International Tax News

Start

May 2026

www.pwc.com/its

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:

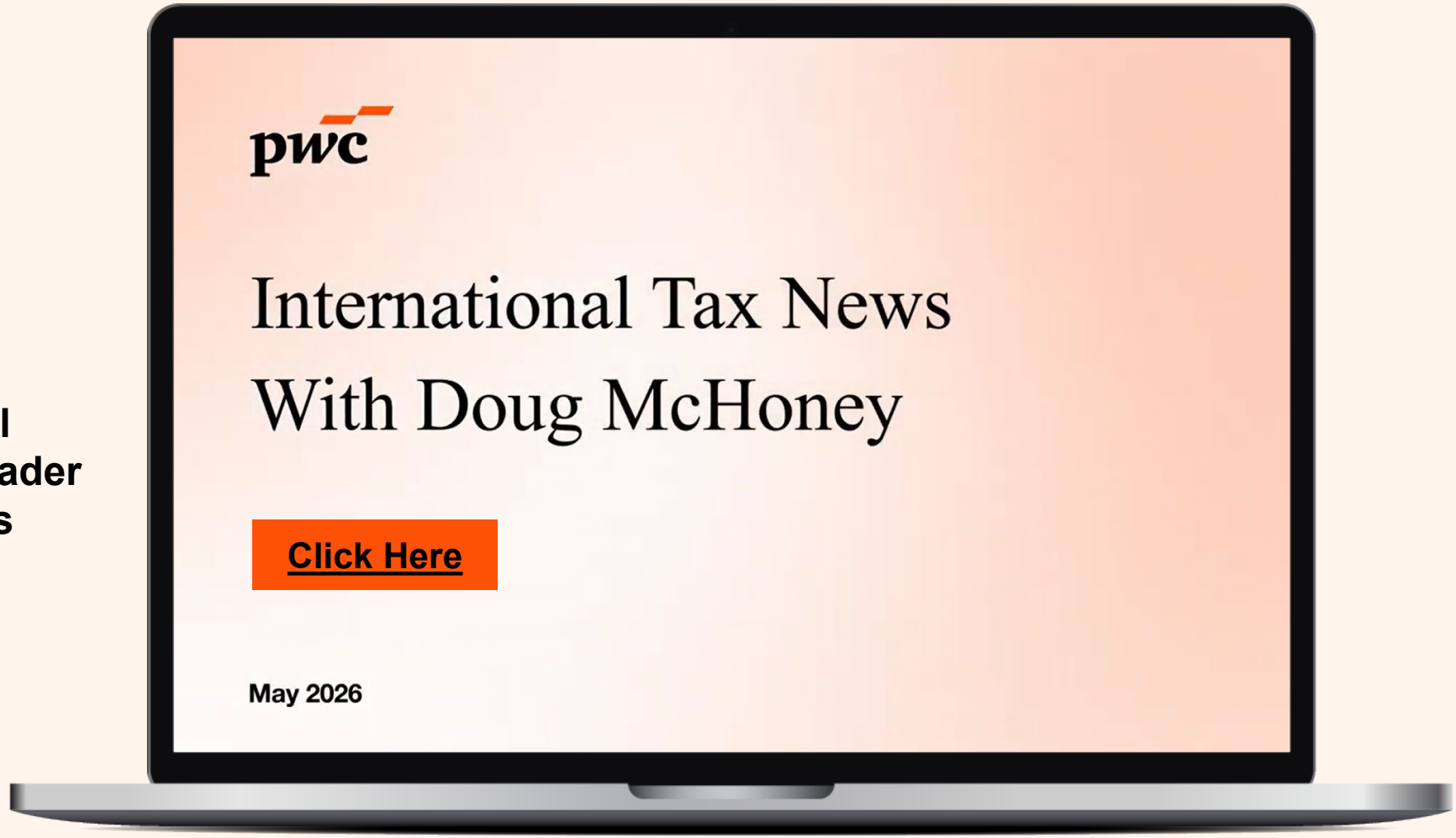
Portal Combat: Pillar Two forms, deadlines, and the fight for certainty

