

The Latest on BEPS and Beyond

September 2024

EY Tax News Update

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Highlights

Typically, the European Summer holidays tend to guarantee a relatively quiet period for tax policy matters in part of the world. However, this year, the European Summer proved heated not only in terms of the weather, but also in terms of the number of tax policy developments.

As highlighted in this version of the Latest on BEPS and Beyond, three public consultations were held by the European Commission (the Commission), relating to the Directive on Administrative Cooperation (DAC), the Anti-Tax-Avoidance Directive (ATAD) and the format to be used for public Country-by-Country Reporting (CbCR).

In addition, developments leading up to the installation of newly elected and appointed people in the institutions of the European Union (EU), such as the European Parliament and the European Commission, evolved over the summer. This will lead to a new European Commission with a new five-year agenda being up and running early 2025. As competitiveness is expected to be at the heart of this agenda, stakeholders have been at the lookout for a report on the topic by Mario Draghi, former European Central Bank President and former Prime Minister of Italy. On 9 September, Mario Draghi published this long-awaited report, titled "[The Future of European Competitiveness](#)."

The report identifies three main areas for action:

1. A new Industrial Strategy for Europe will require greater investment to be successful. With the EU facing a substantial investment gap, an additional €750-€800b per annum is needed, according to Mr. Draghi. This corresponds to 4.4% - 4.7% range in EU gross domestic product in 2023 and the establishment of common safe assets to fund joint investment projects.
2. The EU must reform its institutional framework to enhance coordination and speed up decision-making as the regulatory burden on European companies is high and continues to grow.
3. The EU should implement the announced 25% cut of reporting obligations and commit to achieving a further reduction for small and medium-sized enterprises (SMEs) up to 50%, upholding proportionality for SMEs in EU law and extending it to small mid-caps.

While there were no specific considerations related to direct taxation in the report, the investments required to execute the new Industrial Strategy for Europe will likely significantly impact the tax environment in the EU. The investments will include both public and private investment to which tax considerations are linked. For example, tax measures may be necessary to stimulate private parties to invest in innovation, and with that, riskier projects. The public investments will have to be paid back, either through new own resources for the EU that may take the form of taxes, or through higher payments by the Member States that may be paid by new taxes. Finally, the commitment to lower the administrative burden for business with at least 25% will also apply to existing EU tax legislation. For this reason, one of the key questions raised by the Commission in relation to the public consultations mentioned earlier related to potential simplifications. To facilitate more streamlined decision-making within the EU, the call for extending qualified majority voting to more areas to accelerate the work of the EU could affect how tax policy is agreed in the future. Currently, a unanimous decision by all 27 member states in Council is required to adopt EU tax legislation.

Once the new European Commission is installed and has determined its agenda, this agenda will be rolled out through proposals for new European legislation from 2025-2029.

For more information, see [EU competitiveness: Looking ahead - European Commission \(europa.eu\)](#).

And while these developments continue to play out in Europe, the European eyes are also very much focused on the elections in the United States (US), recognizing that these will be crucial for the trade relationship and the direction in which the global international tax environment will develop.

BEPS 2.0

Country developments

Bahamas releases draft legislation for a domestic minimum top-up tax

On 13 August 2024, the government of the Bahamas released [draft legislation](#) to implement a domestic minimum top-up tax (DMTT) alongside a [public consultation document](#) for the draft legislation. The draft legislation directly references the Global Anti-Base Erosion (GloBE) Rules and any additional documents approved by the Inclusive Framework related to these rules. The main purpose of this legislation is to establish a DMTT that qualifies as a Qualified Domestic Minimum Top-up Tax (QDMTT) under the Organisation for Economic Co-operation and Development (OECD) Inclusive Framework's peer review process.

The draft legislation also notes that if the GloBE Model Rules are updated, amended or otherwise changed during a fiscal year of a Multinational Enterprise (MNE) Group, and these changes would lead to a different outcome than before, the rules applicable would be those at the beginning of the fiscal year.

The DMTT will apply for fiscal years starting after 31 December 2023. However, if the Constituent Entity in the Bahamas is not subject to the Income Inclusion Rule (IIR) or the Undertaxed Profits Rule (UTPR) in another jurisdiction for the 2024 fiscal year, the DMTT may not be applicable until 2025 through a mechanism to be agreed.

Lastly, the consultation document notes that the Bahamas is not implementing an IIR or UTPR at this time.

Bahrain introduces DMTT

On 1 September 2024, Bahrain published [Decree-Law No. \(11\) of 2024](#), which implements a DMTT. The Decree-Law also includes the Transitional Country-by-Country Reporting (CbCR) Safe Harbor and is largely in line with the OECD Model Rules. However, the Decree does not include the IIR or UTPR, and it is uncertain whether Bahrain will introduce these rules in the near future.

