



International Tax News

Start



February 2026
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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:

<https://www.pwc.com/us/en/services/tax/multinationals.html>

Cross Border Tax Talks

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:

OB3 Guidance: 4 big beautiful notices

Doug McHoney (PwC's International Tax Services Global Leader) is joined by Wade Sutton, a PwC principal who leads the International Tax Team in PwC's Washington National Tax Services Practice and previously served as Deputy International Tax Counsel at the US Department of the Treasury. Doug and Wade discuss late-2025 Treasury and IRS guidance implementing cross-border provisions in the One Big Beautiful Bill Act (OBBBA), focusing on transition and compliance mechanics that surface on 2025 returns. They walk through Notice 2025-72 (CFC year-end conformity and short-period foreign tax allocation), Notice 2025-75 (final-year coordination of the 'hot potato' rule with Section 951A(2)(B) as the regime shifts to pro rata attribution), Notice 2025-77 (a 10% foreign tax credit haircut for taxes tied to certain previously taxed distributions), and Notice 2025-78 (limits on deduction-eligible export income for certain property and IP sales). They close with downstream interactions (especially CAMT and loss/FTC limitations) and how Pillar Two 'side-by-side' dynamics may influence structuring.

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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



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Legislation

Canada

Canada releases second package of hybrid mismatch rules

Canada has released proposed legislation to expand the scope of its hybrid mismatch rules.

The proposals address certain mismatches discussed in BEPS Action 2 that are not dealt with by Canada's current rules, including mismatches involving hybrid payers, disregarded hybrid payments and reverse hybrid entities, as well as imported mismatches. The proposals would apply to payments arising on or after 1 July 2026.

For more details, see our Tax Insight '[Finance releases second package of hybrid mismatch rules.](#)'

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Taxpayers should review the proposed new rules and determine whether they could apply to existing arrangements. If they apply, taxpayers should consider restructuring those arrangements before the rules are proposed to take effect on 1 July 2026.

Legislation

Cyprus

Cyprus tax reform – Bills Published

As an update to our [previous newsletter](#), on 22 December 22 2025 the Cyprus Parliament voted on various tax reform bills that aim to reshape the tax system so that it provides greater flexibility, fairness, and efficiency to modern economic and social demands, and improves tax compliance. The relevant law amendments were published in the Government Gazette on 31 December 2025, with an effective date of 1 January 2026.

The tax reform bills include a number of international tax amendments, discussed in more detail below.

The new legislation preserves the Cyprus corporate tax base as is and, importantly, all the associated deductions, exemptions, and other attributes, namely::

- The 'Badges of Trade' test, therefore not all gains / profits arising on asset disposal are taxed,
- Notional Interest Deduction (NID) – up to 80% of otherwise computed taxable income,
- Modified nexus IP Box – up to 80% of qualifying net taxable income (granted concurrently with NID),

- Tax amortisation on IP over their UEL with a maximum of 20 years,
- No recapture / clawback of previously claimed annual tax amortization on disposals of intangibles,
- 120% super deduction for R&D expenditure extended to 2030.
- Dividend participation exemption with no percentage holding or holding period requirements (see further details below),
- Unconditional tax exemption on gains on disposals of company shares and other 'corporate titles' (e.g., bonds, debentures, and options thereon),
- Foreign branch profits exemption except where situated in a 'blacklist' jurisdiction (BLJ) (with the option to elect to disapply),
- Tax neutrality on FX gains and losses,
- Unilateral FTCs on any foreign withholding taxes (see further detail below),
- No withholding taxes on dividend, interest, and (most) royalties paid abroad at all times (except where paid to BLJs and low-tax jurisdictions (LTJs), see further details below).

Below is a summary of the main international-tax relevant amending provisions in the tax reform bills:

Corporate tax rate

Change of the statutory rate of corporate tax rate from 12.5% to 15%.

Corporate tax residence

The definition of a Cyprus tax-resident company has been extended to also include companies that have been incorporated under the Cyprus Companies Law, irrespective of whether another country also considers them as tax resident in that country (except for companies deemed as tax residents of another country by reference to an applicable double tax treaty).

The amendment further clarifies that companies that have transferred their registered office or legal seat to Cyprus will be considered as being incorporated in Cyprus and thus unilaterally tax residents of Cyprus.

Tax loss carryforwards

The timeframe for tax loss carryforwards has been extended from five to seven years.

Legislation

Cyprus

Cyprus tax reform – Bills Published (continued)

Intellectual Property (IP)-related amendments

Capital allowances on IP acquired by shares

- The legislation now clarifies explicitly that for intangible assets contributed in a Cyprus company for equal value of shares, any capital allowances/tax amortization will be calculated at the lower of the asset's fair market value at the time of its acquisition or its acquisition cost.

Tax amortization of indefinite life IP

- The legislation clarifies that the useful economic life (UEL), for tax amortization purposes, of IP with indefinite life is 20 years.

