International Tax News

Start

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Welcome

Our monthly publication offers updates and analysis on international tax developments around the world, authored by specialists in PwC's global international tax network. We hope you find this publication helpful. For more international tax-related content, please visit:

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Doug McHoney, PwC ITS Global Leader, hosts PwC specialists who share insights on issues and developments in the OECD, EU, US and other jurisdictions. Listen to the latest:

Mexico tax update: Nearshoring, audits, and treaty twists

Doug McHoney is joined by Adriana Rodriguez, a PwC international tax partner based in Mexico City, for a discussion recorded at PwC's International Tax Conference. Doug and Adriana discuss the core features of Mexico's corporate tax system, including corporate income tax, withholding taxes, VAT, inflation adjustments, CFC rules, capital gains planning, and the impact of the multilateral instrument on treaty access. They also explore whether Mexico is likely to adopt Pillar Two, how Mexican multinationals are preparing for compliance, the role of incentives in inbound investment, the continued relevance of the maquila regime, rising audit and transfer pricing pressure, expanding tax authority digitization, and practical lessons for multinationals investing in Mexico.

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Welcome Video

Doug McHoney, PwC's Global International Tax Services Leader shares some of the highlights from the latest edition of International Tax News

In this issue

Legislation

Australia

- Proposed changes to foreign resident CGT rules

Bolivia

- Abolition of the Financial Transactions Tax

Hong Kong

- Hong Kong introduces bill to strengthen CRS administrative framework

India

- Amendment to GAAR provisions

New Zealand

- New Zealand aligns Pillar Two Side-by-Side timing with OECD guidance
- New Zealand relaxes thin capitalisation rules for foreign infrastructure investment

Switzerland

- Loss carry-forward period extended to 10 years

Administrative

Australia

- Pillar Two – Australia's Combined Global and Domestic Minimum Tax Return (CGDMTR)

Singapore

- Enhanced corporate tax rebate for 2026 assessment year
- Regulations on Refundable Investment Credits updated

Judicial

Netherlands

- Dutch Supreme Court - Abuse presumption in legal (de) merger regime violates EU law

Singapore

- Board of Review rules that a gain on disposal of a building extension is taxable income

United States

- Varian limits Section 245A to directly held stock and adopts post-Section 965(c) FTC denominator

Legislation

Australia

Proposed changes to foreign resident CGT rules

The Australian Government, on 10 April 2026, released for comment draft legislation that aims to strengthen the foreign resident capital gains tax (CGT) regime. The draft legislation proposes significant changes across several areas, including the introduction of a statutory definition of 'real property', a broadened scope for taxable Australian real property, a revised principal asset test, and new vendor notification obligations for large share or unit transactions. Importantly, the draft law also includes retrospective amendments dating back to 2006 to deal with the interaction with Australia's state and territory severance laws and certain 'fixed' improvements/chattels.

As part of the same package released for consultation, separate draft legislation provides limited transitional CGT relief for investment into the Australian renewables sector in the form of a four-year time-limited 50% CGT discount for foreign resident investors in Australian renewable energy assets.

For further detailed information about these proposed amendments, refer to our Tax Alert.

The draft legislation represents the most significant reform to Australia's foreign resident CGT regime since 2006. It aims to strengthen the rules and address recent court disputes, impacting foreign investors, fund managers, and anyone involved in past or future Australian real property transactions.

With a short window provided for consultation on the proposed draft law, the amending law could be introduced into Federal Parliament in the coming months. Other than those CGT assets that are affected by the retrospective measures, this could mean that Australia's CGT would apply to disposals of the newly covered CGT assets where the CGT event (e.g., contract date) occurs at any time from as early as 1 July 2026.

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Legislation

Bolivia

Abolition of the Financial Transactions Tax

The Bolivian Government, on 10 April 2026, repealed Law No. 3446 dated on 21 July 2006, which established the Financial Transactions Tax ('Impuesto a las Transacciones Financieras' or ITF), together with all subsequent amendments thereto.

The ITF was introduced as a temporary tax and applied to banking transactions carried out in foreign currency, specifically deposits and transfers executed through bank accounts within the Bolivian financial system.

Although the tax was originally conceived as a transitory measure, its validity was extended repeatedly over time, remaining in force well beyond its initial term. Ultimately, the ITF was formally eliminated in 2026 with the enactment of Law No. 1717, which definitively repealed the relevant legal framework.

The ITF was originally introduced as a measure to incentivize savings in local currency by discouraging the use of foreign currency in banking transactions. In light of Bolivia's foreign currency shortage and with the aim of promoting foreign investment, the Bolivian Government determined that elimination of the ITF is appropriate, thereby reducing transaction costs and improving the country's investment environment.

