



Accounting for Income Taxes

Quarterly Hot Topics

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US Federal

Tax News & Views, published by the Deloitte Tax LLP Tax Policy Group in Washington, DC, provides a compact, reader-friendly perspective on the latest tax developments coming out of Congress affecting businesses and high-wealth individuals.

For updates and perspective on the latest tax developments coming out of Congress please subscribe to [Tax News and Views](#).

Notice 2025-08: Treasury and the IRS update the elective safe harbor for domestic content requirements

On January 16, 2025, the US Treasury Department (“Treasury”) and Internal Revenue Service (“the IRS”) released [Notice 2025-08](#) (the “Notice”) which provides the first update to the elective safe harbor for the domestic content bonus credit and modifies the safe harbor provided in [Notice 2024-41](#). Notice 2025-08 was published in the Internal Revenue Bulletin on February 18, 2025. Taxpayers may apply the Notice, in its entirety, for any applicable project that begins construction before 90 days after any future modification, update, or withdrawal of the Notice. Taxpayers may also choose to rely on Notice 2024-41, in its entirety, for any project that begins construction prior to April 16, 2025. In this edition: US federal US multistate International Accounting developments Up-C structure 2025, (the date that is 90 days after the effective date of the Notice).

For additional details, please refer to the Deloitte [tax@hand](#) article dated April 5, 2025.

Final “Tech-Neutral” credit regulations – Clean Electricity Production Credit & Clean Electricity Investment Credit

On January 15, 2025, Treasury and the IRS published in the Federal Register final regulations ([T.D. 10024](#)) under [sections 45Y](#) and [48E](#). Section 45Y provides a technology-neutral production tax credit for clean electricity production from qualified facilities and section 48E provides a technology-neutral investment tax credit for clean electricity investment for qualified facilities or energy storage technology.

For additional details, please refer to the Deloitte [tax@hand](#) article dated March 25, 2025.

Final regulations address disregarded payment loss and dual consolidated loss rules

On January 14, 2025, Treasury and the IRS published final regulations ([TD 10026](#)) (the “final DPL regulations”) to finalize certain provisions of the proposed regulations issued on August 6, 2024, ([REG-105128-23](#)), the “proposed DCL/DPL regulations”). Please refer to the Deloitte [tax@hand](#) article dated August 14, 2024, regarding the discussion on Proposed DCL/DPL Regulations.

The final DPL regulations finalize the rules from the proposed DCL/DPL regulations that relate to disregarded payment losses (DPLs), including portions that are also relevant for dual consolidated losses (DCLs), such as the proposed anti-avoidance rule and the exception to a foreign use in [Treas. Reg. § 1.1503\(d\)-3\(c\)\(3\)](#). The final DPL regulations retain the basic approach and structure of these portions of the proposed DCL/DPL regulations, with certain revisions. It is important to note that the final DPL regulations do not finalize all provisions of the proposed DCL/DPL regulations. With the exception of the proposed rules addressing the application of the DCL rules to the global anti-base erosion (GloBE) model rules the following provisions remain outstanding as proposed rules with retroactive effective dates:

- Rules largely reversing the “inclusions on stock” rule in [Treas. Reg. § 1.1503\(d\)-5\(c\)\(4\)\(iv\)](#)
- Rules addressing the interaction between the intercompany transaction rules in [Treas. Reg. § 1.1502-13](#) and the DCL rules
- Rules addressing the application of the DCL rules to the GloBE model rules
- The addition of language in [Treas. Reg. § 1.1503\(d\)-5\(c\)\(4\)\(iv\)](#) to clarify the meaning of the phrase “as adjusted to conform to U.S. tax principles” in the general rule for determining items of income, gain, deduction, and loss of a domestic owner that are attributable to a hybrid entity separate unit
- Changes to the definition of the DCL certification period in [Treas. Reg. § 1.1503\(d\)-1\(b\)\(20\)](#), and a corresponding change to [Treas. Reg. § 1.1503\(d\)-6\(d\)\(2\)](#), to include years prior to the year in which a DCL is incurred

They may have retroactive effect if and when they are finalized in the future.

For additional details, please refer to the Deloitte [tax@hand](#) article dated January 16, 2025.

