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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

July 1, 2025 – September 30, 2025
October 30, 2025

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Contents

Introduction

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Unless otherwise indicated, the content in this document is based on information available as of September 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: July 1, 2025 to September 30, 2025

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

Cambodia

Capital gains tax on certain asset transactions to apply as from September 1, 2025

Date of Enactment: July 18, 2025
Effective Date: September 1, 2025

On July 18, 2025, the Cambodia Ministry of Economy and Finance (MEF) issued Prakas No. 496, establishing rules and procedures for the administration and collection of capital gains tax (CGT) from:

- Resident individuals who realize capital gains from the sale or transfer of capital assets located both in Cambodia and abroad;
- Nonresident individuals and legal entities realizing capital gains from the sale or transfer of capital assets located in Cambodia.

Generally, some provisions will be effective as from September 1, 2025, others as from January 1, 2026.

See also tax@hand - August 13, 2025

Germany

Upper house approves law to introduce tax incentives for investment boost

Date of Enactment: July 29, 2025
Effective Date: January 1, 2025

After the approval of the lower house of parliament (Bundestag) on June 26, 2025, the upper house of parliament (Bundesrat) on July 11, 2025 also approved the "Law for a tax-based immediate-action investment program to strengthen Germany as a business location." The law was then signed by the president on July 14, 2025 and published (in German only) in the federal gazette on July 18, 2025. This is the first important measure to boost the German economy taken by the new German government and comes just two months after the new government headed by chancellor Friedrich Merz took office. The tax package, worth approximately EUR 46 billion (USD 53 billion), is expected to have a significant impact on the German economy, together with an earlier significant investment package on infrastructure and defense worth a further hundreds of billions of euros.

The final law includes measures that were already included in the coalition agreement between the governing parties that was published earlier in 2025.

See also tax@hand - July 18, 2025

India

Income-tax Act, 2025 enacted to replace Income-tax Act, 1961

Date of Enactment: August 21, 2025
Effective Date: April 1, 2025

On August 21, 2025, the Income-tax (No. 2) Bill, 2025 (ITB 2025) received presidential assent and was enacted as the Income-tax Act, 2025 (ITA 2025). The ITA 2025 will enter into force as from 1 April 2026 and from that date will replace the existing legislation (the Income-tax Act, 1961 (ITA 1961)) which has been in force for over 60 years. New rules and forms also are expected to be issued by the end of 2025 to align with the ITA 2025.

See also tax@hand - August 22, 2025

Indonesia

MoF regulation introduces substantial updates to crypto asset transaction taxation

Date of Enactment: July 25, 2025
Effective Date: August 1, 2025

On July 25, 2025, Indonesia's Minister of Finance (MoF) issued Regulation Number 50 of 2025 (PMK-50) aligning tax law with existing legislation by classifying crypto assets as digital financial assets and clarifying the income tax and VAT treatment of crypto asset transactions. PMK-50 came into effect as from August 1, 2025.

See also tax@hand - September 2, 2025

Paraguay

New tax incentives regime for domestic and foreign investment

Date of Enactment: September 8, 2025
Effective Date: September 8, 2025

On September 8, 2025, Paraguay published Law No. 7548/25 in the Official Gazette (in Spanish only), establishing a new tax incentives regime for domestic and foreign investment. This law updates and consolidates the provisions of Decree-Law No. 27/90 and Law No. 60/90 and is effective upon publication.

See also tax@hand - September 10, 2025

Singapore

Refundable investment credit regulations gazetted

Date of Enactment: September 1, 2025
Effective Date: September 1, 2025

On September 1, 2025, the Income Tax (Refundable Investment Credits) Regulations 2025 (S 577/2025) (RIC Regulations 2025) were gazetted and came into effect on the same day. The regulations are issued in accordance with section 93B of the Singapore Income Tax Act 1947 (ITA), introduced by the Income Tax (Amendment) Act 2024 as part of Singapore's broader legislative package to implement the OECD/G20 Pillar Two framework, alongside the Multinational Enterprise (Minimum Tax) Act 2024. All legislative references in this article are to the ITA.

