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Global Tax Developments Quarterly

Accounting for Income Taxes

Summary of recent international tax developments that may have implications on accounting for income taxes under US GAAP

April 1, 2025 – June 30, 2025
July 30, 2025

Issue 2025-2

Contents

Introduction

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Unless otherwise indicated, the content in this document is based on information available as of June 30, 2025. Accordingly, certain aspects of this document may be updated as new information becomes available. Financial statement preparers and other users of this document should take actions to remain abreast of and carefully evaluate additional events that may be relevant to accounting for income taxes matters.

Applicable US GAAP guidance

Under US GAAP, the effects of new legislation are recognized upon enactment. More specifically, the effect of a change in tax laws or rates on a deferred tax liability or asset is recognized as a discrete item in the interim period that includes the enactment date. The tax effects of a change in tax laws or rates on taxes currently payable or refundable for the current year are reflected in the computation of the annual effective tax rate after the effective dates prescribed in the statutes, beginning no earlier than the first interim period that includes the enactment date of the new legislation. However, any effect of tax law or rate changes on taxes payable or refundable for a prior year, such as when the change has retroactive effects, is recognized upon enactment as a discrete item of tax expense or benefit for the current year. While there is no specific guidance as to what constitutes "enactment" under US GAAP, it is commonly accepted that enactment takes place on the date the last step in the legislative process required to promulgate the law is complete (e.g., a law is published in an official gazette, signed by a president, or receives Royal Assent).

Enacted Tax Law Changes: April 1, 2025 to June 30, 2025

The following section includes a summary of major international income tax law changes enacted during the period April 1, 2025 to June 30, 2025.

Per a review of jurisdictions that are generally monitored in this publication, there were no major international income tax law changes enacted that were previously enacted and are now effective from April 1, 2025 to June 30, 2025.

Enacted Tax Law Changes That Are Now Effective: April 1, 2025 to June 30, 2025

The following section includes a summary of major international income tax law changes enacted before April 1, 2025, but are first effective in the period April 1, 2025, to June 30, 2025.

Per a review of jurisdictions that are generally monitored in this publication, there were no major international income tax law changes enacted that were previously enacted and are now effective from April 1, 2025 to June 30, 2025.

Enacted Tax Law Changes That Are Effective: After June 30, 2025

The following section includes a summary of major international income tax law changes enacted before April 1, 2025, but effective after June 30, 2025.

Cyprus

Parliament approves legislative amendments to address aggressive tax planning

Date of Enactment: April 16, 2025
Effective Date: January 1, 2026

On April 10, 2025, the Cyprus House of Representatives voted to approve the following draft domestic bills, fulfilling Cyprus' obligations under the EU's Recovery and Resilience Facility in connection with addressing aggressive tax planning strategies:

- Amending Law of 2025 Regulating the Income Tax Law of 2002 until 2024;
- Amending Law of 2025 Regulating the Special Defence Contribution Law of 2002 until 2024; and
- Amending Law of 2025 Regulating the Law regarding Assessing and Collecting Taxes of 1978 until 2022.

The three laws introduce a withholding tax (WHT) obligation on outbound dividend payments, or a restriction on the tax deductibility of outbound payments of interest and royalties, to "low-tax" jurisdictions in addition to the existing WHT obligations applicable to jurisdictions listed in annex I of the EU list of noncooperative tax jurisdictions as from January 1, 2023.

The provisions in respect of payments to low-tax jurisdictions would enter into force as from January 1, 2026, whereas the amendments to the existing provisions on payments to jurisdictions included in annex I entered into force as from the date of publication in the official gazette (i.e., April 16, 2025).

See also tax@hand - April 22, 2025

On the Horizon

The following developments had not yet been enacted as of June 30, 2025, but may, in certain cases, be enacted and become effective in the near future. Please follow up with your U.S. or local country/jurisdiction tax advisor for more information.

Australia

Post election tax policies of the Albanese Labor government

On May 3, 2025, the Albanese Labor government was re-elected for a second term in Australia with an increased majority in the House of Representatives. Despite the dominance of the ALP in the House of Representatives, Senate support remains unpredictable. As such, Deloitte Australia would expect that some bills will experience delays as the ALP undertakes negotiations to progress their agenda this term through the Senate

See also tax@hand - May 19, 2025

Belgium

Proposal for implementing capital gains tax on financial assets presented

On April 24, 2025, just over two months after Belgium's new federal government concluded a coalition agreement, Finance Minister Jan Jambon shared his first proposal for a new capital gains tax in Belgium (also known as the "solidarity contribution") with the coalition partners. The proposed 10% tax would be charged on financial assets and apply to individuals and non-profit entities as from January 1, 2026.