In addition, the Decree-Law addresses various administrative matters, including prepayment requirements and an obligation to register with the National Bureau for Revenue. Regarding the former, the Filing Constituent Entity will be required to make advance payments during the fiscal year, with additional installment payments due in the following fiscal year, as outlined by forthcoming regulations. Furthermore, the Decree-Law includes an exemption for the DMTT for groups in the initial phase of their international activity.

The Bahraini government has indicated that additional regulations will be issued at a later stage to further clarify and implement the new tax measures. The Decree-Law is set to take effect from 1 January 2025.

Canada releases draft to amend its existing Pillar Two legislation and includes UTPR rules

On 12 August 2024, Canada released [draft legislation](#) to amend the existing Pillar Two legislation. Among other items, the draft legislation incorporates some provisions from the June 2024 Administrative Guidance, including the treatment of securitization vehicles.

The draft legislation also includes provisions related to the UTPR, which will apply to fiscal years starting on or after 31 December 2024. Canada has chosen to implement the UTPR through an additional top-up tax charge, rather than by denying deductions. The legislation further introduces a UTPR Safe Harbor.

Finland releases public consultation to amend the Pillar Two legislation

On 12 August 2024, the Finnish Ministry of Finance released a [public consultation](#) to revise the existing Pillar Two legislation. The proposed amendments aim to incorporate provisions from various Administrative Guidance documents issued by the OECD Inclusive Framework. Key changes aim to clarify certain definitions (e.g., on consolidation), the treatment of certain transferrable tax credits, and making additions and adjustments to the safe harbor provisions. Additionally, the amendments address provisions for calculating GloBE Income and Covered Taxes.

These legislative amendments are expected to be enacted by 31 December 2024, with retroactive application to fiscal years starting on or after 1 January 2024.

The consultation period was open until 6 September 2024.

Germany releases public consultation to amend the Pillar Two legislation

On 21 August 2024, the German Ministry of Finance released a [draft bill](#) for public consultation that proposes amendments to the existing Pillar Two legislation. This bill seeks to implement provisions from the OECD's Administrative Guidance issued in December 2023, including clarifications on the Transitional CbCR Safe Harbor. The draft bill also introduces additional editorial changes to the Pillar Two legislation, including a change in application of deferred taxes.

The consultation was open until 6 September 2024.

Ireland releases guidance on Pillar Two administration

On 8 August 2024, Ireland released [guidance](#) that contains details on administrative matters under the Pillar Two rules. It covers a variety of matters including important definitions, registration requirements, filing obligations for various returns (including the GloBE Information Return, IIR return, UTPR return, and Qualified Domestic Top-up Tax (QDTP) return), payment deadlines, record-keeping requirements, and penalties for noncompliance. The document also outlines provisions for UTPR/QDTP group filing options to simplify reporting.

The guidance provides details on transitional measures, including simplified reporting options for initial years and penalty relief for reasonable efforts to comply in early implementation. It explains the various elections taxpayers can make under the Pillar Two rules, categorizing them into five-year elections, annual elections, and other specific elections. The document also covers appeal procedures, expression of doubt process and currency conversion rules, in addition to providing information on how the Revenue's normal collection and enforcement provisions will apply.

Israel announces implementation of QDMTT

On 29 July 2024, the Israeli government [announced](#) plans to introduce a QDMTT for fiscal years starting on or after 1 January 2026. Israel has also decided not to implement the IIR and the UTPR at this time but will reconsider these rules after the QDMTT has been operational for some time.

Jersey releases draft legislation on Pillar Two

On 14 August 2024, Jersey released draft legislation to implement the [IIR](#) and introduce a new standalone [Multinational Corporate Income Tax](#) (MCIT). This MCIT will operate alongside Jersey's existing corporate income tax system for groups subject to Pillar Two. Essentially, the MCIT is designed as a DMTT, aligned with the OECD GloBE Rules to ensure consistency in tax base calculations.

The documents also clarify that Jersey will not be adopting the UTPR at this time.

The draft legislation is scheduled for debate in Jersey's Parliament not before 1 October 2024. If passed, the IIR and MCIT will take effect for fiscal years starting on or after 1 January 2025.

Portugal releases Pillar Two draft legislation

On 10 July 2024, Portugal released [draft legislation](#) for public consultation to introduce Pillar Two into domestic law. The draft legislation is generally in line with the EU Minimum Tax Directive. It includes an IIR and a DMTT applicable for fiscal years starting on or after 1 January 2024, as well as a UTPR for fiscal years starting on or after 1 January 2025.

The draft legislation also includes the Transitional CbCR Safe Harbor and the UTPR Safe Harbor, as well as some provisions of different Administrative Guidance.

The public consultation was open until 31 July 2024.

Singapore submits Pillar Two legislation to Parliament

On 9 September 2024, the Parliament of Singapore introduced the [Multinational Enterprise \(Minimum Tax\) Bill 2024](#) (the Bill). The Bill proposes to implement the IIR and the Domestic Top-up Tax (DTT) for fiscal years starting on or after 1 January 2025.