Value of IP transferred from third/non-EU countries

- The legislation now clarifies explicitly that inbound IP through, either tax residence migration of an entity or entity internal transfers (e.g. HO to PE) from non-EU countries are also eligible to claim tax amortisation and create a base cost for future disposals on their fair market value at the time of entry.

Crypto assets (as defined in [EU Regulation 2023/1114](#)) – taxation of gains

The tax reform bills introduced a special method of taxation of gains from crypto assets at a flat rate of 8% applied at all times, except where crypto assets are acquired through crypto mining.

Dividends received by Cyprus tax-resident companies (or Cyprus permanent establishments of foreign companies) from non-Cyprus tax-resident companies

Such dividends continue to be 100% tax-free subject to the pre-existing, easily met dividend participation exemption rule, which is preserved without the introduction of any percentage holding or holding period requirements.

In cases where the participation exemption is not met, the tax rate is now reduced from the previous 17% tax on gross dividends to 5%.

Interest income received by Cyprus tax-resident companies

This interest income is now at all times subject to 15% Corporate Tax on a net basis after deducting related business expenses. Previously, in certain cases, interest income could be subject instead to another form of taxation called the Special Defence Contribution at a flat rate of 17% on the gross amount.

Withholding tax (WHT) on dividends paid to related-party companies in BLJs and LTJs

The WHT rules for dividends paid, directly or indirectly (subject to various exemptions), to related companies in BLJs were updated in April 2025. The WHT rules for LTJs were introduced at that time and were effective 1 January 2026.

Following the tax reform bills, the WHT rate on in-scope dividends paid to related companies in:

- BLJs remains 17% tax on the gross dividend;
- LTJs is set at the reduced rate of 5% on the gross dividend.

Legislation

Cyprus

Cyprus tax reform – Bills Published (continued)

Foreign Tax Credit (FTC) claims

Cyprus companies can unilaterally claim FTCs against their related Cyprus taxes on any foreign WHTs incurred. Previously, FTC claims had to be submitted within six years from the end of the relevant tax year.

Now these claims also can be submitted beyond the six years, if within six months from the date on which the corresponding amount of tax payable in the other country has been confirmed.

Abolition of stamp duty

The stamp duty is fully abolished effective 1 January 2026.

For more information on the relevant changes see [PwC's Tax Insight](#).

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Multinational groups that include Cyprus companies should examine the international tax provisions of the tax reform bills to ascertain whether and to what extent the amendments affect their operations. They also should plan any necessary actions to fully and timely comply with the new rules.

Legislation

Hong Kong

Consultation on expanding intellectual property tax deductions launched

Following the 2025/26 Budget speech, the HKSAR Government released a consultation paper on 30 January 2026 proposing amendments to the Inland Revenue Ordinance. The objective is to broaden profits tax deductions for capital expenditure on intellectual property (IP), with the dual aims of accelerating the growth of IP intensive industries and promoting IP trading in Hong Kong.

Specifically, the proposals seek to:

1. permit deductions for covered IP acquired from associates, subject to conditions such as a main purpose test, compliance with transfer pricing rules (including for domestic transfers) and the requirement to obtain an independent valuation report if the cost of the IP is HK\$3 million or more; and
2. allow deductions for upfront licence fees for the right to use covered IP, to be spread over the licence term.

However, no changes will be made to the existing restriction, which denies deductions for capital expenditure on acquiring IP that is used by a licensee outside Hong Kong.

The government plans to introduce a legislative bill in 2026, with consultation open until 31 March 2026.

For more information, see our [News Alert](#).

We welcome the government's consultation on expanding the scope of profits tax deduction rules for IP-related costs. We look forward to its swift implementation.

Hong Kong has already introduced a patent box regime and enhanced R&D deductions to support innovation. As R&D and IP acquisition are both essential expenditures in the innovation cycle, the rules governing them should complement each other. In practice, many Hong Kong taxpayers outsource part of their R&D to associated entities, particularly in the Chinese Mainland. However, payments to such associates are generally non-deductible. To ensure the effectiveness of Hong Kong's tax concessions, these rules should be reviewed and better aligned with commercial realities.

By comparison, Singapore's Enterprise Innovation Scheme (EIS) provides up to 400% enhanced deductions for qualifying R&D, IP acquisition and licensing, among other activities, subject to an annual cap. A cash payout option is available in lieu of deductions. The EIS is implemented for a defined period, with the possibility of extension. The government may wish to consider whether introducing a fixed-term incentive of this scale could provide a stronger impetus for innovation across Hong Kong businesses.