See also tax@hand - May 14, 2025

Federal government agreement: Draft program law introduced

A draft program law (available in Dutch and French) introduced in the Belgian parliament on May 28, 2025 includes an initial set of tax measures implementing the federal government agreement concluded on January 31, 2025. The draft legislation will now be debated by parliament and is expected to be approved and published in the official gazette by the end of June 2025.

See also tax@hand - June 5, 2025

European Union

Commission refers Sweden to CJEU for tax deduction on payments to foreign companies

On May 7, 2025, the European Commission ("the Commission") decided to refer Sweden to the Court of Justice of the European Union (CJEU) owing to the Commission's view that the Swedish regulations on preliminary tax deductions for payments to foreign companies that are not liable to tax in Sweden, for work carried out in Sweden, conflict with the principle of freedom to provide services under article 56 of the Treaty on the Functioning of the European Union and article 36 of the EEA Agreement.

See also tax@hand - May 13, 2025

Finland

Comprehensive tax amendments unveiled that aim to boost economic growth

The Finnish government unveiled a comprehensive set of tax amendments on April 23, 2025 that aim to bolster Finland's economic growth and competitiveness by reducing tax rates (including corporate and individual income tax rates), extending certain deductions, and simplifying processes. If the proposed amendments are enacted, the effective dates for the measures would vary, as described below (in some cases, the proposed effective dates have not been specified).

See also tax@hand - May 2, 2025

Germany

Future government publishes draft coalition agreement with broad tax policy goals

The upcoming coalition between Germany's center-right Christian Democratic Union (CDU), its sister party—the Christian Social Union (CSU), and the center-left Social Democratic Party (SPD) published its draft coalition agreement on April 9, 2025, which will be the basis for the next government. After almost four weeks of negotiations, the three parties agreed to form a new government that aims to spur economic growth, with Friedrich Merz being the designated new chancellor replacing outgoing chancellor Olaf Scholz from the SPD.

From a tax policy perspective, the draft coalition agreement does not include any major tax reform plans or other major tax proposals, as hoped for by the business community. The announcement of the reduction of the CIT rates starting from 2028 certainly is a welcome development; however, other proposals for a simplification of the CIT system (as described in a 2024 report of an expert commission introduced by the former government) are not mentioned in the draft agreement. It remains to be seen if the statement provided by the coalition parties that the draft agreement is not conclusive and that other tax measures might be agreed and implemented "on the go" will result in additional tax simplification measures.

See also tax@hand - April 9, 2025

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

In its weekly cabinet meeting on June 4, 2025, the new German government, consisting of the center-right Christian Democratic Union (CDU), its sister party—the Christian Social Union (CSU), and the center-left Social Democratic Party (SPD), adopted the draft "Law for a tax-based immediate-action investment program to strengthen Germany as a business location." The adoption comes just four weeks after the new government was formally confirmed and Friedrich Merz (CDU) was elected chancellor by the members of the lower house of parliament (Bundestag). The CDU/CSU coalition won the snap elections earlier this year on February 23, 2025.

See also tax@hand - June 4, 2025

Ghana

Key corporate tax and regulatory measures in the 2025 budget statement

On March 11, 2025, Ghana's minister for finance and economic planning presented Ghana's 2025 Budget Statement and Economic Policy (the "2025 budget statement") to parliament under the theme "resetting the economy for the Ghana we want." The 2025 budget statement outlines the government's proposed policies and programs aimed at ensuring macroeconomic stability and restoring fiscal responsibility.

This article provides an overview of the key corporate tax policies and regulatory initiatives proposed, and Deloitte Ghana's analysis of how these policies could affect households, businesses, and the wider economy. The individual income tax and indirect tax policy proposals contained in the budget are addressed in separate articles.

See also tax@hand - March 20, 2025

Greece

Amendment to development law approved by parliament

On May 28, 2025, the Greek parliament approved the amendment to the Development Law, as proposed by the Ministry of Development and Investments. The amendment, titled "Sustainable development, productive transformation of the Greek economy – Amendment of the provisions of the Development Law 4887/2022 – Development Law: Greece Strong Growth," aims to align the institutional framework with the modern needs of the Greek economy. The legislation will be enacted upon publication in the official gazette.