The Bill does not include the UTPR. Implementation of the UTPR will be considered at a later stage, considering wider developments internationally.

As part of the legislative process, the Bill will undergo three readings in Parliament, including debates and committee reviews, before it can receive Presidential assent and become law.

South Korea releases proposal to amend Pillar Two legislation

On 25 July 2024, South Korea's Ministry of Economy and Finance announced the 2024 tax reform proposals, which include amendments to the existing Pillar Two legislation. These amendments incorporate elements from previous Administrative Guidance under the GloBE Rules, aimed at refining the current regulations and addressing areas that need further clarification.

Key changes include the introduction of the GloBE Loss Election, the establishment of a permanent safe harbor for Non-Material Constituent Entities, and the implementation of a transitional safe harbor rule for the UTPR. Additionally, the proposals provide updated allocation methods for the UTPR and specify conditions under which exceptions to the de minimis exclusion may apply.

The proposals also address compliance requirements, including a notable extension of the GloBE Information Return (GIR) filing deadline. If the original deadline falls before 30 June 2026, it will now be extended to that date.

These new rules are scheduled to take effect on 1 January 2025.

Turkiye releases Pillar Two draft legislation

On 2 August 2024, Turkiye published the [Pillar Two legislation](#) in the *Official Gazette* following its approval by Parliament. This legislation includes an IIR and a DMTT, applicable for fiscal years starting on or after 1 January 2024. Additionally, it introduces the UTPR for fiscal years starting on or after 1 January 2025.

The legislation aligns with the OECD Model Rules on Pillar Two and incorporates the Transitional CbCR Safe Harbor and the UTPR Safe Harbor. (See, EY Global Tax Alert, [Turkiye enacts and publishes amendments to various tax laws for corporations and individuals, including Pillar Two legislation](#), dated 5 August 2024.)

United Kingdom releases draft legislation on Transitional CbCR Safe Harbor anti-arbitrage rule

On 29 July 2024, the United Kingdom government released [draft legislation](#) of the transitional CbCR safe harbor anti-arbitrage rule for public consultation. The legislation introduces an anti-arbitrage rule focusing on avoidance arrangements designed to benefit from differences between tax and accounting rules.

The rule is proposed to apply to arrangements implemented on or after 16 December 2022, as well as to arrangements entered before that date but whose terms or accounting treatment were amended on or after that date. The disqualification of expenses will take effect for expenses accruing on or after 14 March 2024, or for tax expenses attributable to profits accruing on or after that date.

The legislation was open for public comments until 15 September 2024.

BEPS and other developments

OECD

OECD releases outcomes of seventh peer review on BEPS Action 13

On 16 September 2024, the OECD released the findings of the [seventh annual peer review](#) of the minimum standard on Action 13 (Transfer Pricing Documentation and CbCR) of the BEPS project. Individual sections on each jurisdiction generally reflect the implementation status as of 31 March 2024, with the exchange of Country-by-Country (CbC) reports information being current as of 31 December 2023.

The executive summary accompanying the review indicates that the seventh annual peer review includes 138 jurisdictions that have provided legislation and/or information regarding their implementation of CbCR. This covers nearly all MNE groups with consolidated group revenue above the specified threshold. More than 115 jurisdictions have now introduced a domestic legal framework for CbCR, some of which have final legislation approved or pending official publication. Further, 19 jurisdictions have received a general recommendation to establish or finalize their domestic legal or administrative framework, and 37 jurisdictions received one or more recommendations for improvements to specific areas of their framework. The review reports that 93 jurisdictions have multilateral or bilateral competent authority agreements in place, and 99 jurisdictions have been assessed by the Global Forum on Transparency and Exchange of Information for Tax Purposes concerning confidentiality and data safeguards without receiving any action plan.

Additionally, 84 jurisdictions have provided detailed information, enabling the Inclusive Framework to obtain sufficient assurance that measures are in place to ensure the appropriate use of CbC reports. Some Inclusive Framework members are not included in this peer review report, either because they joined the Inclusive Framework after 1 October 2023, or they opted out of the peer review. Jurisdictions opting out are required to confirm that they do not have any resident entities that are the Ultimate Parent Entity (UPE) of an MNE Group above the threshold and that they will not require local filing of CbC reports. Members not included in this peer review report are Cook Islands, Fiji, Kuwait, Moldova, Philippines, Saint Kitts and Nevis, and Samoa.

Peer review of the BEPS Action 13 minimum standard is an annual process. Work will continue to monitor the implementation and operation of CbCR by members of the Inclusive Framework and to highlight progress made by jurisdictions to address recommendations that have been made.

OECD publishes first reports from Simplified Peer Review on BEPS Action 14

On 16 September 2024, the OECD released the first two batches of reports reflecting the outcome of Stage 1 of the simplified peer review process for the implementation of the BEPS Action 14 minimum standard. This new process, which began in January 2023, is designed for jurisdictions considered not to have meaningful Mutual Agreement Procedure (MAP) experience and that opt not to undergo the full peer review process. The simplified process evaluates a jurisdiction's tax treaty network, MAP profile, MAP guidance, compliance with the MAP Statistics Reporting Framework, and the practical application of the minimum standard where applicable. The goal is to support these jurisdictions in developing a more robust MAP program for handling future MAP cases.

