The Latest on BEPS and Beyond

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EY Tax News Update: Global Edition

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Highlights

At 3.30 pm CET today, on 18 May 2021, the European Commission (the Commission) published its *Communication for Business Taxation for the 21st Century* (the Communication). It uncovers the Commission's business tax ambitions for the short and longer term future in the context of "ongoing major trends," post-COVID recovery and the global negotiations on the G20/OECD BEPS 2.0 project. The Communication puts the implementation of Pillar One and Pillar Two of the BEPS 2.0 project into the perspective of ambitions on: (i) re-assessing the tax mix, in particular to consider more green, health and wealth taxation; (ii) introducing a minimum level of taxation in Europe and beyond; and (iii) moving toward a common European Union (EU) tax base in combination with global formulary apportionment.

At the center of the proposals is the "Business in Europe: Framework for Income Taxation" initiative, referred to as *BEFIT*. It seeks to harmonize the corporate income tax base in the EU and allocate profits to Member States on a formulary basis, going beyond the possible OECD BEPS 2.0 consensus solution. The Commission will issue a legislative draft in 2023, replacing the existing (C)CCTB proposals. At the same time, the initiative seeks to increase tax certainty while minimizing tax avoidance opportunities.

Building a better working world

Other announced initiatives include:

- A Directive to implement Pillar One of the BEPS 2.0 project
- A Directive to implement Pillar Two of the BEPS 2.0 project, supplemented with revisiting the Interest and Royalty Directive and adapting the EU Code of Conduct criteria which underpin the EU list of non-cooperative tax jurisdictions to include minimum tax notions
- Public reporting of Effective Tax Rates paid by large companies with operations in the EU
- An initiative to "neutralize" the use of shell companies (ATAD 3)
- A *Debt/Equity Bias Reduction Allowance (referred to as DEBRA*)
- Recommendations for cross-border loss compensation

As next steps, the Commission will develop legislative proposals in accordance with the timeline set out in the Communication, starting with a legislative proposal on ATAD 3 in the last quarter of 2021. And even though not extensively discussed in the Communication, it confirmed that a proposal on a digital levy will be released on 14 July 2021. This levy will co-exist with Pillar One and have a wide scope of digital companies to which it will apply.

Adoption of EU tax legislation will in principle require unanimity among all 27 Member States. Some national tax officials have already indicated that the EU should not be more ambitious than the OECD's proposals will require. With that, this communication by the Commission forms the start of an intense process of proposals and negotiations with and between the EU Member States.

OECD

On 15 April 2021, the OECD released the fourth batch of Stage 2 peer review reports under the BEPS project Action 14 on Making Dispute Resolution Mechanisms more Effective. The reports focus on evaluating the progress made in addressing the recommendations from the Stage 1 peer review reports by Australia, Ireland, Israel, Japan, Malta, Mexico, New Zealand, and Portugal.

Overall, the reports reflect a positive change in all assessed jurisdictions. Australia, Ireland, Japan, Malta, and New Zealand addressed almost all of the deficiencies identified in the Stage 1 peer review and Mexico and Portugal addressed some of them. Israel meets most of the elements of the BEPS Action 14 minimum standard, but it has not yet addressed any of the deficiencies identified in the Stage 1 peer review.

In addition, jurisdictions can request feedback on their adoption of the best practices. Australia, Japan, Malta, and New Zealand made such a request and therefore the OECD also released four accompanying best practices reports.

See EY Global Tax Alert, *OECD releases fourth batch of Stage 2 peer review reports on dispute resolution*, dated 20 April 2021.

On 20 April 2021, Latvia made a notification to extend its list of covered tax agreements (CTAs) to add the tax treaty with North Macedonia and update its *Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS* (MLI) position accordingly. The MLI entered into force for Latvia on 1 February 2020 and North Macedonia has not deposited its instrument of ratification of the MLI with the OECD yet. The MLI will therefore only modify the Latvia-North Macedonia treaty after the completion of the relevant procedures in North Macedonia.

United Nations

On 27 April 2021, the United Nations (UN) published the Practical Manual on Transfer Pricing for Developing Countries (2021). This version intends to reflect the latest developments in transfer pricing (TP) and contribute to a common understanding of how the arm's-length principle applies in order to avoid double taxation and prevent tax disputes. The TP manual includes a new chapter on financial transactions and additional guidance on group synergies and centralized procurement functions. It also includes revised guidance on profit splits and looks at country practices in selected developing countries including Brazil, China, India, Mexico, and South Africa.