See also tax@hand - June 2, 2025

Hong Kong SAR

Global minimum tax and domestic minimum top-up tax legislation passed

The Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Bill 2024 was passed by Hong Kong SAR's Legislative Council on May 28 2025. The legislation introduces significant tax reforms in HKSAR to implement the OECD Pillar Two rules (also referred to as the global anti-base erosion or GloBE rules) and the Hong Kong minimum top-up tax (HKMTT). This marks a major step in aligning HKSAR's tax regime with international standards, ensuring that large multinational enterprise (MNE) groups (i.e., large groups that include at least one entity or permanent establishment (PE) that is not located in the jurisdiction of the ultimate parent entity) with an annual consolidated revenue of at least EUR 750 million pay a minimum effective tax rate (ETR) of 15% in each jurisdiction in which they operate. The income inclusion rule (IIR) and HKMTT will be implemented retroactively for fiscal years (accounting periods with respect to which the consolidated financial statements are prepared) beginning on or after January 1 2025. The implementation date for the undertaxed profits rule (UTPR) will be determined later.

See also tax@hand - May 28, 2025,tax@hand - April 24, 2025, and tax@hand - May 19, 2025

Israel

ITA proposals on attribution of income to R&D centers improve tax certainty for MNEs

The Israeli Tax Authority (ITA) on February 27, 2025 published a draft circular introducing certain reliefs for multinational enterprises (MNEs) using related parties in Israel to perform research and development (R&D) activities on their behalf. The circular outlines a new framework for internal approval procedures within the ITA under which it would be more difficult for the ITA to challenge "net cost plus" (NCP) arrangements adopted by development centers applying the comparable profits method (CPM) or the OECD's equivalent transactional net margin method (TNMM) for transfer pricing purposes.

See also tax@hand - March 27, 2025

New Zealand

Snapshot of recent developments

These articles provide a round-up of New Zealand tax news and developments as at April and May 2025.

See also tax@hand - April 7, 2025, tax@hand - May 13, 2025, tax@hand - June 11, 2025

Proposed infrastructure tax changes released for consultation

New Zealand has an infrastructure deficit. Whether it involves broken pipes, a congested transport network, or energy shortages, it has struggled to achieve the right level of investment, both to maintain existing infrastructure and to build new assets to keep up with population growth. It also faces significant challenges such as climate change, urban sprawl, lack of scale, and rising construction costs. Unfortunately, New Zealand is not unique in having an infrastructure deficit, which means that there is global competition for capital and capability. However, it is unique in many other challenging ways, including being a long way from the rest of the world. This means that the right policy settings are needed to make a New Zealand infrastructure opportunity as investible as possible.

See also tax@hand - June 11, 2025

Implications of The One, Big, Beautiful Bill for taxpayers

The One, Big, Beautiful Bill (the bill) is making its way through the US legislative process, and the potential tax impact for New Zealand groups with US subsidiaries, New Zealanders investing in the US, and New Zealanders doing business in the US are significant. The question is, how big and how beautiful could these be?

See also tax@hand - June 11, 2025

Sweden

Commission refers Sweden to CJEU for tax deduction on payments to foreign companies

On May 7, 2025, the European Commission ("the Commission") decided to refer Sweden to the Court of Justice of the European Union (CJEU) owing to the Commission's view that the Swedish regulations on preliminary tax deductions for payments to foreign companies that are not liable to tax in Sweden, for work carried out in Sweden, conflict with the principle of freedom to provide services under article 56 of the Treaty on the Functioning of the European Union and article 36 of the EEA Agreement.

See also tax@hand - May 13, 2025

Switzerland

Basel-City approves new package of tax incentives in referendum vote

In a public referendum held in May 2025, the electorate in the Swiss canton of Basel-City approved a bill that will enable companies to benefit from new tax incentives. The focus is on tailor-made instruments for the life sciences sector, the canton's key industry. The incentives will be granted at the discretion of the government either as OECD-compliant qualified refundable tax credits (QRTCs) or as government grants.

See also tax@hand - May 21, 2025

Taiwan (China)

Proposed extension of tax relief period for offshore insurance units approved

The Executive Yuan of Taiwan (China) ("Taiwan") approved a draft amendment to article 22-16 of the Offshore Banking Act (OBA) proposed by the Financial Supervisory Commission (FSC) on March 20, 2025. The amendment would extend through December 31, 2035 (instead of December 31, 2025) the applicable period of tax relief on corporate income tax, value added tax (VAT), stamp duty, and withholding tax for offshore insurance units (OIUs). The amendment will be sent to the Legislative Yuan, then to the president before taking effect.