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Legislation

India

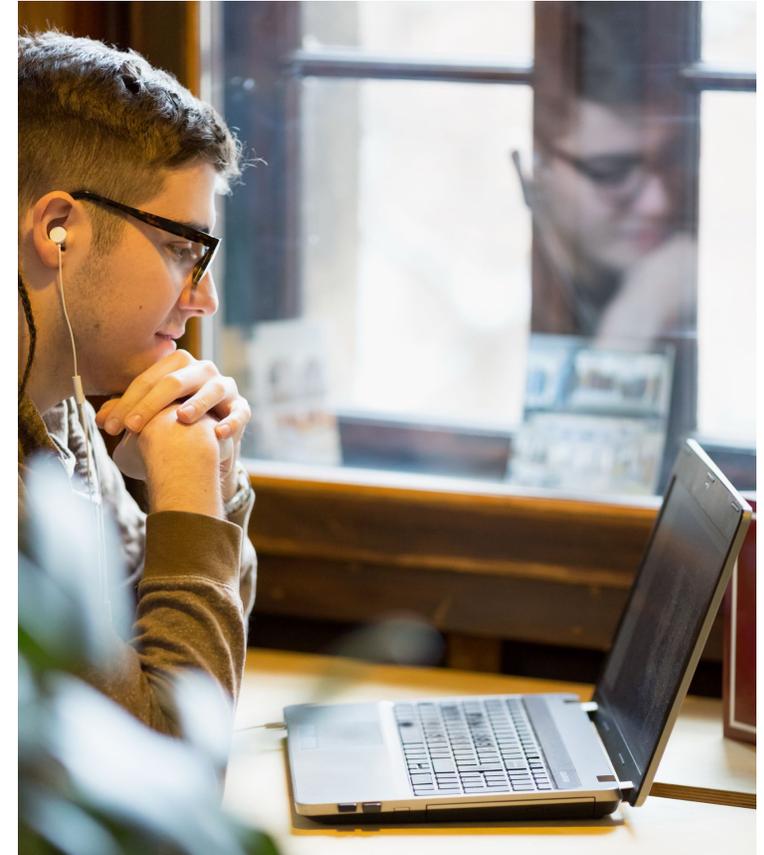
Union Budget 2026 – Key tax proposals impacting foreign investors and multinationals

India's Finance Minister presented the Union Budget for 2026–27 on 1 February 2026, reaffirming a development-focused agenda with emphasis on manufacturing, 'Make in India' employment-led growth, energy security, exports and innovation. The tax proposals aim to attract global business, bolster the IT sector, simplify and rationalize tax provisions, reduce litigation and enhance tax certainty.

Key proposals include:

- No change in headline corporate tax rates.
- Reduction in the minimum alternate tax (MAT) rate from 15% to 14%, with MAT credit utilization restricted to the concessional regime, subject to conditions.
- Taxation of share buybacks as capital gains with prescribed rates for different categories of shareholders.
- Tax holiday for International Financial Services Centre units and offshore banking units is extended to 20 consecutive years (out of 25) with a post-holiday tax rate of 15% on business income.

- Income earned by foreign companies from procuring government-approved 'data centre services' in India via Indian resellers would be tax-exempt through 2047, with a 15% safe harbour margin (on cost) for related Indian data centre service providers.
- A five-year income-tax exemption for foreign companies supplying capital goods, equipment or tools to toll manufacturers of electronic goods in bonded customs zones, subject to conditions.
- For the IT or ITES sector, a unified 'Information Technology Services' category (including software development, ITES, KPO and contract R&D) is proposed with a common safe harbour margin of 15.5% for transfer pricing. Turnover threshold for applying the safe harbour to increase to INR20billion (from INR3.2billion), with availability for a continuous five-year period at the taxpayer's option.
- Proposed fast-tracking of unilateral Advance Pricing Agreements for IT services with a two-year target for conclusion (extendable by six months), and APA-linked modified returns can also be filed by affected associated enterprises within three months of APA execution.



Legislation

India

Union Budget 2026 – Key tax proposals impacting foreign investors and multinationals (continued)

- Introduction of several procedural and dispute-management measures, which reduce the tax paid under protest, timeline for appeals, scope of updated returns, etc. subject to ,prescribed conditions.
- Immunity from penalty and prosecution where misreported income is voluntarily disclosed and additional tax of 100% (or 120% in specified unexplained cases) is paid before prosecution commences.

For more details, please read our [Tax Insights](#).

These proposals seek to enhance India's attractiveness for foreign investors, strengthen the IT and manufacturing ecosystems, and provide greater tax certainty and reduced litigation for multinationals operating in or with India. The proposals will come into effect upon Parliamentary consideration and enactment, effective 1 April 2026, or such other dates as may be specified. Taxpayers should assess the potential impact of these measures and incorporate them into their strategic and operations planning in India.

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Legislation

Mexico

Miscellaneous Tax Resolution, RealTime Access Rules, and SAT Master Plan

Mexico has introduced compliance-driven measures that will affect both domestic and foreign taxpayers, especially digital platforms and businesses with cross-border operations. The 2026 Miscellaneous Tax Resolution ('RMF 2026'), the Excise Tax ('IEPS'), reforms, and the update to the Mexican Federal Tax Code through Article 30B reflect a broader government strategy: expand real-time oversight, modernize administrative procedures, and strengthen audit capabilities. In parallel, the SAT's 2026 Master Plan sets out the authority's operational priorities and anticipated enforcement focus for the year.