On 26 April 2021, during the 22nd session of the UN Committee of Experts on International Cooperation in Tax Matters, the committee decided not to include the proposed drafting changes related to Article 12 (Royalties) of the UN Model Tax Convention (UN MTC). The proposed changes intended to amend the definition of royalties to include payments for computer software. Although the committee decided not to amend the definition of royalties, it included in the Commentaries of Article 12 of the UN MTC a minority view supporting the inclusion of computer software payments as royalties.

On 20 April 2021, during the 22nd session of the UN Committee of Experts on International Cooperation in Tax Matters, the committee approved the text of the new Article 12B (Automated Digital Services) and its commentaries for inclusion in the UN MTC 2021. This new article allocates taxing rights to jurisdictions where income from automated digital services arises. The final text contains a minority opinion which sets out the views of those countries which do not support this provision. For more information, see the *Latest on BEPS and Beyond*, dated 20 April 2021.

Australia

On 21 April 2021, the Australian Taxation Office (ATO) released for public consultation Draft Practical Compliance Guideline PCG 2021/D3 (the guideline) on the imported hybrid mismatch rules. The proposed guideline provides a framework of eight color-coded risk zones ranging from the white zone (where the ATO has provided clearance to the taxpayer) through green (low risk) to red (high risk). Taxpayers may be required to self-assess the risk of the imported hybrid mismatch rule applying to their related-party arrangements where a Reportable Tax Position Schedule is required to be filed.

Where the taxpayer's risk rating is outside of the white or blue (low risk) zone, there is no presumption that the arrangements do not comply with Australian tax law, but the ATO may be more likely to conduct an assessment. With respect to structured arrangements, the expectation is that Australian taxpayers should have or be able to obtain information in relation to hybrid mismatch arrangements forming part of the same structured arrangement as the importing payment. The guideline also outlines the ATO's approach in reviewing whether a taxpayer has undertaken reasonable inquiries in relation to the rules for non-structured arrangements.

Further, Australian taxpayers should not rely on an analysis of the application of foreign hybrid mismatch rules but instead must perform an analysis under the Australian hybrid mismatch rules.

Comments are due by 21 May 2021. The final guidance will apply before and after its issuance such that the guidance practically may apply from 1 January 2019.

See EY Global Tax Alert, *Australian Taxation Office issues draft guidance regarding the imported hybrid mismatch rule impacting large global groups*, dated 21 April 2021.

On 15 April 2021, the OECD released the Stage 2 peer review report of Australia relating to the outcome of the peer monitoring of the implementation of the BEPS minimum standard under Action 14 on improving tax dispute resolution mechanisms. Stage 2 focuses on monitoring the follow-up of any recommendations resulting from Australia's Stage 1 peer review report.

Australia requested that the OECD also provide feedback concerning their adoption of the Action 14 best practices, and therefore, in addition to the peer review report, the OECD has released an accompanying document addressing the implementation of best practices.

Overall, the report concludes that Australia addressed almost all the shortcomings identified in its Stage 1 peer review report.

See EY Global Tax Alert, *OECD releases Australia Stage 2 peer review report on implementation of Action 14 minimum standard*, dated 29 April 2021.

British Virgin Islands

On 20 April 2021, the International Tax Authority (ITA) of the British Virgin Islands announced the extension of the deadline for filing the Country-by-Country (CbC) report. The filing deadline is normally no later than 12 months after the last day of the reporting fiscal year of the multinational enterprise (MNE) Group. In this update, the ITA mentioned that those entities that have not reported yet and such reporting is due, the filing of the CbC report is extended to 30 June 2021.

Canada

On 19 April 2021, Canada issued its federal budget 2021-22 containing some new tax measures. Among other items, the budget includes interest limitation rules related to BEPS Action 4 (interest deduction rules) which would restrict the net interest expense that a corporation may deduct in computing its taxable income to no more than a fixed ratio of "Tax Earnings Before Interest, Tax, Deduction, Amortization (EBITDA)."

The new rules provide for a fixed ratio of 40% of EBITDA for taxation years beginning on or after 1 January 2023 but before 1 January 2024 (the transition year) and 30% for taxation years beginning on or after 1 January 2024. The budget also includes hybrid mismatch rules related to BEPS Action 2 (hybrid mismatch arrangements) to disallow payments in different scenarios (e.g., deduction/non-inclusion, double deduction, imported mismatches). Further, the budget outlines a proposal to implement BEPS Action 12 (mandatory disclosure rules) in order to obtain early information on potentially aggressive or abusive tax planning schemes and their users.