See also tax@hand - March 26, 2025

Thailand

Tax incentives approved for investments in large-scale commercial electric vehicles

The Thai cabinet has approved, in principle, a draft royal decree that would allow companies or juristic partnerships an additional corporate income tax deduction for certain expenses incurred from the date of the relevant cabinet resolution (i.e., March 27, 2025) through December 31, 2025, for investments in large-scale commercial electric vehicles (i.e., electric buses or electric trucks).

See also tax@hand - April 5, 2025

United Kingdom

Update on taxation of carried interest published

The UK HM Treasury on June 5, 2025 published an update on the tax treatment of carried interest, including the government's response to the consultation on qualifying conditions which ran from October 30, 2024 through January 31, 2025.

See also tax@hand - June 6, 2025

United States

House advances six tax-related bills

The week of March 31, 2025, the US House of Representatives advanced six tax-related bills addressing disaster relief and tax administration, approving them by unanimous support or voice vote after consideration under "suspension of the rules"—a fast-track procedural tool in that chamber that allows for limited debate, no amendments, and passage upon an affirmative two-thirds vote.

See also tax@hand - April 4, 2025

House Republicans edge closer to tax bill rollout in Ways and Means Committee

With both the US House of Representatives and the Senate having adopted an identical budget resolution before a two-week congressional recess and initiated the filibuster-proof reconciliation process, the Republican party the week of April 28, 2025 focused on the specifics of a tax package as the House Ways and Means Committee prepares to release a draft of its portion of a broader reconciliation package

See also tax@hand - May 2, 2025

Republicans push forward on finalizing tax plan

Despite recent setbacks—particularly efforts to satisfy various factions within their party in the US House of Representatives that have slowed legislative momentum—Republicans remain committed to advancing a tax package addressing in part the extension of individual taxpayer provisions from the Tax Cuts and Jobs Act (TCJA, P.L. 115-97) as well as other White House and congressional Republican priorities. The proposal, expected to be marked up by the House Ways and Means Committee the week of May 12, 2025, is part of a broader reconciliation bill they aim to pass through Congress and have signed into law by President Trump in the summer, with the latest "aspirational" goal of July 4 set by Treasury Secretary Scott Bessent.
See also tax@hand - May 9, 2025

House Ways and Means Republicans release first of two detailed tax proposals

Republicans on the US House Ways and Means Committee on May 9, 2025 unveiled the first of two parts of a tax package to be moved via budget reconciliation, with this portion focused on extending key elements of the 2017 Tax Cuts and Jobs Act (TCJA, P.L. 115-97). This initial draft legislation aims to preserve lower tax rates and other favorable provisions for individuals and passthrough businesses, maintain the expanded estate tax exemption, and extend preferential tax treatment for US-based multinationals. It is worth noting that some aspects of the TCJA are not addressed in this draft, particularly the future of the USD 10,000 cap on the state and local tax deduction.
See also tax@hand - May 10, 2025, tax@hand - May 12, 2025

Podcast—Latest insights on the House Ways and Means tax package markup

Deloitte experts break down the House Ways and Means Committee's tax package markup and what it means for tax policy and business planning.

See also Tax News & Views Podcast - May 20, 2025

Webcast on demand—House tax bill: An overview

In April 2025, US congressional Republicans approved a budget resolution that opens the door to passage of a major tax and spending bill using the expedited procedural route of budget reconciliation. On May 9 and 12, House Republican taxwriters took a major step forward with the release of a key portion of that broader bill, a multitrillion-dollar tax package.

See also tax@hand - May 21, 2025

Podcast—Big, Beautiful Bill: Key takeaways and analysis

Join Deloitte experts as they unpack the Big, Beautiful Bill's headline tax changes and what they could mean for companies, individuals, and the future of US tax policy.

See also Tax News & Views Podcast - May 30, 2025

Webcast: House tax bill: Impact of proposed IRC Section 899 (11 June 2025)

On May 22, 2025, US congressional Republicans passed the One Big Beautiful Bill Act, which includes several key tax and non-tax provisions, including proposed Internal Revenue Code (IRC) section 899, "Enforcement of Remedies Against Unfair Foreign Taxes." If enacted in its current form, IRC section 899 would increase US federal income tax rates and US federal withholding tax rates for certain businesses and foreign individuals.

See also tax@hand - June 4, 2025

JCT releases "Blue Book" for tax legislation enacted in 118th Congress

The US Joint Committee on Taxation staff on June 4, 2025 released a "Blue Book" (JCS-1-25) providing a general explanation of provisions in the 10 tax bills that became law in the 118th Congress.