Summary of proposed regulations on certain employee remuneration above US \$1 million

On January 14, 2025, the IRS released proposed regulations ([REG-118988-22](#)) to implement amendments to [section 162\(m\)](#) made by the [American Rescue Plan Act of 2021](#) (ARPA, P.L. 117-2). The ARPA amendment expanded the definition of a covered employee for taxable years beginning after December 31, 2026. These proposed regulations were published in the Federal Register on January 16, 2025, and provide rules to assist taxpayers in the determination of individuals included in the new category of covered employees under [section 162\(m\)\(3\)\(C\)](#), as amended by the ARPA.

For additional details, please refer to the Deloitte [tax@hand](#) article dated January 30, 2025.



Highlights of proposed regulations on corporate separations and reorganizations

On January 13, 2025, Treasury and the IRS issued two sets of proposed regulations (the “proposed regulations”) providing guidelines for corporate separations under [section 355](#), reorganizations under [section 368](#), certain other subchapter C (i.e., corporate) matters, and related reporting requirements. Comments on both sets of proposed regulations were due by March 17, 2025.

For additional details, please refer to the Deloitte [tax@hand article](#) dated January 30, 2025.

Final regulations on partnership related-party basis-shifting transactions released

In January 10, 2025, Treasury and the IRS released final regulations ([T.D. 10028](#)) (the “final regulations”) under [section 6011](#) that identify certain partnership related-party “basis shifting” transactions and substantially similar transactions as transactions of interest (TOIs), a type of reportable transaction. The final regulations were effective on January 14, 2025, the date of publication in the Federal Register.

For additional details, please refer to the Deloitte [tax@hand article](#) dated March 17, 2025.

Treasury and IRS issue final regulations for section 45V clean hydrogen production tax credit

On January 10, 2025, Treasury and the IRS published regulations ([T.D. 10023](#)) relating to [section 45V](#) of the clean hydrogen production credit (the “section 45V credit”) in the Federal Register, as well as the election to claim the [section 48](#) energy investment tax credit (ITC) in lieu of the section 45V credit, as established and amended by the Inflation Reduction Act of 2022.

Treasury and IRS issue initial guidance on section 45Z clean fuel production tax credit

On January 10, 2025, Treasury and the IRS issued [Notice 2025-10](#) announcing their intent to propose regulations addressing the [section 45Z](#) clean fuel production credit, and [Notice 2025-11](#), which provides initial guidance on emissions rates under [section 45Z\(b\)\(1\)\(B\)](#) for purposes of determining the section 45Z clean fuel production credit.

IRS releases final and proposed regulations modifying consolidated return regulations to reflect statutory and clarifying changes

On December 30, 2024, Treasury and the IRS published final Treasury regulations ([T.D. 10018](#)) finalizing, with certain modifications, regulations published in proposed form on August 7, 2023, (the “2023 NPRM”). The 2023 NPRM proposed to make various “clean-up” amendments and additions to the current and proposed Treasury regulations under [section 1502](#) (and related provisions) addressing affiliated groups of corporations that file consolidated returns for US federal income tax purposes—that is, consolidated groups.

Also on December 30, 2024, Treasury and the IRS published a notice of proposed rulemaking that repropose a modified version of a prior proposed amendment to [Treas. Reg. § 1.1502-80\(d\)](#) (the “proposed regulations”). The proposed regulations would clarify the timing of basis adjustments for [section 357\(c\)\(3\)\(A\)](#) liabilities assumed in intercompany [section 351](#) exchanges between members of a consolidated group. The proposed regulations are responsive to comments made with respect to a related proposal included in the 2023 NPRM.

Highlights of final and proposed regulations under section 987 and related rules

On December 11, 2024, Treasury and the IRS released [final currency regulations](#) under [section 987](#) and related rules. Section 987 generally applies to taxpayers with a “flow-through” qualified business unit (QBU) if the QBU has a functional currency that is different from the functional currency of its tax owner(s). The final regulations generally retain the key elements of the proposed regulations issued in November 2023, while introducing changes that are intended to provide certain administrative and substantive relief.

For additional details, please refer to the Deloitte [tax@hand article](#) dated January 25, 2025.