See also tax@hand - September 9, 2025

United States

A closer look: Inside the new tax law

Date of Enactment: July 4, 2025
Effective Date: Various

Dozens of tax benefits that were previously expired or were set to expire at the end of 2025 will now continue for both businesses and individuals, thanks to sweeping new legislation signed into law by US President Donald Trump on July 4, 2025. In addition to extending existing provisions, the law introduces a series of new tax cuts aimed at reducing burdens on working Americans and designed to enhance economic competitiveness. It also makes substantive changes to key features of the US's international tax rules. It further includes revenue-raising provisions—such as the repeal or phaseout of certain clean energy tax credits—to help offset some of the law's fiscal impact.

These changes signal yet another evolution in the tax landscape—one that presents both immediate opportunities and long-term planning considerations. While some provisions have been permanently embedded into the tax code, others are temporary and require careful attention to timing and strategy.

A closer look: Inside the new tax law, a Deloitte Tax LLP publication, is designed to help taxpayers navigate the current environment and prepare for what lies ahead.

See also tax@hand - September 9, 2025

Enacted Tax Law Changes That Are Now Effective: July 1, 2025 to September 30, 2025

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

Philippines

BIR issues regulations implementing changes to tax rates on passive income

Date of Enactment: May 29, 2025
Effective Date: July 1, 2025

The Philippine Bureau of Internal Revenue on August 5, 2025 issued Revenue Regulations No. 021-2025 (RR No. 21-2025) implementing amendments to the National Internal Revenue Code of 1997 (the "Tax Code") introduced by Republic Act No. 12214, otherwise known as the Capital Markets Efficiency Promotion Act. RR No. 21-2025 applies as from July 1, 2025 and effects changes to the tax rates applicable on certain types of passive (investment) income and changes to the calculation of taxable passive income from certain sources. This article summarizes the key amendments. All references are to the Tax Code unless otherwise stated.

See also tax@hand - September 1, 2025

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

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

Nigeria

BIR issues regulations implementing changes to tax rates on passive income

Date of Enactment: June 26, 2025
Effective Date: January 1, 2026

On June 26, 2025, Nigerian President Bola Tinubu signed new tax bills into law. These laws introduce significant changes, including:

For business and corporate taxes, there are new thresholds, allowable deductions, and effective tax rates, including a 15% minimum effective tax rate for large companies; For capital gains and personal income taxes, there are revised rates, new exemptions, and progressive income tax bands.

For more information, see Deloitte Nigeria's publication, *Nigeria's New Tax Laws, Technical and Industry Insights*.

See also tax@hand - July 1, 2025

Vietnam

Law on Science, Technology and Innovation provides incentives and support for sector

Date of Enactment: June 27, 2025
Effective Date: October 1, 2025

On June 27, 2025, Vietnam's Law on Science, Technology (amended) and Innovation (ST&I) was officially passed during the ninth session of the 15th National Assembly. The law generally will take effect as from 1 October 2025; however, certain provisions relating to the budget and financial policies for ST&I came into effect as from 1 July 2025.

Vietnam's government has committed to refining the Vietnamese legislation to align with market dynamics and international best practices, as part of a continuing transition towards a growth model driven by ST&I to enhance productivity, quality, efficiency, and competitiveness. Building on the 2013 Law on Science and Technology, the Ministry of Science and Technology has drafted the Law on ST&I, establishing a comprehensive legal framework that incorporates directives by the party and the government, and supports Vietnam's scientific and technological development landscape. This article provides a summary of the new legislation.

See also tax@hand - July 1, 2025

Law introduces incentives to support digital technology sector as from January 1, 2026

Date of Enactment: June 14, 2025
Effective Date: January 1, 2026

On June 14, 2025, Vietnam's National Assembly passed the Law on Digital Technology Industry No. 71/2025/QH15 (the "DTI law"), which generally will take effect as from 1 January 2026, but with some provisions on the incentives and support policies (e.g. investment incentives, cost subsidies, and privileged customs procedures) effective as from July 1, 2025.

The creation of the DTI law follows several other key directives and strategic guidelines designed to establish an institutional framework to promote the development of the information technology and digital technology (DT) industries, to drive the country's industrialization and modernization efforts. To fulfill its mandate, the Ministry of Science and Technology (MOST) has developed the DTI law, which introduces a range of breakthrough incentives and support mechanisms to foster the sustainable development of the domestic DT sector.

