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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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:

Portal Combat 2: Pillar Two compliance post-mortem

Doug McHoney (PwC's International Tax Services Global Leader) is joined by Pat Coughlin, a Chicago-based tax director in PwC's Quantitative Solutions and Technologies Practice within International Tax Services and a former Notre Dame running back. Doug and Pat discuss the June 30, 2026 Pillar Two compliance deadline, including PwC's experience filing more than 50,000 returns with a success rate above 99%. They dive into how business rules and filing capabilities were built across dozens of jurisdictions, what late portals and conflicting validations revealed about the system, why the OECD and local tax authorities should act quickly on timely-filed GIR relief, a longer 2025 filing deadline, clearer amended-return mechanics, and broader simplification. They close with practical advice for 2025: start now, focus on calculations, and narrow review to the sections that matter most.

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Welcome Video

Geoff Jacobi, Managing Director of International tax services shares some of the highlights from the latest edition of International Tax News

In this issue

Legislation

Australia

Additional Pillar Two Rule amendments

Amendments to Australia's Global and Domestic Minimum Tax Rules recently were made to ensure the effective operation of Pillar Two top-up taxes in Australia. These minor amendments ensure consistency with the OECD rules and guidance, and includes incorporation of elements of the Agreed Administration Guidance released in December 2023, June 2024, and January 2026.

The Amending Rules make amendments to:

- The Flow-through Entity income allocation rules and related definitions;
- The Blended Controlled Foreign Corporation (CFC) Allocation Key ensuring that Covered Taxes under Blended CFC Tax Regimes are allocated consistently across all relevant entities and jurisdictions, including those that are not Constituent Entities, and to permanent establishments (PEs);
- Modify the substitute loss carry forward rule;
- Extend the transitional period for the Transitional CbCR Safe Harbour by 12 months to cover fiscal years that begin prior to 31 December 2027 and end before 1 July 2029 to align with the OECD agreement in January 2026;
- Ensure that for the purposes of applying the tests under the CbC Safe Harbour, the relevant calculation is adjusted as necessary so that the income and associated taxes of qualifying Investment and Insurance Investment Entities are appropriately allocated to their Constituent Entity-owner; and
- Ensure the Qualified Domestic Minimum Top up Tax (QDMTT) Safe Harbour also captures Stateless Constituent Entities created in a QDMTT jurisdiction that is also eligible for the QDMTT Safe Harbour.

As these amendments align Australian Pillar Two law with the OECD rules, they apply retroactively to fiscal years commencing on and after 1 January 2024.

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Legislation

Australia

Parliament receives foreign-resident CGT reform proposals

The Australian Government introduced legislation that will reshape how foreign residents are taxed on capital gains connected to Australian land and natural resources. These reforms materially broaden the Australian foreign resident capital gains tax (CGT) base by introducing a new statutory definition of real property and a broadened scope for taxable Australian real property that is likely to bring a wider range of infrastructure, energy and resource-related assets and rights within scope, and to reduce the uncertainty that previously arose from differing Australian State and Territory treatments.

Recognising the importance of foreign investment to Australia's energy transition, a targeted, time-limited 50% CGT discount would apply to certain foreign investors that dispose of eligible Australian renewable energy assets from commencement of the law until 30 June 2030.

Additionally, the amendments propose a revised principal asset test that applies to determine whether a foreign resident's non-portfolio membership interest in an entity (for example, shares in a company or units in a trust) is subject to Australian CGT, and new vendor notification obligations for large share or unit transactions of over AUD 50 million.

The new rules would apply on a prospective basis to CGT events happening on or after the first quarter that commences after the Bill receives Royal Assent - which could be as early as 1 October 2026.

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

Although there is no longer any element of general retrospectivity (as was initially proposed in the draft law issued in April 2026), the measures would apply to investments that are already held at commencement and absent any transitional cost base relief. Foreign investors should review their Australian holding structures and investments and consider the impact that these changes may have on any subsequent divestment.

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Legislation

Dominican Republic

Dominican Republic raises corporate rate, adds withholding taxes and accelerated depreciation

The Dominican Republic Government, on 18 June 2026, enacted Law No. 30-26 on Economic Growth Measures, Fiscal Simplification, and Mitigation of the International Crisis. The law introduces a broad package of tax measures intended to promote economic growth, simplify tax administration, strengthen tax compliance, and support fiscal consolidation. The law entered into force the day after its publication on 19 June 2026.