US Multistate

California

Partnership income from stock sale deemed apportionable rather than sourced entirely in-state

In a case addressing the sourcing of gain realized by a limited partnership (LP) on the sale of stock of a wholly-owned C-corporation where numerous trusts owned the limited partnership interests in the LP, as well as the stock of the S-corporation that was the general partner, the San Francisco Superior Court held in favor of the trusts that the underlying gain was not solely California-source income.

For additional details, please refer to the January 31, 2025 edition of [State Tax Matters](#).

District of Columbia

Amended rule requires some taxpayers to attach federal return to filed return

The District of Columbia (DC) Office of Tax and Revenue adopted an amended rule providing that certain DC taxpayers exceeding defined income thresholds must submit an electronic copy of their federal income tax return with the filing of their DC income tax returns.

For additional details, please refer to the February 7, 2025 edition of [State Tax Matters](#).

Georgia

Amended rule reflects state law permitting some affiliates to file consolidated income tax return

An amended Georgia corporate income tax rule reflects state law that authorizes some Georgia-affiliated corporations to elect filing their Georgia income tax returns on a consolidated basis wherein the changes address how to make and terminate the Georgia consolidated return election and compute underlying Georgia corporate income tax liability.

For additional details, please refer to the February 28, 2025 edition of [State Tax Matters](#).

Idaho

New law generally updates state conformity to IRC

Effective immediately and applicable retroactively, new law updates select corporate and personal income tax statutory references in Idaho to conform to federal Internal Revenue Code (IRC) provisions as in effect on January 1, 2025.

For additional details, please refer to the January 31, 2025 edition of [State Tax Matters](#).

Illinois

Illinois DOR reminds of possible penalties related to abusive tax avoidance transactions

An updated Illinois Department of Revenue (DOR) publication reminds taxpayers about penalties and interest that may be calculated and assessed under specified circumstances on returns due on or after January 1, 1994, including a discussion on possible participant penalties and material advisor penalties for abusive tax avoidance transactions.

For additional details, please refer to the February 21, 2025 edition of [State Tax Matters](#).

Adopted rule changes reflect legislation limiting NOL deduction to US \$500K

The Illinois DOR adopted administrative rule changes reflecting legislation enacted in 2024 that limits Illinois net loss deductions for corporations filing Illinois Form IL-1120 to \$500,000.

For additional details, please refer to the February 7, 2025 edition of [State Tax Matters](#).

Court says subsidiary was not an 80/20 company and affiliate operated as a shell

In a case involving whether a parent company's subsidiary operated as a foreign corporation excluded from the Illinois corporate income tax combined return, an Illinois circuit court held that the facts showed a certain affiliate of the subsidiary was operating as a shell company, and as a result, the subsidiary did not conduct 80% or more of its business outside the United States as an 80/20 company.

For additional details, please refer to the January 17, 2025 edition of [State Tax Matters](#).

Indiana

Tax base and apportionment calculations for foreign corporation in toll manufacturing arrangement

An Indiana DOR ruling addresses calculations of the Indiana adjusted gross income tax of a foreign corporation that is a partner in a unitary domestic partnership with which it engages in a toll manufacturing arrangement wherein the partnership performs the manufacturing activity but does not take title to the inventory during production, and the corporation subsequently sells the finished goods to the partnership for ultimate sale to customers nationwide.

For additional details, please refer to the January 31, 2025 edition of [State Tax Matters](#).

Louisiana

Louisiana DOR summarizes new law providing flat 5.5% corporate tax rate and repealing corporate franchise tax

A Louisiana DOR summary of recently enacted legislation discusses bills that replace Louisiana's graduated corporate income tax rates with a single flat rate of 5.5% and repeal Louisiana's corporation franchise tax.

For additional details, please refer to the January 10, 2025 edition of [State Tax Matters](#).

Massachusetts

New law revises apportionment provisions for companies without a sales factor

New law revises Mass. Gen. Laws. c. 63, § 38(g) related to Massachusetts' move to single sales factor apportionment for all business corporations and financial institutions by removing older language pertaining to a missing factor(s) and providing newer language that uses a taxpayer's property and payroll when the sales factor is inapplicable.