See also tax@hand - June 6, 2025

White House budget proposal calls for steep cuts to IRS enforcement in FY 2026

The US Trump administration on May 30, 2025 released additional details on its spending plans for fiscal year 2026, which begins on October 1, 2025. The proposal, which in total would cut annual appropriations for nondefense accounts by over 22% while boosting funding for the departments of Defense and Homeland Security, is all but sure to be opposed by congressional Democrats and raises the specter of a spending showdown later in the year.

See also tax@hand - June 6, 2025

Senate turns to tax-relief bill following House approval

The US Senate is getting set to formally take up the One, Big Beautiful Bill Act—a sweeping tax and spending package that the House of Representatives passed on May 22, 2025 before the Memorial Day congressional recess. Spanning over 1,000 pages, the legislation includes extensions of the provisions in the Tax Cuts and Jobs Act of 2017 (TCJA, P.L. 115-97), new tax breaks for, among other things, tipped wages and overtime, and changes to entitlement programs and border enforcement.

See also tax@hand - June 6, 2025

Webcast on demand—House tax bill: Impact of proposed IRC Section 899

On May 22, 2025, US congressional Republicans passed the One Big Beautiful Bill Act, which includes several key tax and non-tax provisions, including proposed Internal Revenue Code (IRC) section 899, "Enforcement of Remedies Against Unfair Foreign Taxes." If enacted in its current form, IRC section 899 would increase US federal income tax rates and US federal withholding tax rates for certain businesses and foreign individuals.

See also tax@hand - June 11, 2025

Treasury secretary champions GOP tax plan in back-to-back congressional hearings

US Treasury Secretary Scott Bessent made a forceful and wide-ranging case for the administration's tax and budget priorities the week of June 9, 2025 during a series of high-profile appearances on Capitol Hill, predicting that passage of pending budget reconciliation legislation would unleash pent-up economic activity. He argued that individuals would benefit from continued tax savings, while businesses—facing potential tax hikes in just six months—would finally gain the certainty needed to plan long-term investments. Over the course of multiple hearings, Bessent laid out the economic rationale behind the GOP's legislative agenda, defended key provisions of the tax plan, and underscored the urgency of congressional action to avoid fiscal disruption and support continued growth.

See also tax@hand - June 14, 2025

Webcast—House tax bill: Future of the Inflation Reduction Act (June 25 2025)

The costs and benefits of the Inflation Reduction Act of 2022 (IRA) are a topic of debate as several accelerated phase-outs and terminations to its various credits have been proposed by both the US House and Senate in the One Big Beautiful Bill Act (OBBBA). It remains to be seen what will ultimately happen to the IRA and its funding and incentives for clean energy, infrastructure, and other initiatives.

See also tax@hand - June 14, 2025

Senate GOP unveils reconciliation bill text

Following a hectic week of negotiations to address last-minute concerns from several Republican senators—as well as anticipated objections from House GOP members—on 28 June 2025 US Senate Budget Committee Chairman Lindsey Graham (R-S.C.) released an updated text of his chamber's version of the One Big Beautiful Bill Act (OBBBA), after addressing key adjustments in response to preliminary guidance from the Senate parliamentarian on what provisions could survive the Byrd Rule.

See also, tax@hand – June 28, 2025, tax@hand - June 14, 2025

Did you know

The following section contains information that may be relevant at the date of publication

Australia

Taxation and the 47th parliament

Now that the Australian prime minister has called an election for May 3, 2025, what was the overall approach to taxation legislation during the 47th parliament? Which taxpayer groups benefited from changes to tax policy during the 2022-25 term, and which groups of taxpayers did not?

The focus of this article is to look holistically at the overall themes and direction of tax legislation over the 2022-25 term. A separate article considers the government's taxation achievements in respect of multinational taxation.

See also tax@hand - April 15, 2025,

R&D Tax Incentive – Year-End Planning

For Australian companies with a June 30 year end, now is a critical time to consider key elements of any R&D Tax Incentive (RDTI) claim. Proactive year end planning is vital to optimize R&D outcomes and mitigate compliance risks.

Pre-year end, strict deadlines apply to associate payments, substantiation, and Advance/Overseas Findings. Post–year end, effective integration of the R&D claim into the broader tax and financial reporting process is key to audit-readiness and financial integrity.