The simplified peer review is conducted in two stages, as outlined in the original Assessment Methodology: Stage 1 Peer Review and Stage 2 Peer Monitoring. The first stage reports have focused on 20 jurisdictions, including [Albania](#), [Antigua and Barbuda](#), [Belize](#), [Botswana](#), [Colombia](#), [Cook Islands](#), [Costa Rica](#), [Dominican Republic](#), [Egypt](#), [Jamaica](#), [Jordan](#), [Lithuania](#), [Mauritius](#), [Nigeria](#), [North Macedonia](#), [Pakistan](#), [Serbia](#), [Seychelles](#), [Sri Lanka](#) and [Zambia](#).

With the Stage 1 Peer Review now complete, the OECD's next step is to initiate the Stage 2 Peer Monitoring. This phase, set to commence two years after the approval of the Stage 1 reports, will focus on monitoring the implementation of the recommendations and the progress made by each jurisdiction in enhancing their dispute resolution mechanisms.

OECD releases second 2024 update on peer reviews under BEPS Action 5 on harmful tax practices

On 27 August 2024, the OECD released an [update](#) on the results of the peer reviews of jurisdictions' domestic laws under Action 5 (harmful tax practices) of the OECD/G20 BEPS Project. The Inclusive Framework on BEPS had approved the results on 24 July 2024.

The latest update includes new conclusions on six preferential tax regimes. According to the press release, a total of 326 tax regimes have been reviewed by the Forum on Harmful Tax Practices (FHTP), with more than 40% currently being phased out or eliminated. Armenia has abolished the intellectual property (IP) component of its free economic zones, addressing ring-fencing concerns

and establishing substance requirements for the non-IP sectors, now deemed not harmful. Both Bulgaria and Croatia's tonnage tax regimes are classified as not harmful, while Croatia's *Investment Promotion Act* remains under FHTP review. Eswatini has similarly removed the IP part of its special economic zones, with subsequent amendments rendering the non-IP segments not harmful. Finally, Hong Kong's (China's) tax regime for aircraft lessors and managers is also considered not harmful.

OECD releases selection documentation package for MNEs participating in ICAP risk assessments

On 1 August 2024, the OECD Forum on Tax Administration published on their [website](#) a list of documentation requirements for the selection stage of the International Compliance Assurance Program (ICAP). The ICAP documentation process is divided into two parts: the Selection Documentation Package, provided at the time of applying to ICAP, and the Main Documentation Package, submitted before the risk assessment commences. The Selection Documentation Package includes the following high-level information that an MNE is expected to provide at the time it applies to the ICAP:

- ▶ A checklist detailing the documents included in the submission, such as the MNE group information form, the covered-risk overview, latest CbC report and master file, summary of the MNE group's global structure, and a list of Advance Pricing Agreements (APAs)/tax rulings
- ▶ An MNE group information form requiring information about the MNE applicant, including group and ultimate parent entity name, proposed covered periods, contact details, and a table where the MNE must indicate covered tax administrations for the ICAP risk assessment and justify any exclusions
- ▶ An MNE covered-risk overview of the covered transactions to which the MNE group is a party
- ▶ A table summarizing the MNE group's APA details, providing the proposed covered tax administrations with information on all APAs and/or tax rulings involving the MNE group

The OECD website indicates that information relating to the Main Documentation Package and the Outcome Letter template will be coming soon.

See EY Global Tax Alert, [OECD releases selection documentation package for MNEs participating in ICAP risk assessments](#), dated 21 August 2024.

G20 Finance Ministers affirm commitment to BEPS 2.0 and enhanced global tax cooperation

On 25-26 July 2024, G20 Finance Ministers and Central Bank Governors met in Rio de Janeiro, Brazil. The meeting concluded with a [communiqué](#) that reaffirms the G20 Finance Ministers' commitment to the October 2021 statement of the OECD/G20 Inclusive Framework on the BEPS 2.0 project and to swift implementation by all interested jurisdictions, commending the progress on implementation of Pillar Two and the ongoing work on ensuring coordination among countries implementing the GloBE as a "resounding success of international taxation cooperation."

The G20 Finance Ministers also agreed on a stand-alone [Tax Declaration](#), which lays out their commitments on a wide range of international tax cooperation matters. The Declaration expresses the commitment to finalizing all components of the Pillar One agreement expeditiously with a view to signing the Multilateral Convention as soon as possible. It also indicates the intent to engage cooperatively on effective taxation of ultra-high-net-worth individuals in the G20 and in other forums. In addition, the Declaration highlights the benefits of work on tax transparency and strengthening technical assistance and notes the expectation that United Nations (UN) member countries will engage in the ongoing discussion of strengthening international tax cooperation in good faith.