For additional details, please refer to the January 10, 2025 edition of [State Tax Matters](#).

Michigan

Michigan Tax Tribunal holds that wholesale electricity sales must be sourced entirely in-state rather than ultimate destination

The Michigan Tax Tribunal denied a company's Michigan corporate income tax refund claim on a portion of electricity it generated and sold in the wholesale market, holding that it failed to show that in-state sourcing of the sales was incorrect or that the Michigan Department of Treasury's statutory interpretation of sourcing the electricity sales ran afoul of the Due Process or Commerce Clauses.

For additional details, please refer to the February 21, 2025 edition of [State Tax Matters](#).

New law creates research and development corporate income tax credit

New law establishes a research and development (R&D) corporate income tax credit and withholding tax credit for certain authorized businesses under Michigan's Income Tax Act, while other companion Michigan bills enacted in 2024 provide various underlying definitions clarifying the new R&D tax credit and related reporting requirements.

For additional details, please refer to the January 17, 2025 edition of [State Tax Matters](#).

New Jersey

Proposed new and amended rules reflect significant CBT law changes from 2023

The New Jersey Division of Taxation has posted proposed new and amended rules reflecting legislation enacted in 2023 that made significant changes to New Jersey's corporation business tax (CBT) regime, including some that incorporate certain parts of the Multistate Tax Commission's updated P.L. 86-272 guidelines applied prospectively upon adoption.

For additional details, please refer to the February 21, 2025 edition of [State Tax Matters](#).

New York

Tribunal affirms that single-purpose investment entity is excludable from affiliates' combined return

The New York State Tax Appeals Tribunal affirmed that an Article 9-A corporate franchise tax combined filing group could exclude an affiliated single-purpose investment entity from its combined return for the prior tax years at issue. The reason was that the facts showed a lack of substantial intercorporate transactions between them. They were not engaged in a unitary business, and the entity's inclusion would result in distortion.

For additional details, please refer to the February 14, 2025 edition of [State Tax Matters](#).

US Supreme Court rejects taxpayer requests to review decisions on royalty payments from foreign affiliates

The US Supreme Court denied taxpayer requests to review two 2024 New York Court of Appeals decisions, affirming that while certain payments received by the taxpayers from their respective foreign affiliates constituted royalties, such royalty payments could not be excluded under a former statutory royalty exclusion in effect for the prior tax years at issue in computing their respective Article 9-A corporation franchise tax combined return entire net income.

For additional details, please refer to the January 24, 2025 edition of [State Tax Matters](#).

Ohio

Ohio BTA denies relief to taxpayer challenging validity of financial institution tax rate structure

In a case involving an out-of-state headquartered financial institution claiming that the Ohio financial institution tax rate structure fails the Commerce Clause internal consistency test, the Ohio Board of Tax Appeals (BTA) held that it was unable to grant the taxpayer's requested refund relief because it lacks jurisdiction to adjudicate constitutional questions which permeated all the taxpayer's arguments.

For additional details, please refer to the February 28, 2025 edition of [State Tax Matters](#).

Electricity company deemed exempt from local taxing authority's net profits tax

In a case involving an Ohio utility company providing electricity to consumers throughout Ohio, the Ohio Board of Tax Appeals held that Ohio law exempted it entirely from one Ohio Joint Economic Development Zone's municipal net profits tax concluding that state law does not give an Ohio joint economic development zone authority to levy municipal income taxes on electric light companies.

For additional details, please refer to the January 24, 2025 edition of [State Tax Matters](#).

Pennsylvania

Pennsylvania DOR addresses nexus and voluntary compliance program for online retailers

Pennsylvania DOR guidance explains that a business with in-state inventory is subject to Pennsylvania taxes, including online retailers with inventory stored at an in-state distribution or compliance center, as its special "voluntary compliance center" may offer some relief for those that are non-compliant.

For additional details, please refer to the January 10, 2025 edition of [State Tax Matters](#).

South Dakota

New law updates state conformity to IRC for bank tax purposes

New law updates statutory references to the IRC as it existed from January 1, 2024, to January 1, 2025, for state financial institution/bank franchise tax purposes.

For additional details, please refer to the February 21, 2025 edition of [State Tax Matters](#).