Doug McHoney is joined by Will Morris, PwC's Global Tax Policy Leader, at PwC's Asia-Pacific Global Tax Symposium in Hong Kong. Will previously chaired the Business and Industry Advisory Committee (BIAC) Tax Committee for 10 years. Doug and Will discuss the acute uncertainty surrounding Pillar Two filing readiness as initial 2024 calendar-year deadlines approach, including the OECD's May 18, 2026, common understanding document, GIR central filing, local filing portals, XML schema differences, penalty relief, safe harbor elections, QDMTT and top-up tax returns, taxpayer outreach to BIAC, the OECD, and national governments, the OECD implementation toolkit, 52/53-week fiscal-year UTPR guidance, and unresolved dispute resolution questions.

Douglas McHoney
Global Leader - International Tax Services Network
+1 314-749-7824
douglas.mchoney@pwc.com

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

United Arab Emirates (UAE)

UAE introduces Research & Development Tax Credit framework

On 18 March 2026, the UAE Ministry of Finance published Cabinet Decision No. 215 of 2025 and Ministerial Decision No. 24 of 2026 introducing an R&D Tax Credit framework for UAE Corporate Tax and Pillar Two Top-up Tax purposes, effective for tax periods or fiscal years commencing on or after 1 January 2026.

The framework is available to UAE juridical persons, including Free Zone Persons, and foreign juridical persons with a Permanent Establishment in the United Arab Emirates that are subject to UAE Corporate Tax or Top-up Tax. Entities not subject to UAE CT or Top-up Tax, and those that have elected for Small Business Relief, are not eligible. The R&D Tax Credit rates are tiered, 15%, 35%, and 50% on Qualifying R&D Expenditure based on expenditure thresholds and minimum R&D staff requirements, with an overall cap of AED 2 million per tax period under Phase 1. The credit is non-refundable and can offset UAE CT and/or Top-up Tax liabilities, with unutilised credits available for carry-forward or transfer subject to conditions.

Qualifying R&D Activities must be conducted in the United Arab Emirates, form part of a Qualifying R&D Project, and satisfy the criteria set out in the OECD Frascati Manual (novel, creative, uncertain, systematic, and transferable or reproducible). Activities in social sciences, humanities, and the arts are excluded.

Qualifying R&D Expenditure includes staff costs, consumables, subcontracting costs, arm's length costs under cost contribution arrangements, and capitalised costs for internally generated intangibles, with a minimum project expenditure threshold of AED 500,000.

Pre-approval for each Qualifying R&D Project must be obtained from the Emirates Research and Development Council, and the R&D Tax Credit claim must be submitted as part of the Tax Return filing along with prescribed supporting documentation.

Businesses conducting R&D activities in the UAE should take immediate steps to evaluate their eligibility for the R&D Tax Credit. The MoF has described the current framework as Phase 1, signalling potential enhancements including refundable tax credits and expanded qualifying expenditure in Phase 2.

Charles Collett
United Arab Emirates
+971 54 793 4780
charles.c.collett@pwc.com

David van der Berg
United Arab Emirates
+971 50 703 5015
david.van.der.berg@pwc.com

Anil Pabbisetty
United Arab Emirates
+971 50 718 5265
anil.pabbisetty@pwc.com

Legislation

Canada

Canada releases draft legislation to defer the UTPR

On 6 May 2026, the federal government tabled Bill C-31. This Bill includes legislation that amends the Global Minimum Tax Act (GMTA) to implement the Undertaxed Profit Rule (UTPR), for which draft legislation was initially released by the Department of Finance on 12 August 2024.

The key change in Bill C-31 as it relates to the UTPR (as compared to the 12 August 2024 draft legislation) is that the UTPR's effective date is deferred by one year, so that the rules will apply to in-scope multinational groups for fiscal years that begin after 30 December 2025.