This article provides an update on the key provisions concerning incentives and policies for businesses and activities in the DT sector, along with some other provisions that may be of note.

See also tax@hand - July 1, 2025

On the Horizon

The following developments had not yet been enacted as of September 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

Productivity Commission's first interim report proposes corporate tax reforms

On July 31, 2025, Australia's Productivity Commission (PC) released the first of five scheduled interim reports in response to a request by the Australian treasurer in December 2024 for the PC to undertake five inquiries to identify the highest priority reforms under the government's five-pillar productivity growth agenda. Submissions on the report are requested by September 15, 2025.

See also tax@hand - August 11, 2025

Consultation continues on Strategic Examination of Research and Development

The Research and Development Tax Incentive (R&D Tax Incentive or RDTI) is a cornerstone of Australia's innovation system. Since its introduction in 2011, it has attracted billions of dollars of local and foreign investment and helped businesses expand product offerings and generate additional revenue, with significant spillover benefits to the Australian economy. At a time when productivity is in the spotlight, the RDTI remains one of the most powerful levers to stimulate the economy and support businesses to seize the next wave of scientific and technological advances. However, regulatory complexity is placing an increasing administrative burden on innovators and threatens to strangle the very creativity and agility that the RDTI is intended to unleash.

See also tax@hand - September 2, 2025

Bermuda

Consultation paper on proposed tax credits published

On September 4, 2025, the government of Bermuda released a consultation paper to request feedback on the proposed Tax Credits Act 2025. The draft legislation reflects the content of the Bermuda Tax Reform Commission (TRC) public report published in August 2025. The TRC report details various recommendations, including the proposal for three specific tax credits that are included in the draft legislation: a substance-based tax credit for regulated insurers, with benefits calculated based on Bermuda payroll costs and Bermuda business expenditures; a community development credit for donations to registered Bermuda charities; and a utilities infrastructure credit for utility companies investing in infrastructure improvements, which would be based on the OECD substance-based income exclusion provisions in the global anti-base erosion (GloBE) or "Pillar Two" model rules. The public consultation period will run through September 25, 2025.

See also tax@hand - September 15, 2025

Denmark

2026 Finance Bill proposes significant tax reliefs and enhancements

On August 29, 2025, the Danish government presented its proposal for the 2026 Finance Bill (available in Danish only), titled *A Better Everyday Life—A Stronger Denmark* ("the finance bill"), which includes substantial tax reliefs and improvements in tax rules aimed at providing financial relief to both private citizens and businesses while reducing administrative burdens. The proposal will now be negotiated by the government and the opposition parties, with the final finance bill to be adopted by December 2025.

This article provides an overview of the key proposed reliefs and enhancements, including a significant reduction in the electricity tax rate and immediate relief for certain software development costs.

See also tax@hand - September 10, 2025

Germany

MOF issues second revised version of draft bill to update minimum taxation rules

The German Ministry of Finance (MOF) on August 8, 2025 published the second revised version of a draft bill to amend the Pillar Two minimum taxation rules and further. The initial draft bill was published on August 20, 2024, followed by the first revised version on December 5, 2024.

Progress was then put on hold as a result of the breakup of the governing coalition and after the government under the leadership of Chancellor Olaf Scholz lost a confidence vote on December 16, 2024.

Following snap elections on February 23, 2025, a new government under the leadership of Chancellor Friedrich Merz was elected, and the new government is now proceeding with the initiative to implement amendments to the minimum taxation rules. Once approved by the governing coalition, the draft bill will enter into the formal legislative process for consideration in the lower house of parliament (Bundestag) and the upper house of parliament (Bundesrat).

See also tax@hand - August 15, 2025

Ghana

Key tax highlights of 2025 mid-year fiscal policy review

On July 25, 2025, Ghana's Minister for Finance, Dr. Cassiel Ato Forson, presented the Mid-Year Fiscal Policy Review of the 2025 Budget Statement and Economic Policy of the Government of Ghana (the "mid-year budget review") to parliament, providing an account of the government's stewardship since January 7, 2025.