Tennessee

Tennessee letter ruling addresses combined filing, sale of interests in partnership structure, and section 338(h)(10) election

A recent Tennessee DOR letter ruling addresses whether and when certain described restructuring transactions involving an entity that ceased being a first-tier subsidiary of a financial institution that files as part of a unitary group of financial institutions for franchise and excise tax purposes must be included in the Tennessee combined return.

For additional details, please refer to the January 17, 2025 edition of [State Tax Matters](#).

Tennessee revenue ruling says receipts from drop shipment sales are sourced to location of end user

In a revenue ruling involving a manufacturer that sells specialty products using third-party merchants to end customers, the Tennessee DOR concluded that the provided facts described drop shipment transactions where such sales must be sourced for Tennessee franchise and excise tax purposes based on the location of the end users rather than the merchants.

For additional details, please refer to the January 17, 2025 edition of [State Tax Matters](#).

Updated manual reflects ruling on sourcing sales of tangible personal property involving distributors and wholesalers

The Tennessee DOR updated its Tennessee franchise and excise tax manual to reflect a 2024 revenue ruling on whether certain receipts from the sale of tangible personal property to intermediaries may be sourced to the ultimate end users rather than the in-state location of the intermediaries.

For additional details, please refer to the January 10, 2025 edition of [State Tax Matters](#).

Tennessee letter ruling addresses NOL and credit utilization following IRC section 368(a)(1)(F) Reorganization

A Tennessee DOR letter ruling addresses utilizing Tennessee net-operating losses and tax credits against future Tennessee franchise and excise tax liabilities following a reorganization under IRC [section 368\(a\)\(1\)\(F\)](#). It concludes that based on the provided facts, the taxpayer at issue may be able to use the Tennessee attributes going forward pursuant to Tennessee's carryover exception.

For additional details, please refer to the January 10, 2025 edition of [State Tax Matters](#).

Virginia

Administrative ruling says loan interest to purchase stock is not subject to intercompany addback statute

The Virginia Department of Taxation issued a ruling in a taxpayer's favor that intercompany interest expenses derived from the payment of loan interest to purchase stock were not related to the acquisition of intangible property as defined for purposes of Virginia's intercompany expense addback statute under Virginia Code § 58.1-402 B 9. Therefore it was not required to add back the interest expenses on its Virginia corporate income tax return.

For additional details, please refer to the January 24, 2025 edition of [State Tax Matters](#).

Administrative ruling says manufacturer may elect modified apportionment method on amended return

The Virginia Department of Taxation issued a ruling in a taxpayer's favor that it may elect to apportion its income using a modified method available to manufacturing companies under statute on its 2015 amended Virginia return pursuant to a 2023 Virginia Court of Appeals decision/ The decision held that otherwise eligible taxpayers may elect to use this apportionment method on amended returns.

For additional details, please refer to the January 24, 2025 edition of [State Tax Matters](#).

Virginia Department of Taxation ruling explains intangible expense addback statute and its exceptions

The Virginia Department of Taxation issued a lengthy taxpayer ruling addressing Virginia's intercompany intangible expense addback statute and its statutory exceptions, concluding that reductions to a royalty addback for claimed research and development expenses paid by one affiliate to another was not allowed because the taxpayer did not actually incur those expenses.

For additional details, please refer to the January 17, 2025 edition of [State Tax Matters](#).

West Virginia

New law generally updates state conformity to IRC

New law adopts all amendments made to federal law after December 31, 2023, but prior to January 1, 2025, for West Virginia corporation net income and personal income tax purposes to the same extent those changes are allowed for federal income tax purposes, whether the changes are retroactive or prospective.

For additional details, please refer to the February 28, 2025 edition of [State Tax Matters](#).

Global Pillar Two Legislative Update Tracker

To see how Deloitte can provide you with support on Pillar Two and to receive updates on legislation being introduced to implement Pillar Two, please sign up for [Deloitte's Global Pillar Two Legislative Tracker](#) today!



International

This compilation is intended to be an overview of major international tax developments during the quarter that may have ASC 740 implications. For more summaries of other current international income tax news and developments for the current quarter, please refer to the additional resources listed at the end of this publication.