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Legislation

Hong Kong

Hong Kong introduces bill to strengthen CRS administrative framework

Hong Kong gazzetted a legislative bill proposing changes to the CRS regime on 27 March 2026. This followed a consultation conducted between December 2025 and early February 2026 on the implementation of the Crypto-Asset Reporting Framework (CARF) and the amended Common Reporting Standard (CRS) in Hong Kong. The Bill seeks to strengthen the administrative framework for the automatic exchange of tax information (AEOI) under the CRS, in response to the latest OECD peer review comments.

The proposed amendments focus on three areas: mandatory registration for reporting financial institutions (RFIs), updated record-keeping obligations and strengthened sanctions for non-compliance. The government aims to secure passage of the Bill by the end of June 2026 to meet the OECD deadline. The relevant amendments will take effect on 1 January 2027. While the Bill's current scope is limited to the implementation of these administrative measures in relation to CRS, these provisions are expected to establish the precedent for the future rollout of CARF.

For more information see our Tax Alert.

With enactment targeted by the end of June 2026 and commencement proposed for 1 January 2027, RFIs should begin reviewing their readiness for the new requirements. In particular, they should confirm that all in-scope entities have been identified, ensure that portal access and reporting arrangements remain fit for purpose, and update record-retention policies to align with the proposed requirements under the Bill.

Note that the amendments proposed under the Bill relate solely to strengthening of the administrative framework for CRS. Separately, enhanced requirements on due diligence and reporting under the CRS 2.0 are expected to take effect from 1 January 2028. RFIs should therefore be mindful that the current Bill represents only the first phase of a broader set of changes to Hong Kong's AEOI regime, and should begin planning for the more substantive operational changes that CRS 2.0 will introduce.

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Legislation

India

Amendment to GAAR provisions

The Central Board of Direct Taxes amended the Income-tax Rules with effect from 1 April 2026 to clarify the scope of India's anti-avoidance framework. The amendment expressly excludes income accruing or arising to, or deemed to accrue or arise to, or received or deemed to be received by any person from the transfer of investments made before 1 April 2017 by such person.

A recent Supreme Court decision dealing with anti-avoidance rules contained certain observations which created ambiguity about the applicability of the general anti-avoidance rules (GAAR) provisions to investments made before 1 April 2017. This notification clarifies and reaffirms that GAAR provisions will not apply in case of grandfathered investments.

For more information see our Tax Insights.

This amendment effectively addresses a key concern that emerged following the landmark judgment of the Supreme Court in the case Tiger Global. It now provides much-needed clarity by expressly stating that the GAAR provisions will not apply to income arising from the transfer of investments made prior to 1 April 2017.

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Legislation

New Zealand

New Zealand aligns Pillar Two Side-by-Side timing with OECD guidance

A recent remedial amendment aligns New Zealand's Pillar Two timing rules with OECD guidance on the new Side-by-Side (SbS) system, so the SbS system applies in New Zealand for fiscal years beginning on or after 1 January 2026, or 26 December 2025 for groups with a 52–53 week fiscal year. Without the amendment, the guidance published on 5 January 2026 would technically only have applied for fiscal years beginning on or after 6 January 2026, meaning many 31 December balance date groups would not have accessed it until 1 January 2027.

This is a remedial timing fix rather than a broader policy change, but it may be important for in-scope MNEs assessing whether the new SbS and UPE safe harbours are available from 2026.

Groups should revisit any New Zealand Pillar Two assumptions, modelling, or compliance timelines that were based on the previous application date.

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Legislation

New Zealand

New Zealand relaxes thin capitalisation rules for foreign infrastructure investment

Recent legislation introduces a targeted elective exemption from New Zealand's thin capitalisation rules for certain foreign-owned infrastructure projects. The exemption would apply to businesses or projects involving creating, operating, maintaining, or upgrading qualifying infrastructure assets.

Broadly, interest deductions that may otherwise be denied under New Zealand's general thin capitalisation rules may be deductible where certain prescriptive criteria are met. In particular, the New Zealand entity needs to hold qualifying New Zealand infrastructure assets, and the borrowing needs to be qualifying third-party, limited-recourse debt. These changes are effective from 1 April 2026.

The measure is intended to encourage offshore investment into privately owned infrastructure in New Zealand while keeping the concession tightly focused on specific projects and financing arrangements.

This change is a significant relaxation of the thin capitalisation rules, which should encourage investment in crucial infrastructure. Investors should carefully assess whether their current infrastructure project structures meet the prescriptive requirements and the impact of these changes on future investment opportunities.

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Legislation

Switzerland

Loss carry-forward period extended to 10 years

The Swiss Parliament, on 19 December 2025, adopted a significant change to the tax loss carry forward rules. Going forward, the tax loss carry forward period is extended from 7 to 10 years (Federal and cantonal level). The new carry forward period shall apply to losses incurred from the tax period 2020, which includes the years affected by the COVID-19 crisis. Losses from previous tax periods (2019 and earlier) remain subject to the current 7-year limit.