Bill C-31 also extends the 'transitional country by country reporting (CbCR) safe harbour' by one year so that it is available for fiscal periods that begin before 1 January 2028 and end before 1 July 2029. It also introduces the 'side by side safe harbour' and 'ultimate parent entity (UPE) safe harbour.'

For more details, see our Tax Insights 'Bill C-31 implements the undertaxed profits rule' and 'Bill C-31 amends the Pillar Two rules and introduces new Pillar Two safe harbours' at https://www.pwc.com/ca/taxinsights

The deferral of the UTPR effective date is beneficial to multinational groups with Canadian subsidiaries where the UPE's jurisdiction has not enacted Pillar Two rules. Taxpayers should consider whether Canada's UTPR might ever apply to their group as a result of this deferral and the proposed 'side by side safe harbour' and 'UPE safe harbour.'

Kara Ann Selby
Canada
kara.ann.selby@pwc.com

Michael Black
Canada
Michael.c.black@pwc.com

Legislation

Chile

Chilean tax bill would lower corporate rate, integrate tax system, and provide stability regime

What happened?

The Chilean Government has submitted to the House of Representatives the 'Bill for National Reconstruction and Economic and Social Development,' a 203-page document that identifies key measures to advance the government's agenda, including proposals for tax reform.

Why is it relevant?

Among other measures, the Bill includes a gradual reduction of the corporate income tax rate from 27% to 23%; restates the full creditability of the Chilean corporate income tax against the 35% withholding tax applicable on dividend payments to non-resident shareholders; proposes a new framework under which foreign investors could agree with the Chilean Government that applicable tax rules remain unchanged for a specified period of time (i.e., tax stability regime); and eliminates the 10% tax on capital gains realized on the disposition of shares traded in the Chilean stock market.

For more information , please see our Tax Insight.

Actions to consider

Multinational companies with presence in Chile should monitor the legislative process to assess whether there may be changes in the current tax system that could impact their structures and transactions.

Maria Bel
United States
(646) 637-2461
maria.j.bel@pwc.com

Luis Vargas
United States
(347) 325-4171
maximo.l.vargas@pwc.com

Loreto Pelegri
Chile
+56 9 98379243
loreto.pelegri@pwc.com

Legislation

Panama

Substance compliance requirements for Panamanian offshore entities

The Ministry of Economy and Finance on April 30, 2026, introduced a bill to amend the Panamanian Tax Code. The bill would impose tax on certain foreign-source passive income earned by entities established or domiciled in Panama, and that belong to multinational groups that do not demonstrate sufficient economic substance in Panama.

The bill has not yet been approved by the Legislative Assembly and therefore has not completed the steps required to become law.

This bill represents a significant change in Panama's tax framework, directly affecting multinational entities that use Panama as a regional platform. Under the bill, the regime would apply starting in the fiscal period after enactment. Panama's territorial tax system would remain in place; however, the bill would require entities that earn foreign passive income through Panama to show real activity and meet minimum economic substance requirements in Panama.

Companies should undertake a comprehensive review of their Panama holding structures to assess exposure to the new regime, identify economic substance gaps, and define appropriate steps before the law potentially enters into force

Yaremis Pérez
Panama
(+507) 2069217 Ext. 1300
yaremis.perez@pwc.com

Jorge Zamora
Panama
(+507) 2069200
jorge.j.zamora@pwc.com

Juan Carlos Quintero
Panama
(+507) 2069200 Ext. 1307
juan.c.quintero@pwc.com

Administrative

Cyprus

Cyprus: 2026 list of EU non-cooperative jurisdictions and low tax jurisdictions

On 9 April 2026 the Cyprus Tax Authorities (CTA) issued a circular which lists the jurisdictions that constitute low-tax jurisdictions (LTJs) for 2026 in accordance with:

- Article 2 of the Income Tax Law (ITL) as amended; and
- Article 2 of the Special Contribution for the Defence Law (SDCL) as amended.