In addition to all BEPS-related measures, Canada has proposed implementation of a new tax on digital services. This tax is at a rate of 3% on revenue from certain digital services, data and content of users in Canada and would be applicable from 1 January 2022 until an acceptable multilateral agreement takes effect.

See EY Global Tax Alert, *Canada issues Federal budget 2021-22: A recovery plan for jobs, growth and resilience*, dated 26 April 2021.

Colombia

On 15 April 2021, the Colombian Executive branch submitted a tax reform bill to Congress. Among other items, the bill includes the decrease of the corporate income tax from 31% to 30% in 2022. However, it introduces a temporary 3% surtax for 2022 and 2023, bringing the general tax rate to 33% for those years. In addition, several corporate income tax and individual income tax benefits are proposed to be eliminated. The bill also proposes to subject payments to domestic or foreign entities for the provision of advertising or marketing services to a withholding tax of 20%. Further, the bill proposes new taxes, such as: solidarity tax (applicable for individuals from 1 July to 31 December 2021); a wealth tax (applicable for 2022 and 2023); and environmental taxes.

After the submission of the tax reform bill, the Colombian Government withdrew the tax reform bill in early May due to public protests and riots over the last days. Hence, the Government will submit a new tax reform bill in consensus with different sectors of the society.

See EY Global Tax Alert, *Colombia's Executive branch submits tax reform bill to Congress*, dated 26 April 2021.

Denmark

On 3 May 2021, the High Court of Eastern Denmark (the High Court) ruled in two cases (C-166/16 and C-117/16) on the beneficial ownership of dividends. These cases became widely known when the Court of Justice of the European Union (CJEU), in its preliminary ruling from 26 February 2019, ruled that a general principle on the prohibition of abuse exists in EU law and that beneficial ownership (BO) should also be considered in applying EU tax law. Hence, the CJEU provided guidance on when an arrangement constitutes an abuse of rights, e.g., when funds are passed shortly after being received. After the CJEU rulings, the Danish High Court had to rule on these cases.

In summary, the High Court stressed the importance of acting in accordance with a business plan and having business motives for implemented transactions, as well as the importance of documentation of the transactions. The rulings provide further clarity on when interposed entities may be deemed to be conduit companies and disregarded for BO purposes. In such cases, the taxpayer needs to look beyond and determine the BO part of the arrangement.

See EY Global Tax Alert, *Danish High Court issues rulings on beneficial ownership*, dated 14 May 2021.

On 22 April 2021, the Danish Minster of Taxation proposed changes to Bill No L 89 on controlled foreign corporation (CFC) taxation. Bill No L89, proposed on 11 November 2020, encountered some opposition from Danish industry requesting an exemption from CFC taxation for income derived from intangibles in cases where a subsidiary has economic substance.

The proposed changes include a partial substance test for "other income from intangibles." The taxpayer would not be subject to CFC taxation if it meets the partial substance test requirements. One of the key conditions to meet the partial substance test, is that the subsidiary performs significant economic activities regarding the underlying Intellectual Property (IP) by using people, equipment, assets and premises. In this respect, the guidelines states that there should be proportionality between the subsidiary's activities and the value of, and income from, the IP. An example is given of a subsidiary with 20 employees, annual operating expenses of DKK50 million (approximately US$8.1 million) which has acquired IP with a fair market value of DKK10billion (approximately US$1.6 billion). In this example, there is no proportionality between the value creating activities of the subsidiary and the IP. On the other hand, IP with a fair market value of DKK1billion (approximately US$160 million) justify the relationship between functions and value of the IP.

Certain exemptions from CFC taxation included in the original draft law are abolished, including existing IP owned by a subsidiary that is acquired by the Danish parent company from a third party.

The draft law is expected to be enacted in early June 2021. The new rules are expected to be applicable to income years beginning on 1 January 2021 or later.

See EY Global Tax Alert, *Danish Government revises proposed CFC legislation*, dated 26 April 2021.

On 19 April 2021, the Danish Tax Board (DTB) issued a binding tax ruling in the case SKM2021.216.SR clarifying the application of hybrid mismatch rules to investment partnerships. In the case at hand, a Danish company offers investment products to Danish and foreign investors through an investment structure including fiscally transparent (all limited partnerships) and non-transparent entities. The structure was set up in a way that allows a Danish investor to invest through limited partnerships in Denmark. For foreign investors, the investment is made through other limited partnerships. All the countries of which the foreign investors reside, consider the limited partnerships as tax residents in Denmark. Important to note, the limited partnerships have no physical presence in Denmark and all general meetings are held in Denmark but have no influence on the day-to-day operations.

