2023.

Bermuda

Corporate income tax administrative regulations released

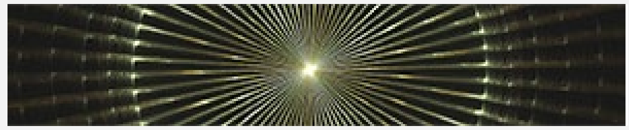
The government has issued regulations related to the administration of the Corporate Income Tax Act 2023. This article summarizes the key provisions included in the regulations, including relevant deadlines relating to registration for corporate income tax, payment of taxes, and filing of tax returns.

Comments on the draft are due by 30 June 2025.

Brazil

Government publishes new decrees increasing IOF rates

The government has published two decrees amending the financial transaction tax legislation, which increase the financial transaction tax rates on certain credit, insurance, and foreign exchange transactions. The decrees are effective as from 23 May 2025, except for specific provisions that are effective as from 1 June 2025.



European Union

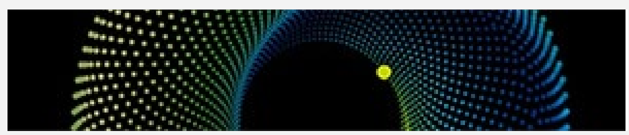
CJEU considers Austrian law denying WHT refund to nonresident investment fund

The Court of Justice of the European Union has ruled that Austrian legislation precluding a refund of withholding tax on dividends paid to nonresident investment funds does not constitute a restriction on the EU principle of free movement of capital, provided that the income is attributed to the unit-holders and the nonresident corporate entity is not taxed on the dividends in its state of residence.

Germany

BFH clarifies Foreign Tax Act income adjustment rule for permanent establishments

The federal tax court has clarified in two decisions that section 1(5) of the Foreign Tax Act is an income adjustment rule and not an independent standard for determining profits. The court ruled that the tax authorities could not reject the profits declared by German permanent establishments of foreign head offices under section 1(5) without thorough examination and further reasoning.



Germany

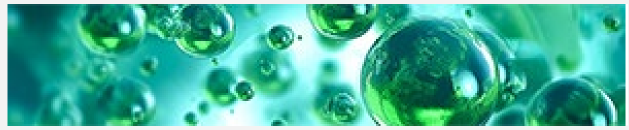
New government adopts draft law to introduce tax incentives for investment boost

The new government has adopted a draft law for a tax-based immediate-action investment program to strengthen Germany as a business location. The adopted draft law contains no surprises and sets forth measures proposed in the April 2025 coalition agreement, including a reduction in the federal corporate income tax rate.

Greece

Amendment to development law approved by parliament

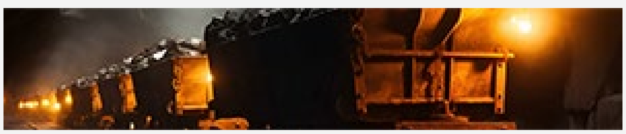
The parliament has approved an amendment to the Development Law. The original legislation enacted in 2022 was intended to promote economic development by granting state aid incentives for specific activities and sectors. The amendments modify existing aid schemes and introduce new ones, while also seeking to simplify and speed up the procedures for providing incentives.



Hong Kong SAR

Highlights of 2024 annual meeting between Inland Revenue Department and HKICPA

The minutes of the 2024 annual meeting between the Inland Revenue Department and the Hong Kong Institute of Certified Public Accountants have been released. The discussions covered a wide range of tax topics, and this article highlights the views exchanged on key profits tax and salaries tax issues.



Mexico

Maquiladoras may need to change their transfer pricing methodology for 2025

This article discusses how certain maquiladoras that have been basing their transfer pricing methodology on the “qualified maquiladora approach” under an advance pricing agreement must adopt the “safe harbor” rule as a replacement methodology for 2025.

OECD

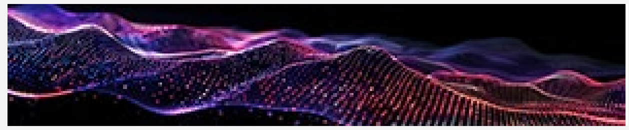
Summary released of common errors made by MNE groups preparing CbC reports

The OECD has released a summary of common errors made by multinational enterprise groups in preparing country-by-country reports under action 13 of the OECD/G20 BEPS project. The summary describes the most common errors identified by tax authorities in country-by-country reports that have been filed, as well as the correct treatment in each situation.

OECD

Transfer pricing country profiles released for 13 jurisdictions, with new sections

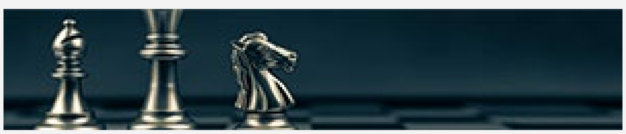
The OECD has released transfer pricing country profiles for 13 jurisdictions, which include a new section on the simplified and streamlined approach for baseline marketing and distribution activities. There is also a new section regarding the transfer pricing treatment of hard-to-value intangibles, which previously was covered in separate documents for certain jurisdictions.



United Arab Emirates

Corporate tax exemption extended to certain foreign entities

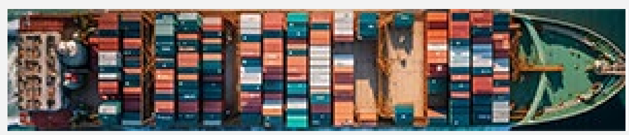
A cabinet decision has been issued that expands the scope of the corporate tax exemption to include certain juridical persons incorporated outside the country, provided that they are wholly owned and controlled by an "exempt person." The new provisions are similar to the existing provisions prescribed for juridical persons incorporated in the country.



United States

House Republicans pass tax bill, bill heads to the Senate

The House of Representatives has narrowly passed a bill including extensions of provisions of the Tax Cuts and Jobs Act, new tax relief for individuals and small businesses, and major reforms to energy policy, border security, and federal spending. The vote reflected weeks of internal Republican negotiations and last-minute changes designed to unify the party's narrow majority.



Various jurisdictions

Global trade updates

Recent announcements and developments for various jurisdictions.

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