Among the measures most relevant to multinational enterprises are a temporary increase in the corporate income tax rate for certain large taxpayers; new withholding tax rules applicable to cross-border royalties, technical assistance, software licenses, online advertising services, and data storage; an accelerated depreciation regime for qualifying machinery and equipment; and various measures intended to strengthen tax administration and compliance.

For more information see our Insight.

Multinational groups with operations or investments in the Dominican Republic should consider:

- evaluating whether the temporary 30% corporate income tax rate will apply to their Dominican Republic operations;
- reviewing existing cross-border service, royalty, software licensing, online advertising, and data storage arrangements considering the new withholding tax rules;
- assessing opportunities to benefit from the accelerated depreciation regime for qualifying capital investments; and
- identifying whether any outstanding tax controversies or liabilities may qualify for relief under the temporary tax amnesty.

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Legislation

Greece

Tax treatment of carried interest: Alternative Investment Funds & Third-Country Investment Funds

Articles 96-98 of Law 5313/2026 introduce legislative provisions that significantly broaden the framework for the taxation of carried interest and enhance Greece's attractiveness as a center for the provision of alternative investment services.

Specifically, they regulate:

- The extension of the favorable taxation of carried interest to employees of Greek companies providing services to Alternative Investment Fund (AIF) managers (EU and third countries).
- The introduction of a preferential tax rate of 5% (instead of 15%) under specific cumulative conditions.
- The recognition of the deductibility of carried interest as a business expense.
- The establishment of an explicit provision that no place of effective management and no permanent establishment is created in Greece for EU/third-country AIFs, as well as for their managers.

Also, Article 94 of Law 5313/2026 introduces amendments to Articles 5A and 5B of the Income Tax Code (Law 4172/2013), which govern the alternative taxation of foreign individuals and pensioners who transfer their tax residence to Greece.

More particularly,

- The payment deadline for both the €100,000 lump-sum tax (Article 5A) and the 7% flat tax (Article 5B) move from July to the last working day in December.
- The rule requiring payment of the first year's tax within thirty days of approval is abolished.
- Under both regimes, the 31 March deadline for filing the inclusion application—and the related examination deadlines—is removed.
- The reference to the tax assessment act is updated to match the new Tax Procedure Code (Law 5104/2024).
- Authority to issue the relevant regulatory decision passes exclusively to the Governor of the Independent Authority for Public Revenue (AADE).

Law 5313/2026 (Articles 96-98) strengthens Greece's position as a hub for alternative investments by extending the favorable carried interest tax to employees of Greek entities servicing European Union and qualifying third-country AIF managers, introducing a preferential 5% tax rate (vs 15%) for relocating professionals, and expressly recognizing carried interest as a deductible business expense.

Importantly, the new framework provides legal certainty by confirming that neither a place of effective management nor a permanent establishment is triggered in Greece for foreign AIFs, their managers, their unitholders, or 95%-held entities, by reason of management, portfolio management or advisory services provided locally. The regime is also notably extended to third-country funds established in cooperative states under IOSCO-supervised managers.

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Legislation

Hong Kong

Hong Kong bill strengthens CRS administrative framework

The Inland Revenue (Amendment) (Automatic Exchange of Information) Bill 2026 (Bill), as amended by the committee stage amendments (CSAs), passed its third reading in the Legislative Council on 17 June 2026. The CSAs are technical in nature and intended to enhance the clarity of the relevant provisions. The amendment ordinance was gazetted on 26 June 2026 (new law).

The new law introduces three key changes to Hong Kong's administrative framework for automatic exchange of information (AEOI) under the Common Reporting Standard (CRS): mandatory registration for reporting financial institutions (RFIs), updated record-keeping and notification obligations, and strengthened sanctions for non-compliance. These changes will take effect on 1 January 2027.

These amendments were introduced in response to comments and deficiencies identified in the OECD's 2024 second-round peer review of Hong Kong's AEOI regime. Passage of the Bill before the OECD's 30 June 2026 deadline should help Hong Kong secure a favourable rating.

For more information see our PwC Tax Alert.

The new law brings Hong Kong's CRS regime into closer alignment with evolving OECD requirements on transparency and enforcement. With the new requirements taking effect from 1 January 2027, RFIs should review their existing policies and procedures and make any necessary changes to ensure compliance.

In particular, the strengthened penalty regime, under which penalties may be linked to the number of financial accounts involved, could materially increase RFIs' financial exposure. Additionally, the availability of administrative penalties as an alternative to prosecution may heighten enforcement risk.