The referendum period elapsed on 17 April 2026 unused. For final enactment, the federal council must take respective action, which is expected to follow in due course.

For financial reporting reasons the law generally should not be considered (substantively) enacted before at least action is taken by the federal council (the exact timing of (substantive) enactment might depend on the actual accounting framework).

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Administrative

Australia

Pillar Two – Australia's Combined Global and Domestic Minimum Tax Return (CGDMTR)

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The Australian Taxation Office has released the format and instructions for the CGDMTR, combining Australia's foreign lodgment notification, Australian Income Inclusion Rule (IIR) and Undertaxed Profits Rule (UTPR), Tax Return (AIUTR) and Domestic Minimum Tax Return (DMTR) in one form. Note that any amount disclosed in the CGDMTR needs to be reported in Australian dollars (AUD).

The legislated deadline in Australia for lodgment of the CGDMTR is 30 June 2026 for affected in-scope MNE Groups in relation to fiscal years commencing on 1 January 2024. Although there is an automatic 30-day lodgment deferral for the DMT Return and Australian IIR/UTPR Return for all in-scope taxpayers for fiscal years commencing in 2024, affected taxpayers should now be determining whether or not they will be able to meet the relevant deadline and engage early with the ATO if any delays are expected.

Administrative

Singapore

Enhanced corporate tax rebate for 2026 assessment year

With heightened uncertainties in the global environment leading to higher costs, the Singapore Government has announced a set of targeted support measures on 7 April 2026 to help businesses and households manage the near-term challenges. The measures emphasize cost containment, cash-flow relief, and continuity of essential services, with several initiatives taking effect immediately.

Measures introduced to help businesses include an increase to the Corporate Income Tax (CIT) rebate from 40% (as announced earlier in the Budget 2026) to 50%, with the minimum benefit raised from $1,500 to $2,000. The maximum benefit a company can receive has also been increased from $30,000 to $40,000.

Overall, the measures introduced are temporary and targeted; aimed at cushioning immediate cost pressures while the global situation develops. The government has provided assurance that it is ready to provide further support if the economic environment deteriorates.

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Administrative

Singapore

Regulations on Refundable Investment Credits updated

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The Income Tax (Refundable Investment Credits) (Amendment) Regulations 2026 came into operation on 1 April 2026. The amendments mainly set out administrative and operational rules, such as:

- The circumstances under which awards of refundable investment credits (RICs) may be amended.
- The rules under which companies may apply for the RICs to be offset against taxes of a related company, transferred to another and the effect of such offset and transfer.
- The government's right to recover RICs previously awarded where a nominee ceased to be a related company and the attendant consequences.

The RIC scheme was introduced relatively recently and is intended to be consistent with the GloBE Rules for Qualified Refundable Tax Credits. The amendments provide greater clarity on the administration of this new incentive.

Judicial

Netherlands

Dutch Supreme Court - Abuse presumption in legal (de) merger regime violates EU law

The Dutch facility for a tax-free (roll-over in basis) demerger or merger only applies in case the (de) merger is not aimed at avoiding or postponing taxation. The legislation on this facility includes a rebuttable presumption that the (de)merger is aimed at avoiding or postponing taxation if the shares in one of the entities involved are sold within three years after the (de) merger.

The Dutch Supreme Court ruled that this presumption is incompatible with the EU Merger Directive. The mere fact that shares are disposed of within three years after the demerger does not mean that the demerger was necessarily lacking valid business reasons or was aimed at the avoidance or deferral of taxation. This also applies where the intention to sell to third parties already existed prior to the decision to enter into the demerger.

This is particularly relevant for any taxpayers that may face or are already facing any discussions with the Dutch Tax Authorities regarding application of the anti abuse provision to the legal (de)merger facility. The same applies to any taxpayers that have received a negative decision for which the objection period has not yet expired.

The burden of proof now lies first with the tax inspector. The inspector will have to provide at least an initial indication that valid business reasons are absent or that there are indications of tax avoidance or deferral. How the inspector will substantiate this initial burden will depend on the specific facts and circumstances. It will have to become clear in practice how the Dutch Tax Authorities will deal with this judgment in the context of requests providing confirmation the demerger is not aimed at the avoidance or deferral of taxation.