See also tax@hand - June 16, 2025

Belgium

New draft qualified domestic minimum top-up tax return form published

On April 10, 2025, the Belgian tax authorities published a new draft of the Belgian qualified domestic minimum top-up tax (QDMTT) return (available in Dutch and French only). The QDMTT return must be submitted by multinational enterprise (MNE) groups subject to the Belgian "Pillar Two" rules, within 11 months after the end of the reporting fiscal year (FY). Filing is required regardless of whether a top-up tax is due in Belgium or whether the transitional safe harbors (TSH) apply. For calendar year MNE groups, the first QDMTT return must be filed on or before November 30, 2025.

This article provides an overview of the key changes reflected in the new draft QDMTT return form, compared to the previous draft form issued in 2024. In addition, the article provides a summary of the various Belgian Pillar Two compliance requirements and due dates, followed by additional details on the requirements.

See also tax@hand - April 18, 2025

Innovation income deduction for copyrighted software: New BELSPO guidelines

Belgium's innovation income deduction (IID) regime allows taxpayers to exempt part of their intellectual property (IP)-linked revenue from taxation. The list of qualifying IP rights includes "copyrighted software," i.e., copyrighted computer programs, including any derivative work or modification of an existing computer program. Software is considered intellectual property when it results from a research and/or development project or program, as validated by the Belgian Science Policy Office (BELSPO) following an advice request from the taxpayer.

With the ambition of BELSPO and FPS Finance to harmonize the procedures and guidelines for all parties—an objective further emphasized in the new government agreement in January 2025—a working group to examine various issues was established in early 2024.

On May 31, 2025, BELSPO published the second results of this consultation group (Dutch I French), representing the joint view of BELSPO and FPS Finance on new practical working guidelines regarding the IID.

See also tax@hand - June 4, 2025

France

Interest paid to shareholders: First 2025 quarterly interest rate limit established

On March 28, 2025, France's Official Journal published the first 2025 quarterly average floating rate for bank loans/credit facilities with maturities exceeding two years, which is used to calculate the annual maximum interest rate on loans from direct shareholders: the average floating rate is set at 4.92% for the first quarter of 2025.

See also tax@hand - April 3, 2025

Guernsey

OECD includes Guernsey on updated list of "qualified" jurisdictions

The OECD/G20 Inclusive Framework on BEPS maintains a central record of Pillar Two legislation with transitional qualified status which sets out lists of jurisdictions whose local implementation of the Pillar Two global minimum tax rules has been assessed as "qualified." The lists cover jurisdictions' implementation of the domestic minimum top-up tax rule (QDMTT) and income inclusion rule (IIR), as well as assessing whether a jurisdiction's QDMTT satisfies the additional criteria for the QDMTT safe harbor to apply.

In an update dated March 31, 2025, Guernsey has now been added as a jurisdiction with a qualified IIR, QDMTT, and meeting the QDMTT safe harbor standards. This should prevent another jurisdiction from levying top-up tax in respect of low tax profits if, in line with the agreed rule order of the global minimum tax rules, those profits have already been subject to top-up tax under "qualified" rules in Guernsey.

See also tax@hand - April 2, 2025

India

Amendments to safe harbor rules for FY 2024-25 and 2025-26 notified

On March 25, 2025, India's Central Board of Direct Taxes issued Notification No. 21/2025 (the Income-tax (Sixth Amendment) Rules, 2025), which amends the safe harbor rules ("the rules") for transfer pricing for financial years 2024-25 and 2025-26, aligned with the tax assessment years 2025-26 and 2026-27. The changes include raising the turnover threshold for safe harbor eligibility, broadening the definition of core auto components, and providing clarity on the applicability of the rules.

See also tax@hand - March 26, 2025

Lithuania

CJEU rules on interpretation of general anti-abuse rule under EU PSD

On April 3, 2025, the Court of Justice of the European Union (CJEU) ruled in case C-228/24 that the general anti-abuse rule (GAAR) under the EU parent-subsidiary directive (PSD) allows a member state to refuse a tax exemption on dividends received by a parent company if the subsidiary constitutes an artificial arrangement. The court further ruled that all relevant facts and circumstances, including steps in the arrangement, should be considered, and a tax advantage that defeats the object or purpose of the PSD must be shown.

The case concerns a refusal by the Lithuanian tax authorities to apply the participation exemption to dividends received by a Lithuanian parent company from its UK subsidiary because the subsidiary lacked substance and thus constituted an artificial arrangement with no valid business purpose.