In advance of the meeting, the OECD released the [OECD Secretary-General's Tax Report](#) to the G20 Finance Ministers and Central Bank Governors (the Secretary-General Report). This report provides an update on activities with respect to the G20's international tax agenda, including ongoing work on the BEPS 2.0 project, tax transparency, and tax and climate change.

See EY Global Tax Alert, [G20 Finance Ministers affirm commitment to BEPS 2.0 and enhanced global tax cooperation](#), dated 2 August 2024.

United Nations

UN Ad Hoc Committee advances Terms of Reference for a Framework Convention on International Tax Cooperation

On 16 August 2024, the UN Ad Hoc Committee voted to approve Terms of Reference (ToR) for the development of a UN Framework Convention on International Tax Cooperation (the Framework Convention). The ToR were supported by

110 UN member jurisdictions, with 44 abstentions, including the European Union (EU) and its Member States, and eight votes against, including the United States (US). Both the EU and the US provided explanations for their votes, citing concerns about the lack of consensus-based decision-making and the need for alignment with other international forums.

The ToR provide that the Framework Convention should encompass structural elements such as a clear statement of objectives, principles and commitments to achieving the objectives. In addition, the ToR discuss development of protocols for specific tax issues. Details of the approaches and timeframe for the negotiation committee also are included in the ToR.

The ToR will be presented to the UN General Assembly for vote during its 79th session in New York, which opened on 10 September 2024. If adopted, the ToR provide for the Framework Convention to be developed by 2027.

See EY Global Tax Alert, [UN Ad Hoc Committee advances Terms of Reference for a Framework Convention on International Tax Cooperation](#), dated 22 August 2024.

European Union

EU public consultations on DAC2-6, ATAD and public CbC reporting formats conclude

On 1 August 2024, the European Commission released a [draft implementing regulation](#) to standardize the presentation of income tax information for public CbCR, as mandated by Directive 2013/34/EU. The draft act introduces a common template and electronic formats for public CbC reports in the form of detailed Extensible Business Reporting Language (XBRL) specifications for financial data, requirements for report filing, and a taxonomy defining the reportable data. The proposed regulation, which would come into effect for financial years commencing on or after 1 January 2025, emphasizes the use of Extensible Hypertext Markup Language (XHTML) and Inline XBRL to enhance the accessibility and precision of financial reporting. Stakeholders, including EY ([EY Comment Letter](#)), submitted their feedback by the deadline of 6 September 2024.

Concurrently, the European Commission launched an [evaluation](#) of the Anti-tax Avoidance Directive (ATAD) on 31 July 2024, as stipulated by Article 10 of the ATAD. The evaluation aimed to gather diverse evidence and perspectives on the ATAD's implementation across EU

Member States, the effectiveness of its measures, and their alignment with the current tax landscape, particularly considering the Minimum Tax Directive (Council Directive EU 2022/2523). The consultation concluded on 11 September 2024, with contributions from various stakeholders, including EY ([EY Comment Letter](#)).

In addition, the evaluation of the Directive on Administrative Cooperation (DAC) 2 to 6, launched on 7 May 2024, reached its conclusion on 30 July 2024. This assessment focused on the relevance, effectiveness, efficiency, coherence, and EU added value of DAC2 (Reporting on and automatic exchange of financial account information), DAC3 (Exchange of information on rulings), DAC4 (Reporting and Exchange of CbC reports), DAC5 (Access to beneficial ownership information as collected for AML purposes), and DAC6 (Mandatory Disclosure Rules). Upon the conclusion of the consultation period, stakeholders, including EY ([EY Comment Letter](#)), provided feedback.

See EY Global Tax Alert, [EU seeks input on the ATAD and public CbCR reporting formats](#), dated 7 August 2024.

Country developments

Argentine Budget and Finance Committee approves Multilateral Instrument

On 31 July 2024, the Budget and Finance Committee of the Chamber of Deputies approved a bill to ratify the Multilateral Instrument (MLI) to implement Tax-Treaty-Related Measures to Prevent BEPS.

Argentina signed the MLI on 7 June 2017, including a provisional list of expected Reservations and Notifications covering the bilateral tax treaties signed by Argentina.

Once the law is approved and published in the *Official Gazette*, the MLI will enter into force upon the expiration of a period of three calendar months, beginning on the date the instrument is submitted to the OECD for ratification.

See EY Global Tax Alert, [Argentine Budget and Finance Committee approves Multilateral Instrument](#), dated 19 August 2024.

Argentina removes five jurisdictions from its list of non-cooperative jurisdictions

On 11 July 2024, the Argentine Government published [Regulatory Decree 603/2024](#) that amends the Income Tax Law's Regulatory Decree. The Decree removes the following five countries from the list of "non-cooperative jurisdictions:" Benin, Burkina Faso, Papua New Guinea, Rwanda and Vietnam.