This follows the European Union publishing its updated list of EU non-cooperative jurisdictions for tax purposes (BLJs) in February 2026. Now there is a more comprehensive picture of which jurisdictions are subject to the Cyprus BLJ and LTJ provisions in 2026.

For more details regarding Cyprus' BLJ and LTJ provisions that are relevant for interest, royalties and dividends between related companies, please refer to our previous newsletter.

In detail:

The circular notes that for in-scope interest, royalties, and dividends from Cyprus for 2026 the provisions of:

a) the ITL regarding the non-deductibility of interest and royalty expenses for ITL purposes for the Cyprus tax resident, and

b) the SDCL regarding the 5% withholding of SDC on dividend payments from Cyprus,

apply with respect to the LTJs listed in the relevant table below. There is an exception for Anguilla and Vanuatu, for which the Cyprus BLJ provisions apply in 2026 instead, for as long as they remain on the EU BLJ list.

Although point (a) above refers only to the Cyprus tax resident that has interest or royalty expense, the Cyprus LTJ non-deductibility provisions may equally apply to Cyprus permanent establishments of non-Cyprus tax-resident companies.

CTA list of LTJs for 2026

Anguilla (note)	Bahamas	Bahrain
Bermuda	British Virgin Islands	Cayman Islands
Guernsey	Isle of Man	Jersey
Turks and Caicos Islands	Vanuatu (note)	

Administrative

Cyprus

Cyprus: 2026 list of EU non-cooperative jurisdictions and low tax jurisdictions (continued)

Note: As mentioned above, whilst Anguilla and Vanuatu remain on the EU BLJs list, the Cyprus BLJ provisions apply to them in 2026 instead of the above-mentioned Cyprus LTJ provisions.

The BLJs applicable to Cyprus for 2026 are set out in the table below. The Cyprus BLJ provisions require a 10% withholding tax on in-scope royalty expenses under the ITL and a 17% withholding tax on in-scope interest expenses and dividends under the SDCL.

BLJs applicable to Cyprus for 2026

American Samoa	Anguilla	Fiji (note)
Guam	Palau	Panama
Russian Federation	Samoa (note)	Trinidad & Tobago (note)
US Virgin Isles	Vanuatu	

Note: For 2026, Fiji, Samoa, and Trinidad & Tobago are BLJs effective 1 January 2026 through 5 March 2026 (on 6 March 2026 the Official Journal of the EU published their removal from the EU list of BLJs), if this date is indeed confirmed in a future CTA circular. The European Union is expected to update the BLJ list once more in 2026. Additional jurisdictions may be removed for purposes of the Cyprus BLJ provisions in 2026.

Cyprus has in effect double tax treaties with Guernsey (LTJ), Jersey (LTJ), Bahrain, and Russia (BLJ), the provisions of which may result in a more beneficial tax treatment than the relevant Cyprus LTJ/BLJ provisions.

Although the Circular was only recently released, the list of LTJs referenced applies from 1 January 2026. It remains to be seen whether the CTA will grant concessions regarding the withholding tax for payments of in-scope dividends to LTJs from 1 January 2026 until the issuance of the Circular.

Taxpayers should revisit their structures and consider the impacts of the Cyprus BLJ and LTJ provisions. They should also consider their tax obligations, such as the need to withhold tax.

Stelios Violaris
Cyprus
stelios.violaris@pwc.com

Christos S Charalambides
Cyprus
christos.charalambides@pwc.com

Eftychios G Eftychiou
Cyprus
eftychios.eftychiou@pwc.com

Administrative

Singapore

Singapore's Pillar Two Registration Portal Opens

Lennon Lee
Singapore
+65 8182 5220
lennon.kl.lee@pwc.com

Tan Tay Lek
Singapore
+65 9179 2725
tay.lek.tan@pwc.com

The Inland Revenue Authority of Singapore (IRAS) has opened the registration portal for in-scope multinational enterprise (MNE) groups under the Multinational Enterprise (Minimum Tax) Act 2024 (MMT Act). With this, MNE groups will take their first step on their Pillar Two compliance journey in Singapore.