See also tax@hand - April 3, 2025

New Zealand

Draft guidance on off-market share cancellation and dividends in lieu issued

In April 2025, the New Zealand Inland Revenue issued Draft Interpretation Statement PUB00469: Income Tax – Whether an off-market share cancellation is made in lieu of the payment of a dividend (the IS). The IS considers the anti-avoidance rule in section CD 22(6) and (7) of the Income Tax Act 2007 (the act) (called the "in lieu of dividend test") and how it applies to an amount a company pays to a shareholder in an off-market cancellation of shares. It replaces IS 2966: Exclusion from the term "Dividends" – whether distribution made in lieu of dividends' payment, which was published in 1999. The deadline for submissions on the draft guidance is June 3, 2025.

See also tax@hand – May 12, 2025

Overview of frequently asked tax questions related to Investment Boost

New Zealand's Budget 2025 unveiled Investment Boost as the centerpiece of the government's plan to stimulate the economy. At its heart, Investment Boost is a set of tax rules which allow upfront expense of 20% of a new asset's cost. In most cases, this is bringing forward the ability to claim depreciation deductions.

This article provides some of the frequently asked tax questions related to the application of Investment Boost. There will be consequences for taxpayers to consider, such as the impact on the level of provisional tax payable.

See also tax@hand - June 12, 2025

OECD

Central record of Pillar Two legislation with transitional qualified status updated

On March 31, 2025, the OECD/G20 Inclusive Framework on BEPS updated its central record of jurisdictions' domestic Pillar Two legislation with transitional qualified status, initially published on January 15, 2025. The central record sets out lists of jurisdictions whose local implementation of the Pillar Two global minimum tax rules has been assessed as "qualified." The lists cover jurisdictions' implementation of the domestic minimum top-up tax rule (listing those whose domestic minimum top-up taxes are qualified (i.e., are QDMTTs) and income inclusion rule (IIR), as well as assessing whether a jurisdiction's QDMTT satisfies the additional criteria for the QDMTT safe harbor to apply.

See also tax@hand - April 2, 2025

United Arab Emirates

FTA publishes corporate tax guide on interest deduction limitation rules

On April 7, 2025, the Federal Tax Authority (FTA) in the United Arab Emirates (UAE) published a corporate tax guide on the interest deduction limitation rules, providing general guidance on the deductibility of interest expenditure for computing taxable income of a taxable person (other than a tax group) under corporate tax law.

See also tax@hand - April 14, 2025

Corporate tax exemption extended to certain foreign entities

On May 14, 2025, the United Arab Emirates (UAE) issued Cabinet Decision No. 55 of 2025, which expands the scope of the corporate tax exemption to include certain juridical persons incorporated outside the UAE. The decision is effective retrospectively as from June 1, 2023.

See also tax@hand - May 28, 2025

United Kingdom

Court allows appeal on capital allowances relating to technical study expenditure

The UK Court of Appeal has largely ruled in favor of the taxpayers in the capital allowances case of Orsted West of Duddon Sands (UK) Limited & Ors v. The Commissioners for HMRC in a judgment delivered on March 17, 2025. The taxpayers own and operate offshore windfarms, and the key issue in the case concerned whether expenditure on various studies, including surveys, conducted before the windfarms became operational, constituted qualifying expenditure “on the provision” of plant and machinery for the purposes of section 11 of the Capital Allowances Act 2001. The First-tier Tribunal initially allowed some of the disputed expenditure as qualifying for capital allowances, but the Upper Tribunal overturned this decision in 2023, finding that none of the expenditure was qualifying.

See also tax@hand - March 25, 2025

Upper Tribunal dismisses appeal on corporation tax relief for goodwill

The UK Upper Tribunal has dismissed the taxpayer’s appeal and HM Revenue & Custom’s (HMRC’s) cross-appeal in the corporation tax and stamp duty land tax (SDLT) case Nellsar Limited v. HMRC. The case centered on the appropriate method for determining the value of goodwill arising from Nellsar’s acquisition of five care home businesses. In particular, the value of the “identifiable assets”—the freeholds in the care homes—under UK GAAP. The taxpayer considered that the acquisition of the properties should be accounted for on a “depreciated replacement cost” basis. However, the Upper Tribunal upheld the First-tier Tribunal’s conclusion that GAAP required the acquisition to be accounted for on a market value basis, modified by special assumptions contemplated by Royal Institution of Chartered Surveyors’ guidance. It also upheld the First-tier Tribunal’s conclusion that, where a company prepares accounts which are non-GAAP compliant, the tax treatment should be decided as if GAAP-compliant accounts had been prepared. The Upper Tribunal dismissed HMRC’s cross-appeal on the First-tier Tribunal’s decision relating to the valuation of the properties.