To avoid being on this list, jurisdictions must have an agreement for the exchange of information in tax matters or a tax treaty signed with Argentina and comply with international transparency and exchange of information standards.

Currently, 75 jurisdictions remain on the list.

Austrian national legislation implementing Public CbCR enters into effect

On 18 July 2024, Austria's bill transposing the EU Public CbCR Directive into national legislation became effective. The Austrian Parliament (*Nationalrat*) gave its approval to the bill on 5 July 2024, followed by the Federal Council (*Bundesrat*) on 11 July 2024. The publication in the *Official Gazette* occurred on 17 July 2024.

The Directive, which aims to enhance tax transparency by requiring large companies to publicly disclose income tax information in the EU, should have been implemented by Austria by 22 June 2023, as per the EU's stipulated deadline.

Bosnia and Herzegovina issues standardized template for advance tax rulings requests

On 29 August 2024, the Federal Ministry of Finance of Bosnia and Herzegovina introduced a standardized template for advance tax ruling requests, aligning with the new regulations effective from 1 June 2024. These regulations enable the Federal Tax Administration to issue diverse tax rulings, including advance, general, and specific types. The rulings encompass various tax areas, notably corporate income tax, and extend to cross-border tax rulings for transactions within the Federation of Bosnia and Herzegovina.

The rules on the standardized template entered into force on 29 August, following their publication in *Official Gazette* No. 67/2024 on 28 August.

Brazilian Federal Revenue Service publishes public consultation on proposed transfer pricing regulations applicable to intragroup services and APAs

On 28 August 2024, the Brazilian Federal Revenue Service (RFB) published a public consultation to collect comments and suggestions on the proposed regulations to implement the transfer pricing legislation (Law No. 14.596/23) related to transactions involving intragroup services and advanced pricing arrangements (APAs).

For intragroup services, the proposed regulations aim to clarify the rules for analyzing transactions involving services that are focused on intermediation of tangible and intangible goods, prohibiting taxpayers from claiming more than one deduction for the same service, and defining the treatment of incidental benefits. They specify that third-party intermediated services should be charged at cost without a profit margin, while related-party services can include a markup. Furthermore, the regulations suggest that Brazilian withholding tax should apply only to the service component, not on fees related to intermediated tangible goods.

As for the APAs, a completely new set of regulations is introduced. The process would facilitate a cooperative approach between the RFB and taxpayers to preemptively resolve disputes over the methodology and economic analysis of controlled operations conducted by Brazilian companies. The proposed regulations currently address only unilateral APAs, and indicate that the RFB may limit the annual number of APAs due to resource constraints. APAs would be valid for four years with a possible two-year extension and may apply retroactively. Further, the RFB's decisions during the process would not be subject to appeal or reconsideration.

Taxpayers may submit comments by email until 30 September 2024 and may request meetings with the RFB to discuss the matter.

See EY Global Tax Alert, [Brazilian Federal Revenue Service publishes public consultation regarding proposed transfer pricing regulations applicable to intragroup services and advance pricing arrangements](#), dated 5 September 2024.

Colombia's National Tax Authority subjects transfer pricing markup to income tax

On 5 August 2024, the [Tax Ruling 527 of 2024](#), issued on 8 July by the Colombia's National Tax Authority, was made publicly available.

The ruling confirms that the markup from transfer pricing analysis, earned by a branch of a foreign company from transactions with its head office, is subject to income tax. It also emphasizes the transfer pricing regime's intent to tax income as though transactions were between unrelated parties, and asserts that all operations increasing the taxpayer's net worth are taxable unless explicitly excluded by law.

Dominican Republic extends deadline for submitting CbC reports

On 30 August 2024, the Dominican Tax Administration announced via [Notice 16-24](#) an extension for MNEs to file their first CbC Reports for the 2022 fiscal year. Originally due by 30 August 2024, the deadline has been pushed to 31 January 2025.

This requirement, stemming from Action 13 of the OECD's Base Erosion and Profit Shifting (BEPS) Project, affects parent companies with annual consolidated revenues exceeding 38.8 billion Dominican pesos (RD\$38.8b). UPEs, Designated Constituent Entities tax resident in the Dominican Republic or Constituent Entities whose UPE/Surrogate Parent Entity files the CbCR in jurisdictions that do not have a Qualifying Competent Authority Agreement in effect with the Dominican Republic must register for the Tax Agency's electronic portal and use the portal to submit their CbC reports.

Finland issues updated guidance on the elimination of double taxation

On 1 August 2024, the Finnish Tax Administration issued [updated guidance](#) on the elimination of international double taxation for legal entities replacing instruction [VH/3222/00.01.00/2020](#) of 1 October 2020.

This update includes a definition of foreign-sourced income and integrates changes stemming from a new tax treaty between Finland and France, which awaits the finalization of national procedures to become effective. The update also reflects recent case law on the refund and reduction of nonrefundable foreign tax, alongside other clarifications and technical enhancements.