OECD Pillar Two: Qualified jurisdictions and further guidance

On January 15, 2025, the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) [published](#) a compilation of Pillar Two-related documents, including a central record of jurisdictions' domestic Pillar Two legislation with transitional qualified status. Further administrative guidance has also been released in respect to deferred tax assets arising from tax benefits provided by governments.

For additional details, please refer to the Deloitte [tax@hand article](#) dated January 17, 2025.

France Finance Act and Social Security Financing Act for 2025: Overview of R&D tax measures

France's Finance Act and Social Security Financing Act for 2025 introduced important revisions to various tax incentives related to R&D. This article provides an overview of these tax measures.

For additional details, please refer to the Deloitte [tax@hand article](#) dated March 6, 2025.

2025 Finance Bill adopted by Parliament

On February 6, 2025, France's 2025 finance bill was adopted by Parliament. It is now expected to be published in France's official journal in the next few weeks, following a review by the French Constitutional Council, and then enacted at that time.

For additional details, please refer to the Deloitte [tax@hand article](#) dated February 7, 2025..

India Finance Bill 2025 enacted—Highlights

India's annual budget (Finance Bill, 2025) was presented on February 1, 2025, and has now been enacted into law following Presidential assent on March 29, 2025. Below are key highlights relevant to U.S. corporations:

- There have been no adjustments or changes to corporate income tax or capital gains tax rates.
- No announcements were made regarding the introduction of OECD's Pillar Two GloBE rules.
- The 6% equalization levy on online advertisement services provided by non-Indian residents to Indian residents has been withdrawn effective April 1, 2025.
- A new presumptive tax regime has been introduced for non-residents providing services or technology to Indian companies engaged in establishing or operating electronics manufacturing facilities. The effective peak tax rate under this regime is ~9.56%, subject to specified conditions.
- The window to file an updated tax return has been extended from two years to four years.
- No additional clarifications, FAQs, or notifications have been issued in relation to the protocol to the India–Mauritius tax treaty.
- The tax benefits for eligible start-ups has been extended to cover those incorporated up to April 1, 2030.
- A national framework will be developed to assist states in fostering Global Capability Centres in tier-2 cities. The framework will include guidance on improving talent availability, infrastructure development, reforms, and collaboration mechanisms.
- A Block Transfer Pricing Assessment mechanism has been introduced allowing taxpayers to opt for a block assessment for a period of three consecutive years. This applies to similar transactions, provided they are validated by the tax authorities. Once validated, the Arm's Length Price determined in relation to such transactions for any financial year will be applicable to similar transactions in the following two years. This is applicable from financial year 2025–26 (April 1, 2025, onwards). Additionally, the scope of Safe Harbor Rules is proposed to be expanded with the intention of reduced litigation and increase tax certainty. However, the specific rules of this expansion are yet to be notified.

CBDT issues guidelines for application of principal purpose test

India's Central Board of Direct Taxes (CBDT) has issued [Circular No. 1/2025](#), dated January 21, 2025, providing guidance on the application of the principal purpose test (PPT) under India's tax treaties with other jurisdictions. The circular provides guidance and clarification in three areas:

- The period for which the PPT provision is envisaged to be applied;
- Interaction of the PPT provision with certain treaty-specific bilateral commitments; and
- Additional/supplementary sources of guidance.

For additional details, please refer to the Deloitte [tax@hand article](#) dated January 22, 2025.

Italy

Summary of main tax provisions introduced by 2025 budget law and "IRES/IRPEF decree"

Two pieces of legislation (Legislative Decree No. 192/2024 ("IRES/IRPEF decree") and Law No. 207/2024 ("2025 budget law")) that entered into force on December 31, 2024 and January 1, 2025, respectively, introduce significant changes to the Italian tax system, including a reduced corporate income tax rate of 20% for companies that invest in certain assets and fulfill certain other conditions. A summary focusing on the main corporate income tax measures introduced by the IRES/IRPEF decree and the 2025 budget law that may be of interest to multinational enterprise (MNE) groups or foreign investors is provided below.

For additional details, please refer to the Deloitte [tax@hand article](#) dated January 21, 2025.