RMF 2026

RMF 2026 consolidates general rules applicable to federal taxes and places particular emphasis on digital platforms, RFC (Tax ID number) integrity, and enhanced data reporting obligations.

A key topic is the continued tightening of requirements around taxpayer registration, updates, and verification. The RMF reinforces controls on the validation of legal representatives and on identity verification for shareholders and foreign residents.

In practice, this tends to increase documentation requirements in corporate restructurings, reorganizations, and onboarding processes for entities operating cross-border.

For foreign digital service providers and marketplace intermediaries, the RMF introduces (and clarifies) updated obligations around RFC registration, e.firma (electronic signature) processes, electronic notifications, and monthly VAT and withholding requirements. The rules apply across both resident and nonresident operators and align the digital oversight framework that will be further strengthened during 2026.

Real-time access

Effective 1 April 2026, Article 30B introduces a new obligation for digital service providers granting the Mexican tax authority (SAT) permanent, online, real-time access to tax-relevant information stored in the providers' systems.

The access is limited to data required to verify tax compliance. The information scope may include:

- Transaction details for digital services provided to users located in Mexico.

- Customer identification information (including RFC, when applicable).
- Price, VAT charged, digital invoice information, and payment methods.
- For intermediation services, detailed information on sellers or service providers, including tax IDs, residence, banking details, amounts subject to VAT/Corporate Income tax ('ISR')/IEPS, and (as applicable) lodging or import-related details.

The operational requirements are extensive: information must be updated daily, stored on a transaction-by-transaction basis, and remain available for five years.

To comply, taxpayers must submit a formal request (Form 168/CFF) to the SAT's Planning Administration no later than 30 April 2026, and include:

- Username and password to enable online access.
- Technical documentation (manuals and instructions).
- Updates within 10 days when credentials, access parameters, or systems change..

Legislation

Mexico

Miscellaneous Tax Resolution, RealTime Access Rules, and SAT Master Plan (continued)

Noncompliance may result in temporary blocking of digital services in Mexico, informally referred to as the ‘Killswitch.’ This enforcement concept links a platform’s ability to operate digitally in Mexico for ongoing tax compliance.

SAT Master Plan 2026

Published on 26 January 2026, the SAT’s Master Plan outlines operational priorities, signaling audit focus, risk-based enforcement, and administrative modernization without legislative changes.

The Plan emphasizes expanded taxpayer services, including new service centers, broader mobile coverage, faster processing, enhanced digital services, and improved refund and regularization support.

Enforcement efforts will target higher-risk behaviors, such as simulated transactions, false invoicing, recurring tax losses, mismatched imports and sales, unsupported deductions, omitted withholdings, and the use of foreign structures lacking economic substance.

It also reinforces strict action against fraudulent CFDIs, including potential immediate closure, criminal exposure, and limited self-correction periods.

Overall, the Plan increases audit predictability and reinforces the need for consistency across operations, documentation, invoicing, and tax filings.

Mexico’s 2026 tax framework signals a clear policy direction: stronger digital oversight, real-time compliance expectations, and more targeted enforcement, combined with administrative modernization and expanded taxpayer services.

Taxpayers should assess system readiness for real-time access requirements, validate RFC and corporate records, refresh compliance workflows for filing and invoicing, and monitor SAT administrative guidance to ensure operational readiness under the 2026 regime.

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Legislation

Uruguay

Alignment of the DMTT with Uruguay's Tax Stability Regimes

Uruguay enacted, on 16 December 2025, the National Budget Law for the five-year period 2025–2029. The Budget Law entered into force on 1 January 2026, except for provisions that expressly set a different effective date. This is the case of the Domestic Minimum Top-up Tax (DMTT), which is effective for fiscal years ending on or after 16 December 2025.

The Budget Law introduces amendments to the taxation of Multinational Groups (MNGs), individuals, and in general, those entities and individuals doing business and investing in Uruguay. In addition to introducing a DMTT, the Budget Law also includes other important tax amendments and benefits. It includes changes to the taxation of indirect transfers of Uruguayan assets (including Uruguayan entities) and to the income tax withholding on dividend/profit distributions. The Executive Branch has been empowered to grant tax credits to companies that carry out activities in Uruguay that contribute to economic development.

These include companies that make significant investments, create direct or indirect employment, promote the development of new technologies, and favor Uruguay's international integration through the scale of their operations. Also included are authorizations to implement incentive mechanisms for domestic or foreign companies that develop audiovisual projects in Uruguay.

For more information, please see this [PwC Insight](#).