The DTB held that the limited partnerships in which the investors resident in Denmark invest, should be considered as fiscally transparent. With respect to the limited partnerships through which the foreign investors invest, the DTB also considered them to be fiscally transparent. For the latter case, the DTB assessed whether the investors act together through the joint management in relation to the investment and considered the examples set forth in BEPS Action 2.

Dominican Republic

On 20 April 2021, the Dominican Republic's Executive Power issued Decree 256-21 to modify existing TP regulations. These modifications include the adoption of a three-tiered approach to TP documentation. In particular, taxpayers need to submit a Master File (MF) and Local File (LF) within 180 days of the filing of the TP information return. The decree provides an exception to submitting the MF when the transactions do not exceed an amount of RD$12,193,981.70 (approximately US$214,000) and do not carry out transactions with other entities resident in tax havens or preferential tax regimes. Likewise, there is an exception to submit the LF when the intercompany transactions are conducted with related parties resident in Dominican Republic provided that such intercompany transactions do not result in a tax deferral or overall reduction of tax.

The Decree also introduces CbC reporting requirements for fiscal year 2022 and onwards. According to the Decree, all Dominican Republic tax resident constituent entities that are ultimate parent entities (UPEs) of MNE groups which earned consolidated revenue for accounting purposes equal or greater than the threshold to be defined, have to file a CbC report. Any other entity of the group that is resident in the Dominican Republic may prepare and submit the CbC report if the UPE is not resident in the Dominican Republic provided that the UPE is not obliged to file a CbC report in its country of residence. The Dominican Tax Authority (DGII) expects to release more information about the annual consolidated revenue threshold and the day to submit the CbC report.

See EY Global Tax Alert, *Dominican Republic issues amendments to transfer pricing regulations*, dated 26 April 2021.

Finland

On 21 April 2021, the Finnish Tax Administration published guidance clarifying when the OECD TP guidelines updates can be used as a source of interpretation and how domestic case law affects the use thereof. The guidance discusses the possibility for taxpayers to have discussions with the Finnish Tax Administration before entering into a transaction and to receive guidance accordingly.

The Finnish Tax Administration confirms the application of an "ambulatory approach", i.e., updates to the commentaries of the OECD MTC can, under certain conditions, be used as a source of interpretation, even if the relevant tax treaty pre-dates the version of the OECD MTC. Updates to the OECD TP guidelines may also be used as a source of interpretation provided they do not conflict with the case law of the Supreme Administrative Court.

Gabon

On 30 April 2021, the Gabonese Tax Administration by official communication n°0242/MER/SG/DGI/DLC postponed the TP documentation (MF and LF) filing from 30 April 2021 to 31 May 2021. However, this extension does not extend the requirement to pay the requisite tax due by 30 April 2021.

See EY Global Tax Alert, *Gabon postpones transfer pricing documentation filing deadline*, dated 4 May 2021.

Greece

On 21 April 2021, the Greek Public Revenue Authority published Circular A.1092 listing the jurisdictions that will exchange CbC reports with Greece in exchange year 2021 with respect to FY19 under the Multilateral Competent Agreement (MCAA) on the exchange of CbC reports. The circular lists which jurisdictions will exchange CbC reports with Greece on a reciprocal and non-reciprocal basis. Further, Greece will exchange CbC reports with EU Member States under the EU Directive for the Exchange of Information in the Field of Taxation. Also, Greece will exchange CbC reports with the United States under the bilateral competent authority agreement in place.

India

On 22 April 2021, India's Delhi High Court (the High Court) issued its decision in a case concerning the application of a reduced withholding tax for dividends under the tax treaty between Netherlands and India. In this case, two Dutch entities received dividends from entities resident in India and sought the application of a lower withholding tax of 5% on the dividends (instead of 10%). The protocol of the tax treaty has a Most Favored Nation (MFN) clause which states that if India enters into a tax treaty on a later date with a third country, which is an OECD member, providing a beneficial rate of tax or restrictive scope for taxation of dividends, interest and royalties, a similar benefit should be accorded to the India-Netherlands tax treaty.