See also tax@hand - August 1, 2025

Hong Kong SAR

New tax concessions proposed for commodity trading business and the maritime service industry

On July 8, 2025, the Hong Kong SAR (HKSAR) government released an administration paper to introduce a half-rate tax concessionary regime for commodity trading business and to enhance the existing tax concessions for the maritime service industry. The government had announced its intention to implement these measures in the 2024 Policy Address and the 2025-26 Budget Speech. The government plans to introduce the amendment bill into the Legislative Council during the first half of 2026 and apply the tax concessions for years of assessment beginning on or after April 1, 2025

See also tax@hand - July 17, 2025 and tax@hand - July 14, 2025

Overview of key tax-related measures in 2025 Policy Address

The Chief Executive of the Hong Kong Special Administrative Region (HKSAR), John Lee, on September 17, 2025 delivered the 2025 Policy Address, outlining a series of proposed tax-related initiatives aimed at enhancing economic competitiveness, supporting families, and attracting investment. This article provides an overview of the key new tax measures announced and the previously announced measures reaffirmed in the address. The status of the various proposals varies; some will be subject to further study, some are subject to consultation, and others are pending legislative amendments.

See also tax@hand - September 17, 2025

Mexico

2026 economic package submitted to Chamber of Deputies

On September 8, 2025, Mexico's executive branch submitted to the Chamber of Deputies for review the 2026 Economic Package (in Spanish only), which comprises the General Economic Policy Criteria, the Federal Internal Revenue Law (LIF), the Draft Federal Expenditures Budget, the Federal Tax Code (CFF), the Excise Tax Law, and the Fees Law. If approved by Congress, the proposals will become effective as from January 1, 2026.

See also tax@hand - September 17, 2025

South Korea

QDMTT to be introduced as from 2026

According to the 2025 tax reform proposal announced by the Korea (ROK) Ministry of Economy and Finance on July 31, 2025, Korea (ROK) will introduce a qualified domestic minimum top-up tax (QDMTT) under the global minimum tax regime (global anti-base erosion (GloBE) or "Pillar Two") as from fiscal years beginning on or after January 1, 2026. This measure is intended to secure Korea (ROK)'s taxing rights over low-taxed constituent entities in Korea (ROK) under Pillar Two.

See also tax@hand - August 4, 2025

2025 tax revision bill announced

On July 31, 2025, the Korea (ROK) Ministry of Economy and Finance announced its proposed 2025 Tax Revision Bill (the "bill"). The stated purpose of the bill is to support future strategic industries and the capital market, rationalize the Korean tax system, and establish a taxpayer-friendly environment. The bill will be submitted for discussion to the National Assembly and is expected to be finalized and promulgated upon approval near the end of 2025.

See also tax@hand - August 6, 2025

New Zealand

Pillar Two is changing

On July 4, 2025—US Independence Day—President Trump signed the One Big Beautiful Bill Act (OBBBA) into law. While there has been a lot of coverage in the New Zealand media about the OBBBA, perhaps most relevant for Kiwis is what was absent in the version passed into law. After weeks of speculation, the US and its G7 partners reached an agreement to remove proposed section 899 from the OBBBA.

See also tax@hand - August 24, 2025

Thailand

Tax incentive approved to promote energy conservation

On June 24, 2025, the Thai cabinet approved, in principle, a tax measure proposed by the Ministry of Energy to promote investment and replacement of machinery, equipment, and materials, with the aim of enhancing energy conservation. The tax incentive would be available to individuals with certain categories of assessable income (under section 40(5), (6), (7), or (8) of the Thai Revenue Code), as well as to companies or juristic partnerships, and would allow an additional income tax deduction of 50% (i.e., a total deduction of 150%) of qualifying expenses for investments in machinery, equipment, and materials, as specified under the relevant policy. The additional tax deduction would be available for qualifying expenses incurred from the effective date of the relevant law through December 31, 2028.

See also tax@hand - July 10, 2025

Tax incentive approved to support digital transformation of SMEs

On June 24, 2025, the Thai cabinet approved, in principle, a draft royal decree issued under the Thai Revenue Code that would allow a tax incentive for companies or juristic partnerships with paid-up capital not exceeding THB 5 million and annual revenue from sales of goods and the provision of services not exceeding THB 30 million, as at the last day of their accounting period (i.e., small and medium-sized enterprises (SMEs)).