Taxpayers potentially affected by the DMTT should review whether they meet the exemption criteria and prepare the required documentation for the administrative filing. Early evaluation will help identify opportunities to reduce exposure and ensure compliance.

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Legislation

Venezuela

Venezuelan tax changes aim to reactivate oil investments

What happened?

A reform of the Venezuelan Master Hydrocarbons Law was published in Extraordinary Official Gazette No. 6,978 on 29 January 2026 (the Reform). The Reform was approved by the Venezuelan National Assembly, and signed into law by Interim President Delcy Rodríguez, thereby adopting changes to the regulatory and operational framework for the hydrocarbons sector, along with selected tax changes. As interest increases, investors are revisiting Venezuela's legal and tax framework to better understand the applicable tax burden, compliance obligations, cash repatriation considerations, and structuring alternatives.

Why is it relevant?

Venezuela historically has applied a complex, multi-layered tax system, characterized by high statutory rates, industry-specific regimes, and extensive production- and price-based levies. The cumulative effect of income tax, royalties, windfall taxes, and indirect taxes could materially affect project economics and cash flows in the oil sector.

The Reform is expected to affect how investments are structured and operated, as well as project economics.

Actions to consider

Multinational groups considering investments or transactions involving Venezuela should reevaluate their potential structures and assumptions in light of the revised tax framework. Companies should continue to monitor legislative and regulatory developments, as business associations pursue additional tax changes. Given the potential impact of tax costs, tax functions should seek early alignment with C-suite stakeholders to support informed investment decisions.

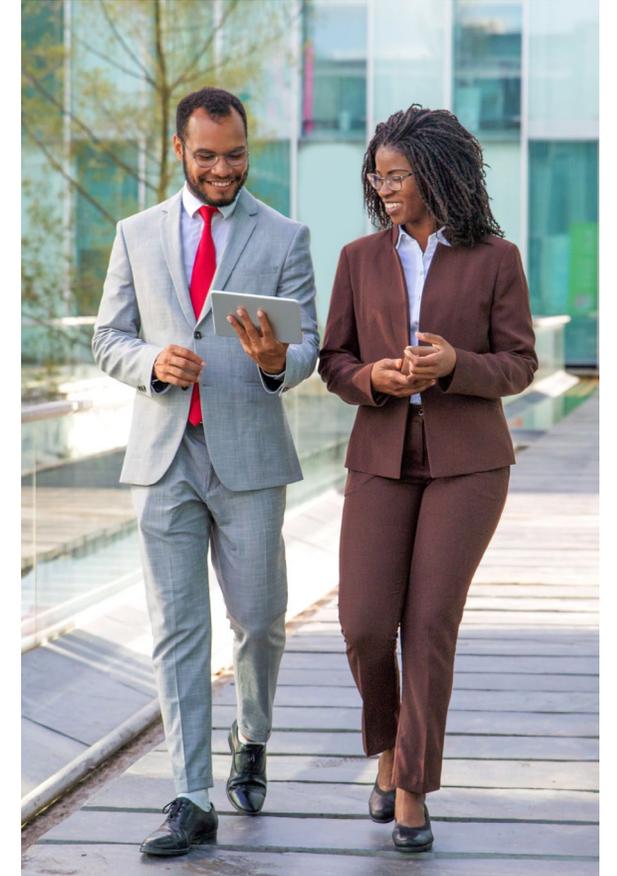
For more details read our [Tax Insight](#).

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Administrative

Bahamas

The Bahamas publishes DMTT notification requirements and filing deadline

The Bahamas introduced the Domestic Minimum Top-Up Tax Act, 2024 in November 2024. All constituent entities in The Bahamas who are within scope of this Act are required to file a 'DMTT Notification Form' by 31 March 2026.

Subsequent to filing the notification form, entities will be required to register on The Bahamas' new 'One Bahamas' tax portal, which is expected to open in the second quarter of 2026. The first filing and payment requirements in The Bahamas for entities who were in scope effective 1 January 2024, will be due 30 June 2026 within the 'One Bahamas' tax portal.

Who is required to submit a notification form?

Domestic members of a MNE Group whose consolidated financial statements have total revenues exceeding €750 million in at least two of the four tax years preceding the tested year. This includes all entities incorporated in The Bahamas and permanent establishments in The Bahamas of the MNE Group.

For more information, please see our [PwC Alert](#).

The notification must be submitted using the prescribed form on the Department of Inland Revenue's website. The form must include the following:

- Details of the local entity or permanent establishment;
- Details of the MNE Group including annual revenue;
- Information surrounding the MNE Group's Country by Country Reporting status;
- Details of the Ultimate Parent Entity including total revenue;
- Details of the reporting entity.