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Judicial

Singapore

Board of Review rules that gain on disposal of a building extension is taxable income

In GIX v The Comptroller of Income Tax [2026] SGITBR 2 , the Income Tax Board of Review dealt with the issue of whether the gain on disposal of a building extension was income in nature and hence taxable. Here, the taxpayer developed, owned, and operated a building. An extension to the building was subsequently developed. However, it took the taxpayer several years to acquire leasehold interest in the land on which the building extension was eventually developed, and while negotiations with the lessor were ongoing, a number of events transpired concurrently including the grant of first right of refusal to the eventual purchaser of the building and the extension. The taxpayer eventually entered into a sale and leaseback agreement with a real estate investment trust (REIT) to sell the building 'as is', and the extension upon completion of its construction. The Comptroller of Income Tax (the Comptroller) agreed that the gain on sale of the building was capital and not taxable, but treated the gain on disposal of the extension as income in nature and taxable under section 10(1)(g) of the Income Tax Act 1947 (the Act).

The Board held that the appropriate test for determining whether the gain was taxable was that set out in the case of IB v Comptroller of Income Tax [2004] SGITBR 10, whether '…at the time the transaction was entered into the taxpayer had the intention or purpose of making a profit from that transaction', and upon consideration of the whole of the circumstances surrounding the transaction, the Board dismissed the taxpayer's appeal.

As the Board noted, there is now substantial jurisprudence in Singapore on when non-trading gains or profits may constitute gains or profits of an income nature under section 10(1)(g) of the Act. While it is well established that the taxpayer's intention at the time of entering into the transaction is one of the badges of trade to be considered to determine if a gain is capital or income, the long-drawn negotiations leading up to the acquisition in this transaction highlights that an objective assessment of the taxpayer's intention requires a consideration of all the facts of the surrounding circumstance over the relevant period of time.

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Judicial

United States

Varian limits Section 245A to directly held stock and adopts post-Section 965(c) FTC denominator

The US Tax Court, on 8 April 2026, resolved cross-motions for summary judgment in Varian Medical Systems, Inc. and Subsidiaries v. Commissioner, 166 T.C. No. 8, relating to how Varian's 2018 tax year dividend received deduction (DRD) under Section 245A and disallowed foreign tax credits (FTCs) under Section 245A(d) should be computed. In granting the IRS's motion, the court held that Varian satisfied the Section 246 holding period rule with respect to first-tier controlled foreign corporations (CFCs), but not lower-tier CFCs whose stock was not directly held by Varian or a US group member, and that the Section 245A(d) FTC disallowance formula must use the post-Section 965(c) amount in the denominator rather than the pre-Section 965(c) amount.

The opinion is significant because it resolves issues left open after Varian Medical Systems, Inc. and Subsidiaries v. Commissioner, 163 T.C. 76 (2024), the Tax Court's August 2024 unanimous reviewed opinion (Varian I). In Varian I, the court held that Varian was entitled to a deduction under Section 245A for amounts treated as dividends under Section 78 for its final tax year beginning before 31 December 2017, and that a proportionate amount of deemed paid taxes attributable to the Section 78 dividend was disallowed under Section 245A(d). However, Varian I did not clarify if the Section 246 holding period rule would restrict the Section 245A deduction, particularly for amounts related to lower-tier CFCs.

The 2026 opinion does not disturb the earlier holding in Varian I but substantially narrows its practical benefit by holding that Section 246(c) disallows the Section 245A deduction for amounts attributable to lower-tier CFCs held through foreign subsidiaries, and that the Section 245A(d) FTC disallowance formula must use the post-Section 965(c) amount in the denominator. As a result, the opinion is important both for establishing that direct ownership matters in applying Section 246(c) to Section 245A, and for clarifying how the related FTC disallowance must be computed in the Section 965 context.

The opinion also is relevant beyond the Section 78 context because the court left open how the direct-ownership requirement under Section 246(c) could apply in other contexts where Section 245A is coordinated with deemed-dividend rules, such as Sections 1248(j) and 964(e)(4).

Taxpayers with fiscal-year CFCs and Section 965 inclusions, especially those with lower-tier CFCs, should revisit Section 245A positions that rely on indirect ownership for holding-period purposes and should test Section 245A(d) computations using post-Section 965(c) amounts. Taxpayers also should consider whether the court's direct-ownership analysis under Section 246(c) could affect positions involving other provisions coordinated with Section 245A, including Sections 1248(j) and 964(e)(4).

For more details see our PwC Tax Insight.

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Glossary

Acronym	Definition
ATAD	anti-tax avoidance directive
BEPS	Base Erosion and Profit Shifting
CFC	controlled foreign corporation
CIT	corporate income tax
DAC6	EU Council Directive 2018/822/EU on cross-border tax arrangements
DST	digital services tax
DTT	double tax treaty
ETR	effective tax rate
EU	European Union
MNE	Multinational enterprise
NID	notional interest deduction
PE	permanent establishment
OECD	Organisation for Economic Co-operation and Development
R&D	Research & Development
VAT	business test value added tax
WHT	withholding tax

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