The new law is only the first phase of broader changes to Hong Kong's AEOI regime. More substantive changes under the amended CRS are being introduced under a separate bill targeted to take effect on 1 January 2028. RFIs should therefore begin preparing for these operational changes.

As a member of the OECD's Asia Initiative, Hong Kong's Inland Revenue Department has highlighted in a recently published report that CRS information has supported audit selection, helped identify unexplained wealth, and strengthened tax collection and enforcement. The forthcoming implementation of the amended CRS and the Crypto-Asset Reporting Framework will further enhance transparency, particularly in relation to crypto-assets.

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Legislation

Hong Kong

Bill on enhanced maritime services tax concessions and new commodity trading tax concession gazette

Following the July 2025 legislative proposals, the bill that seeks to (1) enhance the existing tax concessions for the maritime services industry and (2) introduce a half-rate tax concession for physical commodity trading (Bill) was gazetted on 12 June 2026.

Subject to the Bill's passage, both the proposed enhanced tax concessions for maritime services industry and the proposed new tax concession for physical commodity trading would apply from the year of assessment (YoA) 2025/26.

For more information see our PwC Tax Alert.

Overall, the proposed enhancements to the existing maritime services tax concession regimes, together with the proposed new concession for physical commodity traders, are positive measures that support Hong Kong's broader objective of consolidating its status as an international maritime centre, aligning with one of the policy directions set out in the First Five-Year Plan for Economic and Social Development of the Hong Kong Special Administrative Region.

However, as the Bill is still under legislative scrutiny while intended to take retrospective effect from YoA 2025/26, uncertainty remains as to how the concessions would be claimed in practice during the transition period. This is particularly relevant given that the 2025/26 tax filing season is already under way. It would therefore be helpful for the Inland Revenue Department to issue guidance in the near term.

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Legislation

Poland

Changes to the MDR provisions

The President recently signed an amendment to the Act, which could have a significant impact on taxpayers. This legislation introduces several changes to the provisions on providing information on tax schemes, the Mandatory Disclosure Rules (MDR) (Section III, Chapter 11a of the Tax Ordinance), with an effective date of 1 October 2026. Key changes include:

- exclusion of reporting of so called domestic tax schemes (country-specific);
- amendments to key definitions, including the definition of the main benefit test;
- 'elimination' of other specific hallmarks;
- exclusion of value added tax and excise duty from the material scope of the MDR provisions;
- changes concerning entities bound by professional secrecy, including the
- mechanisms for reporting tax schemes where such entities are involved;
- merging the roles of promoter and supporter;
- changes to the manner and deadlines relating to fulfilling reporting obligations by relevant obligated entities;
- allowing MDR 3 to be signed by a proxy and introducing a single deadline for submitting said information;
- abolishing the obligation to submit MDR 2 notifications;
- excluding the possibility of obtaining individual tax rulings relating to reporting of tax schemes.

Despite initial plans, the legislator ultimately decided not to reduce penalties (fines) for non-compliance or delayed compliance with MDR reporting obligations.

The Act introduces numerous transitional provisions. Given the effective date of the changes (1 October 2026), it is important to conduct a detailed analysis of their impact on tax schemes identified prior to this date. Taxpayers should verify whether existing schemes are still subject to reporting and if the method of their handling changes.

Changes in definitions (e.g. the main benefit test), the elimination of certain specific hallmarks from the material scope of the MDR provisions, may significantly impact the qualification of tax schemes. Therefore, even if there is no longer a formal obligation to have specific internal procedures, it remains critical to retrain personnel and update internal guidelines for MDR identification and reporting.

Taxpayers should consider a proactive approach and commencing work on adapting to the new regulations now to avoid the risk associated with high penalties and to ensure continuous compliance.

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Administrative

Singapore

Foreign income not considered taxable when used to pay dividends

The Inland Revenue Authority of Singapore (IRAS), on 1 July 2026, published a summary of an advance ruling dealing with the issue of whether a Singapore company's use of its foreign-sourced dividend income to pay one-tier tax exempt dividends to its Singapore shareholder is regarded as causing the foreign dividend to be received or deemed received in Singapore under section 10(25) of the Income Tax Act 1947. The IRAS ruled that it does not, provided there is no remittance or transmission of the funds into Singapore and the transaction is not a tax avoidance scheme.

Advance ruling summaries are not binding on the IRAS except in respect of the applicant and should be relied on with caution.