The incentive would consist of an additional corporate income tax deduction of 100% (i.e., a total deduction of 200%) for expenses not exceeding THB 300,000 incurred in connection with the purchase, hiring, or use of software, hardware and smart devices, or digital services, provided that the procurement is registered in the digital services registry maintained by the Digital Economy Promotion Agency (DEPA). However, the additional tax deduction would not be available for expenses related to computers. The tax deduction would be available for qualifying expenses incurred from the date of the relevant cabinet resolution (i.e., June 24, 2025) through December 31, 2027.

See also tax@hand - July 10, 2025

United Kingdom

Draft legislation for new carried interest regime published

The UK government on July 21, 2025 published draft legislation covering the new carried interest regime that will come into effect in the UK as from April 6, 2026. This article summarizes the key features of the draft legislation.

See also tax@hand - July 25, 2025, and tax@hand - July 25, 2025

United States

Pillar Two: G7 statement on US "side-by-side" treatment

On June 26, 2025, US Treasury Secretary Scott Bessent announced that a "joint understanding" had been reached among G7 countries in relation to the interaction of Pillar Two and the US tax system. In exchange, he requested the removal of section 899 (a provision targeting foreign taxes deemed to be discriminatory or extraterritorial) from then pending tax legislation that US President Trump signed into law on July 4, 2025.

IRS Insights (August 2025)

The August 2025 edition of *IRS Insights* includes coverage of the following US tax controversy developments:

- IRS issues interim guidance on optional "simplified method" and extends penalty relief for the corporate alternative minimum tax under section 55
- IRS pre-filing agreement announcements
- Supreme Court clarifies Tax Court role in collection cases: No levy action, no jurisdiction
- Tax Court invalidates BBA regulation; IRS barred from assessment
- After "largely successful" 2025 filing season, National Taxpayer Advocate highlights challenges and raises concerns facing IRS

See also tax@hand - July 10, 2025

G7's Pillar Two shared understanding: Why 2024 compliance still demands action

The June 2025 G7 consensus on considering the US's tax regime in a "side-by-side" manner with the OECD Inclusive Framework's Pillar Two global minimum tax rules has raised the prospect of changes to the application of the Pillar Two minimum tax rules to US-parented multinational enterprises (MNEs). However, these political developments represent future intentions and, in the meantime, the compliance landscape for 2024 remains unchanged and the window for preparation is approaching

See also tax@hand - August 29, 2025

Premium tax credit at intersection of tax and budget policy; renewed focus on s. 899

As US lawmakers continue to navigate the intersection of tax and budget policy the week of September 8, 2025, the extension of the enhanced premium tax credit has emerged as a key issue in ongoing negotiations. While a second reconciliation bill remains a possibility, much of the recent discussion has centered on how this credit might be incorporated into a broader fiscal agreement. The path forward, though, remains uncertain.

See also tax@hand - September 12, 2025

Treasury and IRS issue proposed guidance on OBBBA's "no tax on tips" provision

Fulfilling a key campaign promise from President Trump, the US Treasury Department and the Internal Revenue Service (IRS) released their initial guidance (REG-110032-25) covering the "No Tax on Tips" provision, issued under the legislation commonly referred to as the One Big Beautiful Bill Act (OBBBA, P.L. 119-21). The proposed regulations identify occupations that customarily and regularly received tips on or before December 31, 2024, and define "qualified tips" for purposes of the income tax deduction. These proposed regulations affect individuals who receive tips as part of their occupation.

See also tax@hand - September 19, 2025

Congress takes up digital asset tax policy

Amid an eventually resolved procedural dispute over advancing cryptocurrency-related legislation, during what some have informally dubbed as "crypto week," the US House Ways and Means Subcommittee on Oversight held a hearing on July 16, 2025 focused on the tax treatment of digital assets, called "Making America the Crypto Capital of the World: Ensuring Digital Asset Policy Built for the 21st Century.

See also tax@hand - July 18, 2025

M&A Tax Talk: Understanding Pillar Two's impact on M&A

Adapting to Pillar Two may mean updating existing tax strategies and developing new approaches to due diligence. By staying ahead of these changes, deal teams can anticipate challenges, mitigate risks, and drive positive outcomes in today's evolving global landscape.