Japan

2025 Tax Reform enacted

On March 31, 2025, Japan's National Diet enacted the 2025 tax reform. The major tax changes relevant to US taxpayers operating in Japan are, as follows:

- 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% (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.
- An undertaxed profits rule (UTPR) and a qualified domestic minimum top-up tax (QDMTT) will be introduced to align with the OECD's Pillar Two global minimum tax framework, effective for fiscal years beginning on or after April 1, 2026.
- The treatment of lease transactions has been revised.

Mexico

Tax incentives to support "Mexico Plan" national strategy

A [decree](#) (available in Spanish only) providing a set of new tax incentives to support a "Mexico Plan" national strategy was published in Mexico's official gazette on January 21, 2025, and went into effect on January 22, 2025. The plan is intended primarily to strengthen domestic industry in local/regional markets; extend the substitution of imports with value chains; generate employment; strengthen scientific and technological development and innovation; and position Mexico among the world's 10 largest economies. The intended goal is to enhance the wellbeing of all Mexicans, industrial sectors, domestic or foreign companies, while considering the participation of micro, small, and medium-sized enterprises (MSMEs). The incentives are effective through September 30, 2030.

For additional details, please refer to the Deloitte [tax@hand article](#) dated February 4, 2025.

Switzerland

Safe harbor intercompany interest rates for 2025 announced

On January 27–28, 2025, the Swiss Federal Tax Administration (SFTA) published the Swiss safe harbor interest rates applicable for 2025 for intercompany (IC) loans and advances denominated in Swiss francs (CHF) ([French](#)|[German](#)) or in foreign currencies ([French](#)|[German](#)). These

rates are used by the SFTA to assess the arm's length nature of interest rates on intragroup loan receivables or payables, and provide a level of tax certainty from a Swiss tax perspective, in absence of a bespoke arm's length comparability analysis.

For additional details, please refer to the Deloitte [tax@hand article](#) dated January 30, 2025.

United Kingdom Investment zone regulations published

The UK Treasury has published new investment zone [regulations](#) to designate three areas, located within the East Midlands Investment Zone, as special tax sites with effect from February 26, 2025. The designation will allow for special rates of structures and buildings allowances, plant and machinery capital allowances, stamp duty land tax, and class 1 employer national insurance contributions to apply to qualifying activities in these sites. This is the second tranche of investment zone tax sites to be designated, following sites in the Liverpool City Region, North East, and West Midlands Investments Zones all designated in April 2024.

For additional details, please refer to the Deloitte [tax@hand article](#) dated February 11, 2025.

Up-C structure services

For Up-C structures, the Up-C Services group offers virtual webcasts from Deloitte specialists covering recent U.S. federal income tax and ASC 740 developments relevant to these businesses organized as Up-Cs. Please visit us at [Up-C Structure Services](#) or contact Jill Wilde at jjwilde@deloitte.com (+1 904 665 1433) to be added to our virtual webcast distribution list.

Other

For upcoming webcasts that give you valuable insights on important developments affecting your business, that feature practical knowledge from Deloitte specialists, and that allow you to earn CPE credits, please visit [Dbriefs Webcasts](#).

For other information regarding newly issued accounting standards, exposure drafts, and other key developments, refer to our [Quarterly Accounting Roundup](#).

Deloitte Tax Accounting Conference – May 5-9, 2025|Live in Orlando, Florida

Our Deloitte Tax Accounting Conference (DTAC) 2025 program will be LIVE in Orlando, Florida on May 5-9, 2025, and offers three different courses over the one-week period. Each course will cover ASC 740 topics reflecting today's complex tax environment. Click [REGISTER NOW](#) to join.

Deloitte Tax Accounting Conference: Partnership Structures & UP-Cs – September 15-17, 2025|Live in Charlotte, North Carolina

More details and registration coming soon!

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 - [Global Tax Developments Quarterly— Accounting for Income Taxes](#)
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If you have any questions or comments about the ASC 740 implications described above or other content of Accounting for Income Taxes Quarterly Hot Topics, contact the Deloitte Washington National Tax Accounting for Income Taxes Group at: [USNationalWNTActIncomeTaxesGrp@ deloitte.com](mailto:USNationalWNTActIncomeTaxesGrp@deloitte.com)



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