The use of foreign income to pay dividends is a popular strategy since, if properly executed, it permanently extinguishes the Singapore tax liability on foreign income. Taxpayers contemplating such a transaction may similarly consider seeking an advance ruling from the IRAS for certainty.

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Judicial

Singapore

Tax avoidance cases

From 2021 to 2025, the Inland Revenue Authority of Singapore (IRAS) invoked its anti-avoidance powers on 124 occasions. All but one of the cases involved taxpayers extracting profits as tax-exempt dividends or interest-free shareholder loans. Two judgments dealing with such arrangements were published in June 2026 :

- The High Court case of Tan Chek Jin Adrian and others v Comptroller of Income Tax [2026] SGHC 132 dealt with the issue of whether the taxpayers, who are medical professionals, had arranged their business in such a way that one of the main purposes was to avoid tax.
- The Board of Review in ZYT v The Comptroller of Income Tax [2026] SGITBR 3 considered whether the Comptroller was justified in invoking section 33 of the Income Tax Act 1947 to disregard a company used by an ophthalmologist to channel her earnings. The issue was whether the income she received as salary and one-tier tax exempt dividends should instead be treated and taxed as her employment income.

The IRAS has invoked the anti-avoidance rules in these cases where it regards the taxpayer as conducting transactions or adopting a business structure with a main purpose of avoiding tax. Taxpayers should review the judgments and ensure that they can justify their business arrangements with commercial rationale, preferably on a contemporaneous basis.

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Judicial

Switzerland

Foreign single-investor funds recognised as exempt investors

The Federal Supreme Court on 2 June 2026, issued an important judgment on Swiss securities transfer tax. The decision addresses the question of whether a Liechtenstein single-investor fund – i.e., a Liechtenstein collective investment scheme with only one investor – qualifies as securities transfer tax exempt investor. Below, we explain the decision and its implications for securities dealers and investors from a securities transfer tax perspective.

The transfer of taxable securities ownership for consideration is subject to Swiss securities transfer tax if a securities dealer for Swiss securities transfer tax purposes is involved in the transaction as a contracting party or intermediary. The securities dealer is generally liable for half the tax for each contracting party that does not identify itself as a registered securities dealer or as an exempt investor. Exempt investors include, among others, domestic and foreign collective investment schemes. Therefore, a fund's qualification as an exempt investor is of central importance. Until now, it was disputed whether the qualification as an exempt investor also applied to Liechtenstein single-investor funds.

The Federal Supreme Court ruled that the Liechtenstein single-investor fund qualifies as a foreign collective investment scheme and therefore as an exempt investor. The court essentially argued as follows:

- The Stamp Duty Act contains two separate, independent exemption provisions: one for domestic and one for foreign collective investment schemes. The requirements for domestic funds cannot simply be transferred to foreign funds.
- The legal definition of foreign collective investment schemes is deliberately broader than that for domestic ones. This is evident both from the systematic structure of the law and from the parliamentary debate, which explicitly referred to single-investor funds from Liechtenstein and Luxembourg.
- The Federal Supreme Court also relied on Circular No. 24 of the SFTA itself, according to which foreign single-investor funds are accepted for Swiss tax purposes, provided the competent foreign supervisory authority accepts them. The Liechtenstein supervisory authority is listed on the relevant SFTA list. All Liechtenstein funds, and consequently also Liechtenstein single-investor funds, are subject to supervision by the Liechtenstein Financial Market Authority (FMA) and therefore qualify as investors exempt from Swiss securities transfer tax.

The decision clarifies a significant issue for the financial center: Foreign single-investor funds qualify as investors exempt from Swiss securities transfer tax if they are accepted as collective investment schemes by the competent foreign supervisory authority – regardless of whether the individual investor would be considered a qualified investor under Swiss law.

Affected securities dealers and investors check whether Swiss securities transfer tax was wrongly levied in the past in connection with foreign single-investor funds and whether refund claims can be made.

The Federal Supreme Court also did not have to rule on what form of supervision is required for a single-investor fund abroad to qualify as a foreign collective investment scheme. Therefore, consider a case-by-case assessment.

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Judicial

United States

Court rejects Treasury's GILTI regulation

The United States Court of Federal Claims on 2 July 2026, resolved cross-motions for summary judgment in Keysight Technologies, Inc. & Subsidiaries v. United States, No. 25-137. The case addressed whether Treasury had authority to promulgate Reg. 1.951A-2(c)(5), which limits deductions attributable to 'disqualified basis' in computing global intangible low-taxed income (GILTI) under Section 951A.