German Ministry of Finance regulations comment on Advance Mutual Agreements, including Advance Pricing Agreements

On 26 June 2024, the German Ministry of Finance (MoF) issued an updated administrative regulation to the German Fiscal Code (AEAO). The update represents the first time that the MoF has formally commented on the new provision for bilateral and multilateral Advance Mutual Agreements (Sec. 89a German Fiscal Code).

The updated AEAO contains provisions on the opening of an Advance Mutual Agreement, the content and scope of the application, the conclusion and termination of the procedure, as well as provisions on the binding effect of the advance agreement, the period of validity and the fees involved. The updated AEAO largely corresponds to the previous administrative practice.

Among others, the MoF maintains its position that unilateral binding tax rulings should generally not be granted for transfer pricing issues that arise in the context of business transactions between a German company and a foreign company when these transactions fall under the scope of a double tax agreement. The updated AEAO applies for the first time - in accordance with the statutory application rule for Sec. 89a German Fiscal Code - to all Advance Mutual Agreement procedures and binding tax rulings for which applications were received after 8 June 2021.

See EY Global Tax Alert, [German Ministry of Finance regulations comment on Advance Mutual Agreements, including Advance Pricing Agreements](#), dated 30 July 2024.

India's Union Budget 2024 proposes interest limitation deduction exemption for financial companies

On 23 July 2024, the Minister of Finance of India presented the Union Budget 2024 (the Budget). The Budget includes a variety of proposals, one of which is an exemption from the interest limitation rules for financial companies operating within International Financial Services Centers (IFSCs).

The interest limitation rules cap the amount of interest that can be deducted by an Indian entity to 30% of its earnings before interest, taxes, depreciation and amortization

(EBITDA). The proposed exemption in the Budget aims to provide financial companies located in IFSCs relief from these rules. However, this exemption will be contingent upon certain conditions that are yet to be specified.

This proposal has been approved and has become part of the domestic tax law.

See EY Global Tax Alert, [India releases Union Budget 2024](#), dated 26 July 2024.

Ireland updates guidance on DAC7

On 6 August 2024, the Irish Revenue updated its guidance in the Tax and Duty Manual (TDM) part [35-01-01a](#), with respect to DAC7. DAC7 expands reporting obligations and exchange of information to certain sellers using digital platforms to carry out "Relevant Activity." The guidance also outlines what constitutes a "Relevant Activity."

The updated guidance provides further details on the role of the Competent Authority in facilitating the exchange of information. It specifies that every exchange of information, whether incoming to Ireland or going out from Ireland, must be initiated by an authorized person in the International Tax Division. Additionally, a new section has been introduced to explain that within the framework of Automatic Exchange of Information (AEOI), designated Competent Authorities will commence exchanges through Revenue systems, adhering to the relevant deadlines.

The guidance further reminds Irish Financial Institutions that under the *Foreign Account Tax Compliance Act* (FATCA) agreement, they must file the information for exchange by Ireland through the Revenue Online Service (ROS) by 30 June. This information is subsequently exchanged with the United States by 30 September each year, pertaining to the previous calendar year.

Additionally, the list of jurisdictions with which Ireland automatically exchanges information has been updated to include Kenya, Thailand, Albania and Costa Rica for the purposes of DAC4 and EU Member States for the purposes of DAC7 in Appendix I.

Moldova issued amendments to transfer pricing rules

On 15 August 2024, the Republic of Moldova issued amendments to its transfer pricing rules published in the *Official Gazette* No. 355-357 of 15 August 2024 as part of the Tax and Customs Policy for 2025 approved by Law No. 214 of 31.07.2024.

The new rules redefine “transaction” and “local transaction,” exempting certain local transactions between resident taxpayers under the same tax regime from transfer pricing documentation, unless they operate in free economic zones, information technology (IT) parks, or have different tax rates or bases.

Additionally, the rules state that the total value for transaction thresholds and documentation will be based on the income and expenses from transactions with related parties as recorded in the accounting books, excluding exchange rate differences and asset revaluations, except for foreign exchange transactions.

The above-mentioned amendments entered into force retroactively, starting 1 January 2024.

The fine for failure to file the transfer pricing information was reduced to an amount ranging from 100,000 Moldovan lei to 150,000 lei, which may be applied during tax audits initiated by the State Tax Service for fiscal periods starting in 2024.

The above-mentioned amendment entered into force upon its publication the *Official Gazette* on 15 August 2024.

Further, the amount and content of the following fines have been amended as follows:

- ▶ A fine ranging from 60,000 lei to 90,000 lei will be applied for filing the transfer pricing information with untruthful information that resulted in the understatement or evasion of tax obligations.
- ▶ A fine ranging from 150,000 lei to 200,000 lei will be applied for filing a Transfer Pricing File with untruthful information that resulted in the understatement or evasion of tax obligations.

The fines mentioned above may be imposed during tax audits initiated by the State Tax Service for fiscal periods starting with 2028.