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Administrative

Barbados

Barbados extends Top-Up Tax notification deadline

The Barbados Revenue Authority (BRA) released the digital Corporation Top-Up Tax Registration Form for use by taxpayers for registration and notification of Top-up Tax filing obligations. A notification filing extension to 6 March 2026 has been granted to taxpayers with notifications due on or before 28 February 2026. The Revenue Commissioner also announced the deadline for submission of the Qualified Domestic Minimum Top-Up Tax (QDMTT) return and the GloBE Information Return (GIR) as 18 months after the end of the respective fiscal year.

For more information see our [Tax Insight](#).

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Taxpayers should:

- Determine whether your group has qualifying entities in Barbados subject to Top-Up Tax.
- Ensure the entity is registered on the BRA Portal by 6 March 2026 if you fall within the extension period.
- Be prepared for additional QDMTT and Pillar Two compliance requirements as they evolve.

Administrative

EU

EU Commission publishes final guidelines on the application of EU FSR

What happened?

On 9 January 2026, the European Commission published its final guidelines on the application of certain provisions of Regulation (EU) 2022/2560 on foreign subsidies distorting the internal market ('EU FSR') and its accompanying Implementing Regulation. The updated Guidelines include several additions, amendments, and clarifications to the 2025 draft and should be taken into account when preparing any EU FSR-related case.

Why is it relevant?

The guidelines are based on the EU legislative framework designed to address distortions caused by subsidies, including a wide range of direct and indirect tax credits and incentives from non-EU countries, in order to preserve the proper functioning of the internal market and ensure a level playing field.

Actions to consider

Undertakings potentially subject to the EU FSR, whether due to notification obligations or a Commission-initiated (*ex officio*) investigation, should proactively develop a thorough understanding of the EU FSR's distinctive, cross-disciplinary framework and begin implementing the necessary data collection and review processes. Developing a means of identifying and monitoring tax and non-tax subsidies, and the advantages and potential distortions they confer on both the direct recipient and any intragroup beneficiaries is key to managing the risks associated with the EU FSR.

For more information read our [Tax Insight](#).

Ongoing FSR impact-assessment work will continue through July 2026, when the Commission is expected to issue its impact assessment report. Follow developments closely because further changes are expected. Additionally, given the changes to the treatment of tax incentives in Pillar Two, further scrutiny may arise, and with over 225 concentration cases already decided or in process (plus one registered *ex-officio* case), the EU FSR is clearly having real impact.

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Administrative

Finland

Finland opens Pillar Two filings for in-scope entities

On 30 January 2026, the Finnish Tax Administration opened the Pillar Two filing process for taxpayers. In Finland, the first GloBE Information Return, the notification of the filing Constituent Entity, and the Top-up Tax Return are due within 18 months after the end of the fiscal year. For calendar-year groups, the deadline is 30 June 2026.

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There are three different Pillar Two filings in Finland:

- GloBE Information Return (GIR)
- Notification of filing constituent entity (GIR notification)
- Top-up Tax Return

A GIR must be filed in Finland unless another Constituent Entity has filed it in a jurisdiction that participates in the GIR exchange of information (i.e., has implemented the DAC9 Directive or signed the OECD MCAA). The GIR is filed as an XML file that must pass a series of technical validations in the filing portal. No other filing methods are available.

If the GIR is filed in another jurisdiction, each Finnish Constituent Entity must submit a GIR notification. Our recommendation is to appoint one Finnish Constituent Entity as the designated filing entity to submit the notification on behalf of all Finnish entities in a single filing.

A Top-up Tax Return is required in Finland only for entities that are liable to pay Top-up Tax. No 'nil' filing is needed, for example, when the Transitional CbCR Safe Harbour applies in Finland.

All three filings must be submitted electronically via MyTax. Late, missing, or incorrect filings may result in penalties of up to €25,000.

Next steps to meet the 30 June deadline:

- Confirm the jurisdiction where GIR will be filed and if that jurisdiction has information exchange in place
- If GIR is filed outside of Finland, decide which Constituent Entity will file the GIR notification
- Gather the required data, and verify MyTax access and authorisations
- Ensure capability to generate the GIR XML file, for example, using the PwC Pillar Two Engine

Administrative

USA

IRS provides interim CAMT relief for repairs, Section 197 intangibles, and domestic R&E costs

The IRS on February 18 issued [Notice 2026-7](#), which modifies certain interim guidance previously released on the corporate alternative minimum tax (CAMT) (especially portions of Notice 2025-49 and Notice 2025-46) and adds several new adjusted financial statement income (AFSI) adjustments and clarifications.

The notice provides new and expanded AFSI adjustment mechanics in areas where book/tax timing and capitalization commonly differ, including repairs on Section 168 property, amortizable Section 197 intangibles, pre-One Big Beautiful Bill Act (OBBBA) domestic research or experimental (R&E) amortization, Section 181 production costs, and low-cost tangible property treated as materials and supplies.

The notice also updates CAMT rules for certain cross-border transactions (including a rebuttable presumption in the covered asset transaction anti-abuse rule and Section 367(d) coordination) and clarifies aspects of the financially troubled company guidance in Notice 2025-46.