See also tax@hand - June 9, 2025

United States

M&A Tax Talk: Section 174 in M&A transactions

“Section 174 in M&A transactions,” the May 2025 edition of M&A Tax Talk, examines US Internal Revenue Code section 174, as amended by the Tax Cuts and Jobs Act of 2017 (TCJA), which requires taxpayers to capitalize and amortize specified research or experimental (SRE) expenditures effective for taxable years beginning after December 31, 2021. Prior to the change in law, taxpayers could choose to deduct research and development expenditures in the tax year incurred.

See also tax@hand - May 8, 2025

Example Disclosures

The following section contains example financial statement disclosures that may be considered relevant, in part or in whole, at the date of publication.

FASB Accounting Standards Codification (ASC or the "Codification") Topic 740, Income Taxes states that deferred tax liabilities and assets should be adjusted for the effect of changes in tax laws or rates in the period that includes the enactment date. Before enactment, financial statement preparers should consider whether potential changes represent an uncertainty that management reasonably expects will have a material effect on the results of operations, liquidity, or capital resources. If so, financial statement preparers should consider disclosing information about the scope and nature of any potential material effects of the changes. After enactment, when material, financial statement preparers should consider disclosing in Management's Discussion & Analysis (MD&A) the anticipated current and future impact on their results of operations, liquidity, and capital resources. In addition, financial statement preparers should consider disclosures in the critical accounting estimates section of MD&A, the footnotes to the financial statements, or both, to the extent that the changes could materially impact existing assumptions used in making estimates of tax-related balances.

Certain legislation that has been discussed in other sections of this document may lead to an adjustment to the deferred tax balances and current taxes payable recorded on an entity's books and, if material, may need to be disclosed in the company's financial statements. In addition, proposals to change tax laws, rules, regulations, and interpretations could impact an entity's accounting for income taxes in the future. In preparation for possible impacts of the changes in tax laws, companies should consider including disclosure of the impacts of these proposed changes in their financial statements or in MD&A.

The link below provides sample disclosures with respect to issues including but not limited to the US tax reform, indefinite reinvestment, and intra-entity transfers.

See Roadmap to Accounting for Income Tax and Deloitte Financial Reporting Alerts

Quick Reference Guide for Income Tax Rates

The following section includes a summary of combined tax rates applicable in jurisdictions with rate changes in 2025, and supplemental information with respect to certain jurisdictions.

For other jurisdictions see **2025 Global Tax Rates as well as a comparative table of 2021-2025 Global Tax Rates**.

Jurisdiction	2024	2025	Notes
Bermuda	0%	15%	A new corporate income tax rate of 15% has been established, effective as from April 1, 2025. See Bermuda Tax Highlights
Japan	15%/23.2%	17%/23.2%	Japan's National Diet enacted the 2025 tax reform on March 31, 2025. As a result of the introduction of a new corporate surtax called the Special Defense Corporate Tax at a rate of 4% on corporation tax, the effective Japanese corporate income tax rate will increase to approximately 30.64% – 35.43%, effective for fiscal years beginning on or after April 1, 2026. The corporation tax rate for taxable income of small and medium-sized enterprises (SMEs) up to JPY 8 million will increase to 17% (currently 15% before the 2025 tax reform) if the SMEs have taxable income over JPY 1 billion, effective for fiscal years beginning on or after April 1, 2025. See Japan Tax Highlights
Luxembourg	15/17%	14/16%	As from the 2025 tax year, the corporate income tax rate is 14% for companies with taxable income up to EUR 175,000 (reduced from 15%) and 16% for companies with taxable income above EUR 200,000 (reduced from 17%). See Luxembourg Tax Highlights

Additional Resources

A Roadmap to Accounting for Income Taxes—This Roadmap includes all of Deloitte's interpretive guidance on the accounting for income taxes, combining the income tax accounting rules and implementation guidance from ASC 740 with Deloitte's interpretations.

Accounting for Income Taxes—Global Tax Developments archive

Accounting for Income Taxes Hot Topics archive—A quarterly publication that highlights certain recent tax and accounting developments that may have accounting for income taxes (ASC 740) implications.
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Deloitte International Tax Source (DITS)—An online database featuring corporate, withholding and tax treaty rates and information for 66 jurisdictions worldwide.

Tax Accounting & Provisions Dbriefs Webcasts—A collection of live and archived Dbrief webcasts that give you valuable insights on important developments impacting financial reporting for taxes

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Tax Publications—Various tax publications issued by Deloitte to help clients stay informed on tax legislation and regulations and the potential impact on their businesses.

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