Moreover, Moldova introduces APAs to establish transfer pricing terms for up to five tax periods, with options for unilateral, bilateral or multilateral agreements, subject to issuance fees and subject to extension, revision and adjustment by the Ministry of Finance.

The above-mentioned amendment regarding APA will enter into force on 1 January 2025.

New Zealand introduces Taxation Bill to Parliament

On 26 August 2024, the Taxation (Annual Rates for 2024-25, Emergency Response, and Remedial Measures) Bill (the Bill) was introduced into New Zealand’s Parliament.

The Bill introduces a series of amendments to the country’s international tax legislation, including implementation of the OECD’s Crypto-Asset Reporting Framework and updates to the Common Reporting Standard.

One of the key changes pertains to the thin capitalization rules, specifically:

- ▶ Excluding interest-free loans from a settlor of a trust in the calculation of the trust’s non-debt liabilities, provided the settlor has made settlements on the trust amounting to 10% or more of the total settlements
- ▶ Extending the exclusion from non-debt liabilities for interest-free loans and redeemable shares within the same wholly owned group of companies to also encompass certain non-corporate members
- ▶ Correcting the relationship between the calculation of the group debt percentage and the requirement to adjust an excess debt entity’s interest deduction, ensuring entities with non-debt liabilities exceeding their total assets are required to reduce their total interest deductions

Peruvian Tax Authority incorporates new scenarios as high-risk schemes under GAAR

On 9 July 2024, the Peruvian Tax Authority published on its official website an updated version (third version) of the list of high-risk schemes for tax planning that could be challenged under the Peruvian General Anti-Avoidance Rule (GAAR).

The updated list contains the 13 situations from the second version of the list and 11 new situations that are considered high-risk. These schemes include practices such as transferring a Peruvian company using a trust or

similar entity, re-domiciling companies to exploit Double Tax Treaties, artificially using preferential tax regimes, conducting international leases through conduit companies lacking economic substance and routing dividends through entities based in European Union jurisdictions. This initiative aims to prevent tax avoidance and ensure adherence to Peru's tax laws, and it may present challenges for taxpayers engaged in these transactions.

See EY Global Tax Alert, [Peruvian Tax Authority incorporates new scenarios as high-risk schemes under GAAR](#), dated 18 July 2024.

Saudi Arabia releases updated Transfer Pricing Guidelines

On 29 July 2024, the Zakat, Tax and Customs Authority (ZATCA) issued the [third edition](#) of its Transfer Pricing Guidelines, introducing significant updates.

Among the changes introduced, a special section on Advance Pricing Agreements (APAs) has been added, outlining the procedures and scope for taxpayers to secure prearranged pricing agreements with the tax authorities. The guidelines now also provide for the direct adjustment of transaction prices in accounting records, with an emphasis on documenting the methods used for such adjustments in the transfer pricing documentation. Furthermore, group companies filing a single consolidated zakat return are exempt from transfer pricing documentation requirements, although they must still comply with TP documentation requirements with related entities in which they are not consolidated at 100%.

South Africa introduces alternative dispute resolution at objection stage

On 1 August 2024, South Africa launched a public consultation on the Draft Tax Administration Laws Amendment Bill of 2024 (the Bill), including provisions for alternative dispute resolution.

The Bill proposes an amendment to allow access to alternative dispute proceedings at the objection phase of a tax dispute, not just at the appeal stage. According to the Bill, this is intended to facilitate earlier resolution through improved engagement and document exchange at the objection stage.

The amendment will introduce two new subsections stating that the South African Revenue Service and the taxpayer may mutually agree to attempt dispute resolution through alternative procedures specified in the "rules," and that proceedings on the objection will be suspended while the alternative dispute resolution procedure is in progress.

The effective date for these provisions will be set by the Minister in the Government's *Official Gazette*, pending South African Revenue Service's confirmation of operational and system readiness.

The bill was open for public comments until 31 August 2024 and will require parliamentary approval and presidential assent to be enacted into law.

UK HMRC issues guidance on reporting obligations of digital platforms

On 1 August 2024, HM Revenue & Customs (HMRC) released [guidance](#) on the legislation concerning the reporting requirements for digital platforms. The guidance outlines the UK's adherence to the OECD Model Reporting Rules for Digital Platforms, which came into effect in the UK from 1 January 2024. Digital platforms in the UK are now required to collect information about sellers, verify the data and report it to HMRC using the digital platform reporting service.

The guidance defines what qualifies as a digital platform and details the responsibilities of platform operators, including who needs to report and what information must be collected. It specifies due diligence requirements for both individual and entity sellers and provides extended time limits for due diligence on existing sellers. Reports must be submitted to HMRC by 31 January for the previous reporting year, and a copy must be provided to the seller.

Penalties for noncompliance include fines for failing to notify HMRC of reporting status, not reporting by the deadline, and submitting inaccurate seller records. The guidance also suggests possible actions against sellers who do not cooperate, such as limiting platform access or preventing registration.

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