Some Indian tax treaties with OECD member countries such as Slovenia, Lithuania and Colombia provide for a lower withholding tax rate of 5% for dividend taxation (subject to conditions). However, these countries were not OECD members when the respective tax treaties were entered into by India but became OECD members only at a later date. The tax authorities from India asserted application of the MFN clause contending that the benefit of the MFN clause should be available only if the country with which India enters into a tax treaty was an OECD member at the time of execution of the subject tax treaty.

The High Court ruled that the MFN clause is applicable when the respective parties to the above tax treaties became members of the OECD. Once this condition is satisfied, the benefit of the lower withholding tax or the restricted scope of the tax treaty with the third state should be applicable to the India-Netherlands tax treaty from the date when the tax treaty with the third country comes into force. Further, the High Court also relied on the decree issued by the Netherlands, wherein the Netherlands has provided the benefit of 5% withholding tax with reference to participation dividends paid by companies resident in the Netherlands to a resident in India from the date when Slovenia became a member of the OECD.

See EY Global Tax Alert, *Indian Court rules on applicability of Most Favored Nation clause for determining withholding tax rate on dividend payments*, dated 29 April 2021.

On 5 April 2021, the Central Board of Direct Taxes through a Notification made amendments to the TP documentation requirements. Under the Notification, an international group can designate any of its constituent entities in India to file the MF on behalf of other constituent entities. The Notification also increased the threshold to file the CbC report from INR55 billion (approximately US$733 million) to INR64 billion (approximately US$853 million).

The amendments are effective from 1 April 2021.

Israel

On 15 April 2021, the OECD released the Stage 2 peer review report of Israel relating to the outcome of the peer monitoring of the implementation of the BEPS minimum standard under Action 14 on improving tax dispute resolution mechanisms. Stage 2 focuses on monitoring the follow-up of any recommendations resulting from Israel's Stage 1 peer review report.

Overall, the report concludes that Israel addressed most of the shortcomings identified in its Stage 1 peer review report.

See EY Global Tax Alert, *OECD releases Israel Stage 2 peer review report on implementation of Action 14 minimum standard*, dated 27 April 2021.

Japan

On 15 April 2021, the OECD released the Stage 2 peer review report of Japan relating to the outcome of the peer monitoring of the implementation of the BEPS minimum standard under Action 14 on improving tax dispute resolution mechanisms. Stage 2 focuses on monitoring the follow-up of any recommendations resulting from Japan's Stage 1 peer review report. Japan requested that the OECD also provide feedback concerning their adoption of the Action 14 best practices, and therefore, in addition to the peer review report, the OECD has released an accompanying document addressing the implementation of best practices.

Overall, the report concludes that Japan addressed almost all the shortcomings identified in its Stage 1 peer review report.

See EY Global Tax Alert, *OECD releases Japan Stage 2 peer review report on implementation of Action 14 minimum standard*, dated 6 May 2021.

Netherlands

On 22 April 2021, the Dutch Government published a press release containing an overview of the Dutch tax treaties currently (re)negotiating and/or aiming to (re) negotiate during 2021. For the existing (re)negotiations, the Netherlands will continue discussions with Andorra, Bangladesh, Belgium, Brazil, Morocco, Mozambique, Uganda, Portugal, Russia, Senegal, and Sri Lanka. For the new (re) negotiations, Netherlands will start discussions with Bahrain, Barbados, Ecuador, Moldova, and the United Arab Emirates.

Furthermore, during 2021, the Netherlands will also have conversations on the tax regulation for the Kingdom of the Netherlands with Aruba, Curacao and Sint Maarten. This tax regulation works similar to a tax treaty.

New Zealand

On 15 April 2021, the OECD released the Stage 2 peer review report of New Zealand relating to the outcome of the peer monitoring of the implementation of the BEPS minimum standard under Action 14 on improving tax dispute resolution mechanisms. Stage 2 focuses on monitoring the follow-up of any recommendations resulting from New Zealand's Stage 1 peer review report. New Zealand requested that the OECD also provide feedback concerning their adoption of the Action 14 best practices, and therefore, in addition to the peer review report, the OECD has released an accompanying document addressing the implementation of best practices.

Overall, the Stage 1 peer report concluded that New Zealand met most of the elements of the Action 14 minimum standard.

See EY Global Tax Alert, *OECD releases New Zealand Stage 2 peer review report on implementation of Action 14 minimum standard*, dated 29 April 2021.

Poland

On 5 March 2021, the Ministry of Finance released for public consultation a draft guidance for the new requirements to prepare TP documentation related to transactions with jurisdiction applying a harmful tax regime (tax havens).