The court granted Keysight's partial motion for summary judgment and denied the government's cross-motion. Applying a post-Loper Bright framework, the court held that Treasury lacked authority to promulgate the regulation and that Treasury's interpretation of 'properly allocable' was not persuasive under Skidmore v. Swift & Co.

The decision is one of the first to interpret the scope of the Treasury Department's regulatory authority under Section 7805(a) after the Supreme Court overturned Chevron in Loper Bright Enterprises v. Raimondo.

The opinion reinforces the post-Chevron principle that courts, not agencies, decide statutory meaning. It also illustrates that Treasury's interpretation may receive little or no persuasive weight under Skidmore when the court finds reasoning, consistency, and statutory footing lacking.

Because this is a trial-level refund decision, taxpayers should evaluate its relevance in light of their own facts, procedural posture, and any further appellate developments. The opinion also could be relevant to taxpayers with open GILTI years, pending refund claims, or disputes in which Treasury relies on broad rulemaking authority rather than a specific statutory delegation.

For more information see our PwC Tax Insight.

Taxpayers whose fiscal-year controlled foreign corporations (CFCs) may have been subject to the disqualified basis rules due to transactions occurring during the 'GILTI gap period' in 2018 should consider whether the court's holding may affect current or prior years, including by reviewing documentation supporting the relationship between deductions and gross tested income. Additionally, taxpayers considering the validity of other regulations should evaluate the relevance of the court's reasoning to the basis for which Treasury and the IRS have asserted authority to promulgate those other regulations.

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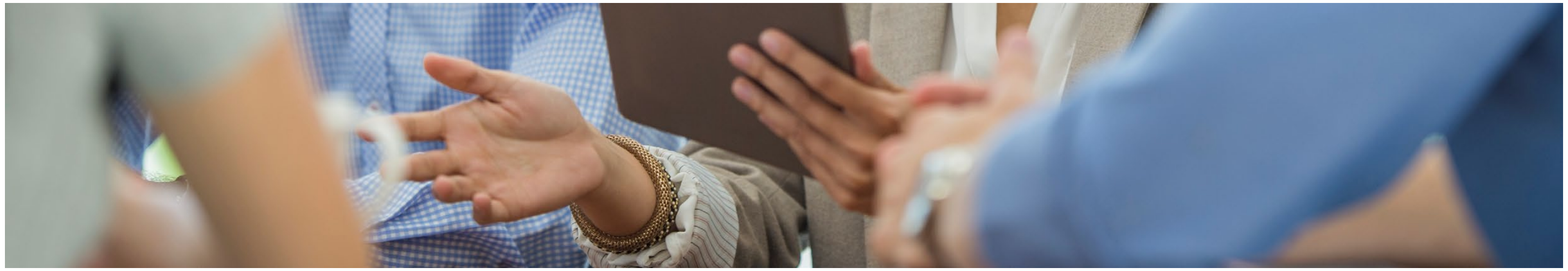

EU/OECD

European Union

European Commission publishes its first review report on the Foreign Subsidies Regulation

The European Commission has published a report on the implementation and enforcement of the Foreign Subsidies Regulation (FSR), setting out its first assessment of how the regime has operated since becoming applicable in 2023 and signaling that while it believes the FSR does not need structural changes, it may introduce targeted procedural refinements. This study is based, in part, upon a much longer FSR Review Study that also has been published and contains interesting insights on the first years of the FSR.

The report confirms that the FSR remains a central EU tool for addressing distortive foreign subsidies in the EU internal market and that no structural overhaul is currently envisioned. At the same time, the Commission notes stakeholder feedback that the existing framework can be administratively burdensome in practice, particularly for transactions and public procurement procedures requiring the collection and reporting of extensive foreign financial contribution (FFC) data. That FFC data would include not just direct subsidies, but many tax incentives, tax credits, and tax reliefs offered by any level (federal, state, local) of a non-EU government.

For more information see our PwC Tax Policy Alert.

Businesses involved in M&A, public procurement, and cross-border group financing in the European Union should continue to assess their FSR exposure under the current rules while keeping an eye on possible procedural simplifications in the future. Companies should nonetheless be prepared for possible adjustments, especially in relation to internal data collection, governance frameworks for tracking FFCs, and transaction planning, since any future reform could focus more on simplifying compliance than on reducing the scope of the regime.

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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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