In-scope MNE groups must inform IRAS which entity will serve as the Designated Local DTT Filing Entity (DFE) and the Designated Local GloBE Information Return Filing Entity (GFE). This may require cross-functional collaborative decision-making—engaging tax, finance, and legal teams, confirming accountability, and ensuring the appointed entity has the necessary authority, appropriate personnel and data access to fulfil the filing requirements.
For in-scope MNE groups with a financial year that ended on 31 December 2025, the deadline to complete registration is 30 June 2026. Taking action early to obtain the information and internal sign-offs will be critical to meeting the deadline.

Administrative

Peru

Tax Authority rules on indirect transfers of shares involving non-resident holding companies

The Peruvian Tax Authority issued three recent rulings addressing whether certain changes or transactions involving non-resident holding companies qualify as indirect transfers of shares in Peruvian entities for Income Tax purposes.

The rulings state that an indirect transfer requires a transfer of ownership for consideration. Based on this approach, SUNAT concluded that:

1) a change in the place of effective management of a non-resident holding company does not, by itself, trigger an indirect transfer;
2) the distribution of residual assets by a non-resident holding company in a foreign liquidation process does not qualify as an indirect transfer where no transfer for consideration occurs; and
3) the termination of a contractual arrangement involving a foreign entity does not give rise to an indirect transfer if there is no transfer of ownership of the relevant shares.

These rulings are relevant for foreign investors, private equity funds, and multinational groups holding Peruvian assets through offshore structures. They provide useful guidance on how SUNAT may interpret the concept of 'transfer' for purposes of Peru's indirect share transfer rules.

Groups with Peruvian subsidiaries or underlying Peruvian assets should review cross-border reorganizations, migrations of management, liquidation processes, and contractual arrangements involving foreign holding entities to assess whether there is an actual transfer of ownership for consideration. The analysis should be documented before implementing the transaction, particularly where Peruvian assets represent a significant portion of the foreign structure's value.

Gabriela Haro
Peru
+51946411362
gabriela.haro@pwc.com

Judicial

India

Court rules that cross charges without mark-up in a CSA are pure reimbursement

The Bombay High Court recently dismissed the Revenue's appeal and upheld the order of the Income-tax Appellate Tribunal, deleting the disallowance under section 40(a)(ia) of the Income-tax Act, 1961 (the Act), for non-deduction of tax at source (TDS) on cross-charges paid by the taxpayer to its sister concern under a cost-sharing agreement. The court held that the charges represented pure reimbursements of actual costs, without any mark-up or embedded income component, and therefore, are not liable for TDS.

For more information see our Tax Insights.

The decision reaffirms that payments made as pure reimbursements, on a cost to cost basis without markup, do not constitute income in the hands of the recipient and do not attract TDS.

Vikram Surana
Partner on Secondment
+1 347 330 1338
vikram.s.surana@pwc.com

Chengappa Ponnappa
India
+91 98451 88834
chengappa.ponnappa@pwandaffiliates.com

Judicial

India

Physical presence of employees is sine qua non for constitution of service PE

The Delhi bench of the Income-tax Appellate Tribunal has concluded that, in the absence of explicit provisions in the tax treaty, the concept of a virtual service permanent establishment (VSPE) cannot be imported into the tax treaty by implication. The Tribunal further unequivocally affirmed that the physical presence of employees or personnel in India is an essential and indispensable requirement for the constitution of a service PE under Article 5(2)(k) of the India-UK tax treaty.

For more information see our Tax Insights.