See also tax@hand - July 24, 2025

Round two: Is Congress done yet?

Fresh off passage of the bill informally known as the One Big Beautiful Bill Act (OBBBA) on July 4, 2025, US Republican members on both sides of the Capitol are already discussing the possibility of a second budget reconciliation package in the fall—potentially offering a vehicle to revisit unresolved priorities, address perceived shortcomings in the new law, or even revive provisions that were stripped out during the Byrd Rule process in order to clear the Senate parliamentarian's review.

See also tax@hand - July 11, 2025

Did you know

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

Australia

Pillar Two—from policy to practice: Accessing the transitional safe harbor

Despite the political headwinds that the OECD's Pillar Two framework continues to face, Pillar Two is enacted legislation in Australia. In-scope groups must therefore continue their preparations to meet Australia's global minimum tax and domestic minimum tax obligations. Most groups intend to elect into the transitional safe harbor for eligible jurisdictions, which provides welcome compliance relief when compared to performing a full computation under the Global Anti-Base Erosion Model Rules ("GloBE rules").

See also tax@hand - July 31, 2025

Belgium

Minimum taxable base again withstands scrutiny by Constitutional Court

On June 19, 2025, Belgium's Constitutional Court issued its judgment (No. 90/2025) in a case concerning the fiscal legality of the "minimum taxable base" resulting from amendments to a taxpayer's taxable result issued by the tax authorities that result in a corresponding tax increase of at least 10%. The court was asked specifically to consider the discretionary powers of the tax authorities in such circumstances and concluded that those powers do not violate the principle of fiscal legality.

See also tax@hand - June 30, 2025

Court favors legalistic interpretation of beneficial ownership in IRD implementation

On August 12, 2025, the Court of First Instance of Brussels ("the court") rendered a milestone judgment (Dutch | French) in favor of the taxpayer, ruling that the beneficiary requirement in Belgium's domestic implementation of the withholding tax exemption in the EU interest and royalties directive (IRD) should be interpreted in a legalistic manner, and not in an economic manner as endorsed by the Court of Justice of the European Union (CJEU) in 2019 in joined cases C-115/16, C-118/16, C-119/16, and C-299/16 (frequently referred to as "the Danish cases").

In the Danish cases, the CJEU clarified that the beneficial owner must be an entity that, not only from a legal but also from an economic perspective, enjoys the interest and is therefore free to decide how to use it. The Belgian court has deviated from this case law, by concluding that it is sufficient for the recipient to have a mere legal right to the income and thus in substance accepting that the exemption may apply provided that the recipient does not operate as an agent.

See also tax@hand - September 15, 2025

Brazil

OECD recognizes additional CSLL in Pillar Two legislation as a QDMTT

On August 18, 2025, Brazil's additional social contribution on net profits (CSLL), which was introduced by Law No. 15,079/2024, was officially recognized by the OECD as a qualified domestic minimum top-up tax (QDMTT) and was determined to meet the criteria for the QDMTT safe harbor as from January 1, 2025.

See also tax@hand - August 22, 2025

European Union

CJEU rules Italian IRAP incompatible with parent-subsidiary directive

On August 1, 2025, the Court of Justice of the European Union (CJEU) issued its judgment in case C-92/24 regarding the compatibility of the Italian regional tax on production activities (IRAP) with the EU parent-subsidiary directive. The CJEU ruled that the IRAP regime was contrary to the directive's exemption system.

See also tax@hand - August 8, 2025

Germany

Minimum taxation rules do not violate constitutional principles

In a decision dated July 23, 2025 and published on August 11, 2025, the German federal constitutional court (BVerfG) upheld the corporate minimum taxation rules that have been in effect since 2004. The BVerfG did not follow the view of the federal tax court which was of the opinion that the minimum taxation rules violate constitutional principles. The federal tax court had referred the question of constitutionality to the BVerfG as it lacks the authority to hold a law unconstitutional.