Earlier Poland introduced new rules for taxpayers with transactions in tax havens (in force since 1 January 2021), including the obligation to prepare TP documentation for:

a. Transactions with an entity with a place of residence, registered office or management board in a tax haven, exceeding value of PLN100,000 (approx. US$26,000) for the year.
b. Transactions with an entity having the actual beneficial owner with a place of residence, registered office or management board in tax haven, exceeding the value of PLN500,000 (approximately US$130,000) for the year, with the presumption that the actual beneficial owner is a resident in a tax haven if the counterparty to the transaction settles any transactions with an entity resident in tax haven (taxpayer must exercise due diligence for this purpose).

In this respect, the draft guidance notes that if a taxpayer determines, with due diligence, that a counterparty has not made any settlement with a low-taxed jurisdiction, then the taxpayer is not required to prepare local TP documentation for the relevant transaction with the counterparty. The consultation ended on 20 April 2021.

Singapore

On 29 April 2021, the Inland Revenue Authority of Singapore updated its list of jurisdictions in which Singapore has entered into automatic exchange relationships of CbC reports. In this update, the list includes Bahrain and Macau and becomes effective for financial years 2021 and 2019, respectively.

Slovenia

On 16 April 2021, the Ministry of Finance of Slovenia released a proposal introducing amendments to the *Corporate Income Tax Act* and other tax laws. Among other items, the proposal includes an anti-hybrid provision for reverse hybrid mismatches. In these cases, a person treated as tax transparent in Slovenia, but treated as tax non-transparent in the jurisdiction of the investor, would be deemed to be tax resident in Slovenia and consequently subject to tax in Slovenia. The proposal also addresses the participation exemption regime for dividends and gains from the disposal of equity holdings. In these cases, Slovenia plans to limit the benefits by making a reference to the EU list of non-cooperative jurisdictions in addition to jurisdictions already listed by the Slovenian Minister of Finance.

The proposal is currently under review by the Slovenian Parliament and is subject to the regular parliamentary proceedings. If enacted, the new rules will take effect as of 1 January 2022.

United Kingdom

On 22 April 2021, Her Majesty Revenue & Customs (HMRC) published a factsheet (compliance checks series – CC/FS59) on CbC reporting penalties. The factsheet provides information on when HMRC may not charge a penalty for inaccurate information (i.e., in the case where the taxpayer took reasonable care to get things right but the report is wrong, as well as in the case where the taxpayer informs HMRC straightaway the report is wrong). In addition, a penalty may not be applied if HMRC agrees that the taxpayer has a reasonable excuse. In case of the taxpayer deliberately doing something wrong, HMRC may carry out a criminal investigation with a view to prosecution. Furthermore, the factsheet includes information on the calculation of the penalty as well as various more procedural items (e.g., how the taxpayer is informed about the penalty, what to do in case of disagreement)

On 15 April 2021, the UK Government submitted amendments to Finance Bill 2021 to the Committee of the Whole House relating to hybrids and other mismatches rules. The document is largely technical in nature and addresses comments raised by external commentators following the publication of the Finance Bill 2021. The documents mostly change small and technical details but it aims to reflect the underlying policy intent of the rules and to solve unintended consequences of double taxation.

Certain changes to the hybrid and other mismatch rules will have effect from 1 January 2017, specifically those amendments relating to the acting together 5% rule, securitization vehicles, investment trusts, relevant debt relief provisions and capital attribution tax adjustment. Other changes will have effect from Royal Assent of the Finance Bill, which is expected to take place later this year. Companies will be able to make a claim by 31 December 2021 to apply the changes to dual inclusion income retrospectively to 1 January 2017.

United States

On 15 April 2021, the United States (US) Internal Revenue Service (IRS) extended the date by which advance pricing agreement (APA) and mutual agreement procedure (MAP) requests may be filed electronically with digital signatures to 31 December 2021. Under the modifications, documents requiring the taxpayer's signature under Revenue Procedure 2015-40 or Revenue Procedure 2015-41 may be submitted instead with either: (1) a scanned or photographed image of the taxpayer's signature; or (2) the taxpayer's digital signature created using encryption techniques.

In addition, taxpayers may electronically file submissions required under Revenue Procedure 2015-40 or Revenue Procedure 2015-41 rather than submitting paper copies.

See EY Global Tax Alert, *US IRS extends time for submitting APA and MAP requests with e-signatures*, dated 26 April 2021.

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