The notice indicates that forthcoming proposed regulations are expected to include rules similar to the interim rules.

For more information read the [PwC Tax Insight](#).

Taxpayers should consider whether to adopt the new AFSI adjustments (that generally come with consistency and return statement requirements) and update CAMT models accordingly. Taxpayers also should consider whether to use the Notice 2026-7 transition option for either the repairs AFSI adjustment or the AFSI adjustment for eligible intangibles, which allows application of the original Notice 2025-49 rules for tax years beginning before February 18, 2026, and the modified Notice 2026-7 rules for tax years beginning on or after February 18, 2026.

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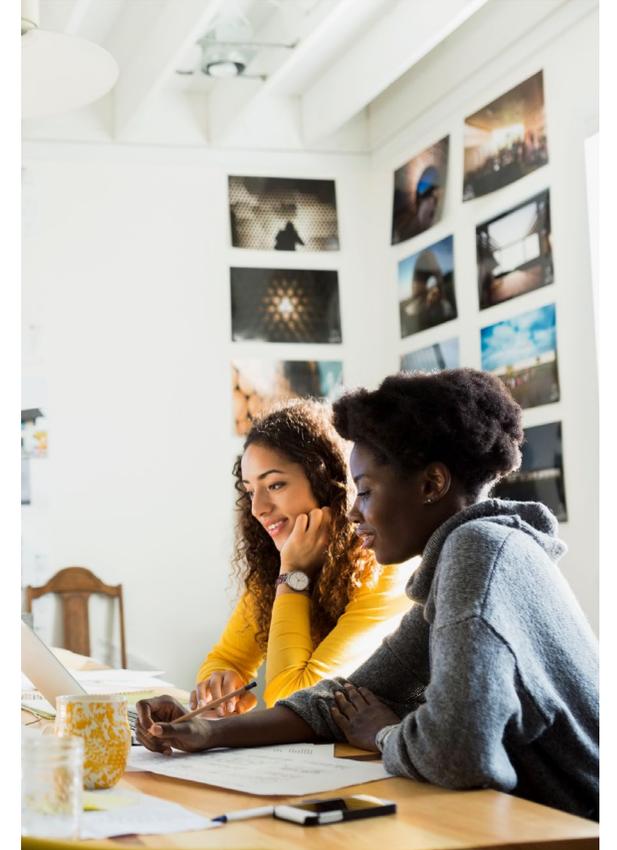
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Administrative

Singapore

2026 Budget

Prime Minister and Minister for Finance, Lawrence Wong, delivered the 2026 Budget Statement in Parliament on 12 February 2026. Key tax measures include:

- Corporate income tax rebate of 40% and a rebate cash grant of S\$1,500 for eligible companies, subject to maximum benefit of S\$30,000 for the Year of Assessment 2026.
- Enhanced Enterprise Innovation Scheme to incentivise adoption of artificial intelligence (AI) solutions.
- Enhanced and liberalised double tax deduction for internationalisation.
- Extended withholding tax exemptions for the financial sector and tax incentives for finance and treasury centres, global trading companies, not-for-profit organisations and qualifying donations and corporate volunteering.

For more information, see our [Budget Commentary](#).

The Budget 2026 tax changes support the government's longer-term policy objectives, particularly the national push towards greater AI literacy and adoption. Businesses should study the tax and non-tax measures to understand how to maximise their benefits.

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Administrative

Singapore

Revised valuation report requirements to support writing down allowance claims for intellectual property rights

The Inland Revenue Authority of Singapore (IRAS) published a second edition of its e-Tax Guide 'Intellectual Property Rights Valuation Reports for Purposes of Section 19B of the Income Tax Act 1947' on 30 January 2026. The guide provided additional guidance on information that should be included in valuation reports to support claims for the writing down allowance on acquired qualifying intellectual properties (IPRs). Key updates include:

- Factors such as economic life, forecasted revenue, forecasted profits, and discount rates can be considered in determining the amount qualifying for the writing down allowance.
- With effect from YA 2026, the thresholds triggering independent valuations are revised to S\$10 million for related-party transactions and S\$40 million for third-party deals.

- For disposals, any excess over the tax written down value (capped at the claims made) will be taxed. The open market price may be used to determine the amount of the writing down allowance to be clawed back and the taxpayer may be asked to submit a valuation report for the disposed IPR.
- Further guidance on the information to be provided in the valuation report to support the reliability and reasonableness of the assumptions and inputs used and an emphasis that the value of future IPRs should be excluded from the valuation of the IPR being claimed.

The valuation of IPRs is a contentious area, and valuation reports are often subject to query and close scrutiny by the IRAS. The revisions to the IRAS e-Tax Guide provide greater clarity on the information required by the IRAS. This should help guide businesses in preparing the necessary documentation to support their claims for writing down allowances.