See also tax@hand - August 14, 2025

Tax court clarifies application of change-in-ownership rules for tax consolidations

The lower tax court of Duesseldorf, in a decision dated December 9 2024 and published on May 15 2025, clarified the application of the German change-in-ownership rules in cases where a tax consolidated group ("Organschaft") has a harmful ownership change during the course of a fiscal year (FY). The lower tax court decided against the interpretation of the German tax authorities and decided that a loss occurring at the level of a controlled subsidiary before a mid-year harmful ownership change may still be offset against the current year income of the tax consolidated group. The tax court rejected the tax authorities' argument, based on the mechanics of the profit and loss (P&L) pooling agreement, that the controlled subsidiary's current year loss should be forfeited entirely as a result of the mid-year harmful ownership change.

See also tax@hand - August 21, 2025

Hong Kong SAR

IRD updates FAQs on foreign-sourced income exemption regime

On July 24, 2025, Hong Kong SAR's (HKSAR's) Inland Revenue Department (IRD) updated its website with four new frequently asked questions (FAQs) regarding the foreign-sourced income exemption (FSIE) regime, providing important insights that may affect how taxpayers report and manage their foreign-sourced income. This article summarizes the new FAQs and provides some additional commentary.

See also tax@hand - July 28, 2025

Malaysia

IRB updates guidelines on capital gains tax for unlisted shares

The Inland Revenue Board (IRB) of Malaysia has released updated guidelines on capital gains tax for unlisted shares, dated July 21, 2025, on its website. The updated guidelines replace the previous guidelines on capital gains tax for unlisted shares dated March 1, 2024 (available in the Bahasa Malaysia language only). The guidelines have been updated mainly to reflect the legislative changes to section 15C of the Income Tax Act 1967 (ITA) made via the Finance Act 2024 that are effective as from January 1, 2025, among other things.

See also tax@hand - August 15, 2025

Netherlands

Ministry of Finance publishes tax plan for 2026

With the Pillar Two rules now in force in New Zealand and as the first registration deadlines are edging closer, this article examines the common queries and questions taxpayers have posed about how the Pillar Two rules work in New Zealand. (Note: The answers are accurate as at August 2025.)

See also tax@hand - September 17, 2025

New Zealand

Pillar Two FAQs

With the Pillar Two rules now in force in New Zealand and as the first registration deadlines are edging closer, this article examines the common queries and questions taxpayers have posed about how the Pillar Two rules work in New Zealand. (Note: The answers are accurate as at August 2025.)

See also tax@hand - August 24, 2025

End of the row: Tax considerations when concluding a farmland sale or lease

In August 2025, New Zealand's Inland Revenue released two draft Questions We've Been Asked (QWBA) documents for public consultation. These QWBAs address specific tax matters within the farming and horticultural space. Experience shows that there can be a lack of understanding regarding how the specific tax rules apply to farming and horticultural businesses, which can result in tax returns being completed incorrectly and sale and purchase or lease agreements not being drafted to give the optimal tax outcomes. Both draft QWBAs were available for public consultation until September 15, 2025

See also tax@hand - September 9, 2025

OECD

Toolkit regarding ring-fencing of mining income published

On July 31, 2025, the OECD announced the publication of a toolkit that is primarily intended for tax administrators and government policymakers in resource-rich developing countries that are considering the introduction of ring-fencing rules for their mining sector, or that are seeking to improve the design and implementation of existing ring-fencing rules. The toolkit was published as part of the ongoing work of the OECD and the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) relating to BEPS and the mining sector.

See also tax@hand - August 1, 2025

Taiwan (China)

Foreign tax credit relief may only be claimed by those assuming the foreign tax

On August 30, 2025, the National Taxation Bureau of the Northern Region of the Taiwan (China) ("Taiwan") Ministry of Finance issued a press release reminding profit-seeking enterprises that they may only claim foreign income tax credits when they actually bear the foreign tax burden. Contractual arrangements that shift the tax liability to counterparties will void this right.

See also tax@hand - September 10, 2025

Thailand

Rules provided for tax incentives for certain donations via e-Donation system

A notification from the Director-General of the Thai Revenue Department (No. 55) issued on July 29, 2025 sets forth rules and conditions for claiming tax incentives in respect of qualifying donations made by companies or juristic partnerships to a public organization for the purpose of developing the Office of Knowledge Management and Development (OKMD) National Knowledge Center and the OKMD Sustainable Development Learning Center at Benjakitti Park, through the electronic donation ("e-Donation") system, in accordance with Thai Royal Decree No. 794 (issued on March 20, 2025). The tax incentives are available in respect of qualifying donations made in the form of cash, assets, or inventory, from January 1, 2025 through December 31, 2026.