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Administrative

Sweden

Pillar Two Registration due 31 March 2026

The Swedish Tax Agency (STA) has opened its Pillar Two e-service for Pillar Two registrations and GIR notifications. Both filings are done electronically using the e-service on the STA's website. The due date for the registration is 31 March 2026 for calendar-year filers. The due date for the GIR notification is aligned with the GIR due date (18 / 15 months after financial year end).



Swedish Constituent Entities (CEs), including permanent establishments, subject to the Swedish Pillar Two legislation are required to register with the Swedish Tax Agency (STA). The registration must be made no later than 15 months after the end of the financial year in which the registration obligation arose, i.e. no later than 31 March 2026 for calendar-year filers that are subject to Pillar Two in 2024.

Furthermore, a Swedish CE must file a GloBE Information Return (GIR) notification if another CE files the GIR. The due date for the GIR notification is 18 months after the financial year end (15 months for subsequent years), i.e., the same due date as the GIR itself.

The STA has opened the registration and GIR notification process. Both the registration and GIR notification are done electronically using the e-service on the STA's website. The natural person making the filing must login with his/her electronic ID such as the Swedish Bank-ID. However, neither the registration nor the GIR notification require an authorized signatory to sign or file. Thus, PwC Sweden can file on behalf of CEs in scope.

Registration

The registration is a one-off requirement and will not have to be repeated every year. However, any changes to the information that has been registered (for example, change of Ultimate Parent Entity) must be reported by the CE to the STA within two weeks. If new CEs join the MNE Group at a later stage, they must also register with the STA (or change their previous registration if they were in scope of Pillar Two also before joining the group).

The information to be provided is fairly limited and it is generally possible to include multiple CEs in the same registration.

Administrative

Sweden

Pillar Two Registration due 31 March 2026 (continued)

GIR notification

The GIR notification is an annual requirement and relevant when central filing of the GIR is available. Central filing is dependent on another Swedish CE filing the GIR, or that a qualified competent authority agreement (QCAA) is in place between Sweden and the filing CE's jurisdiction.

Where central filing is available, all Swedish CEs must submit the GIR notification. Similar to the registration process, multiple CEs can generally be included in the same GIR notification

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Judicial

USA

US Supreme Court invalidates IEEPA tariffs

The US Supreme Court on 20 February issued its [decision](#) resolving a challenge to President Trump's authority to impose tariffs under the International Emergency Economic Powers Act (IEEPA). In a 6-3 ruling, the Court held that IEEPA does not provide statutory authority for the President to impose tariffs, emphasizing that the Constitution assigns to Congress the power to "lay and collect Taxes, Duties, Imposts and Excises." Although IEEPA permits the President to 'regulate' importation during a declared national emergency, the Court concluded that this language does not clearly authorize the imposition of tariffs. Applying separation-of-powers principles, the Court reasoned that the authority to impose broad-based tariffs is a matter of "economic and political significance" that requires clear congressional authorization.

The decision included concurring and dissenting opinions addressing the scope of executive emergency powers and the proper application of the major questions doctrine.

For more information, please read our [Tax Insight](#).

- **Operational impact:** Beyond the legal implications, the real challenge now is operational. Companies will need to rapidly model which IEEPA tariffs may be refundable and quantify their opportunity, because any refund process is likely to be highly congested. Customs brokers will be under significant strain, with limited capacity to manage a surge of refund claims across thousands of importers. Those that move quickly, with clear data and a defined strategy, could be better positioned to get in front of the line as refund mechanisms take shape.
- **Customs capacity facing companies:** Even where tariff refunds may be available, many companies will face internal capacity constraints. Customs and trade compliance teams are already stretched managing day-to-day filings, enforcement activity, and ongoing tariff changes. Layering a large-scale refund exercise on top, requiring detailed entry reviews, coordination with brokers, and tight procedural deadlines, could be challenging without additional resources or external support. Companies that underestimate this workload risk timing delays to their financials while creating potential compliance issues if they request refunds on the wrong tariff lines.
- **Planning actions for companies:** For the portion of IEEPA tariffs that may be refunded, companies should focus on three critical considerations. First, robust modeling is essential to understand true opportunity and eligibility at the entry level. Second, CFOs should consider the timing of potential refunds given procedural and capacity constraints. Third, execution risk is real; customs brokers and in-house trade compliance teams already are operating at capacity, and the added volume of refund activity could strain processing timelines. Companies that plan across all three dimensions may be better positioned to recover value.

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Treaties

Singapore

Singapore-Taiwan tax treaty enters into force

A new 'Agreement between the Singapore Trade Office in Taipei and the Taipei Representative Office in Singapore for the Elimination of Double Taxation with respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance' entered into force on 13 February 2026 and is effective 1 January 2027. It replaced an earlier agreement in effect since 1 January 1982.

Among other changes, the new agreement lowers the withholding tax rates on dividends and royalties. It also contains articles on interest and capital gains, which were absent in the previous agreement.

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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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