Royal Decree No. 794 allows companies or juristic partnerships an additional corporate income tax deduction of 100% (i.e., a total deduction of 200%) for qualifying donations made through the e-Donation system, subject to the condition that the amount deducted must not exceed 10% of the entity's net profits. The royal decree also provides exemptions from VAT, specific business tax (SBT), and stamp duty with respect to income derived from a transfer of assets or inventory, or with respect to the execution of an instrument, in connection with a qualifying donation.

See also tax@hand - August 1, 2025

United States

US tax law impact on non-US headquartered multinational businesses

After a dramatic stretch of intense last-minute negotiations and weather-related travel disruptions leading up to a procedural vote, the US House of Representatives (the "House") voted 218-214 on July 3 2025 to pass the budget reconciliation package formally titled "An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14" (the "Act"), which is commonly referred to as the One Big Beautiful Bill Act (OBBBA) and is US President Trump's sweeping tax and spending legislation. The House has adopted the US Senate-passed version of the bill without amendment (Senate Amendment to H.R. 1), and President Trump signed it into law on July 4, 2025, meeting his own self-imposed deadline.

See also tax@hand - July 10, 2025

Heads Up: Accounting Considerations Related to the New U.S. Tax Legislation

Deloitte Tax LLP's publication, Heads Up: Accounting Considerations Related to the New U.S. Tax Legislation, released on July 15, 2025, discusses the accounting under ASC 740 for income tax effects of the new legislation known as the "One Big Beautiful Bill Act," signed into law by President Trump on July 4.

See also tax@hand - July 16, 2025

House narrowly passes GOP tax and spending bill amid procedural turbulence

After a dramatic stretch of last-minute negotiations, arm-twisting, and weather-related travel disruptions leading up to the procedural vote, the US House of Representatives on July 3 2025 voted 218-214 to pass the budget reconciliation package formally titled "An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14" (the "Act")—and commonly referred to as the One Big Beautiful Bill Act (OBBBA)—President Trump's sweeping tax and spending legislation. Only Republican Reps. Brian Fitzpatrick of Pennsylvania and Thomas Massie of Kentucky voted "no," joining House Democrats opposing the bill.

See also tax@hand - July 3, 2025 also tax@hand - August 27, 2025 tax@hand - July 2, 2025

Webcast on demand—Over the finish line: A look at the new tax law

The One Big Beautiful Bill Act (OBBBA) of 2025 has been signed into law by US President Donald Trump, extending provisions of the 2017 Tax Cuts and Jobs Act for individuals and businesses while addressing some of President Trump's campaign promises. The bill includes modifications to international tax rules and clean energy tax credits, as well as tax rules affecting passthrough entities and individuals.

See also tax@hand - July 9, 2025

Webcast on demand—OBBBA: Credits and incentives considerations

The One Big Beautiful Bill Act (OBBBA), enacted on July 4, 2025, introduced major changes to US federal energy policy aimed at reshaping the post–Inflation Reduction Act (IRA) landscape, scaling back certain clean energy tax incentives under the IRA, imposing prohibited foreign entity restrictions, and modifying eligibility requirements for certain IRA credits.

See tax@hand - August 1, 2025

Webcast on demand—CAMT: Key considerations of OBBBA

The US budget reconciliation bill H.R. 1, commonly referred to as the One Big Beautiful Bill Act (OBBBA), was enacted on July 4, 2025. The new law introduces significant changes to tax provisions that may reduce corporate taxable income and increase CAMT for applicable corporations.

See also tax@hand - August 13, 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.
Click to subscribe to receive Accounting for Income Taxes Hot Topics directly via email.

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World Tax Advisor—Biweekly bulletin of international tax developments written by professionals of the member firms of Deloitte. The newsletter focuses on analysis of cross-border tax developments that reflect the dynamic business environment faced by multinationals.
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Transfer Pricing Alerts—The latest updates in transfer pricing from around the world.
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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.

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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