The physical presence of employees remains indispensable for the constitution of a service PE under the India-UK tax treaty. The Tribunal reaffirmed that the threshold for a service PE under Article 5(2)(k) of the India-UK tax treaty necessitates the physical presence of personnel in India. Provision of services through electronic or virtual means, in the absence of such physical presence, does not meet the tax treaty requirements, regardless of the nature, scale or strategic significance of the services rendered.

The tax treaty scope cannot be expanded by importing alien concepts (such as VSPE). The Tribunal decisively rejected the Revenue's attempt to invoke the concept of a VSPE, holding that the tax treaty interpretation must remain confined to the express language of the tax treaty. In the absence of specific enabling provisions, extraneous constructs driven by technological evolution or administrative considerations cannot be read into tax treaty obligations, reaffirming the primacy of strict and principled tax treaty interpretation. This is a welcome ruling, providing more clarity on the issue.

Vikram Surana
Partner on Secondment
+1 347 330 1338
vikram.s.surana@pwc.com

Chengappa Ponnappa
India
+91 98451 88834
chengappa.ponnappa@pwandaffiliates.com

Judicial

India

Fee received for access to global online learning platform not treated as FIS under India-US treaty

The Supreme Court dismissed the Revenue's Special Leave Petition against the judgment of the Delhi High Court, affirming the findings of the Income-tax Appellate Tribunal that the services provided by the taxpayer as an aggregator or facilitator for providing Indian customers access to online educational courses and content developed by third party universities and companies through its global e learning platform do not constitute fees for included services (FIS) within the meaning of Article 12(4) of the India-US tax treaty.

For more information see our Tax Insights.

Online platforms that merely aggregate and facilitate access to third party educational or informational content through standardised, automated interfaces are unlikely to be characterised as providing FIS, where they do not themselves render technical or consultancy services. Where no technical knowledge, skill, know how, process, or similar capability is 'made available' to enable the user to apply it independently of the service provider, the consideration cannot be taxed as FIS under Article 12 of the India-US tax treaty.

Vikram Surana
Partner on Secondment
+1 347 330 1338
vikram.s.surana@pwc.com

Chengappa Ponnappa
India
+91 98451 88834
chengappa.ponnappa@pwandaffiliates.com

Judicial

Italy

Luxembourg holding with real substance is not fictitiously interposed in Italian private equity exit, Milan Court rules

The First Tier Italian Tax Court of Milan (decision No. 3525 of 5 September 2025), held that two Luxembourg holding companies acting as intermediate vehicles between Guernsey-based investment funds and an Italian target company could not be regarded as fictitiously interposed within the meaning of Article 37(3) of Presidential Decree No. 600/1973 ('PDI').

The case involved the sale of the entire shareholding in an Italian company through a holding chain consisting of two Luxembourg companies ultimately controlled by Guernsey-based investment funds. The capital gain arising on the sale was recognized in Luxembourg and treated as exempted in Italy under Article 13 of the Italy-Luxembourg tax treaty. The Luxembourg companies then distributed the sale proceeds as dividends to the Guernsey funds.

Following a tax audit by the Italian Tax Police ('Guardia di Finanza'), the latter challenged the Guernsey funds' failure to file an Italian income tax return and the consequent failure to pay the related taxes on the capital gain arising from the sale of the Italian company.

The core allegation was that the two Luxembourg companies were mere conduits interposed to prevent taxation in Italy under Article 37(3) of the PDI.

On this basis, the IRA issued CIT assessment notices, seeking to subject the capital gain to taxation in Italy as miscellaneous income (redditi diversi), applying the then-prevailing CIT rate of 27.5%.

The Court noted that the Luxembourg companies maintained their own offices and staff (albeit limited in size, yet proportionate to the holding activity carried out), held regular board meetings composed of experienced professionals partly resident in Luxembourg, and convened shareholder meetings demonstrating genuine managerial and decision-making autonomy. No automatic mechanism for upstreaming proceeds to the funds had been pre-arranged, and the investment decisions on the proceeds were specifically deliberated in two separate board meetings.

The Court further clarified that fictitious interposition must be distinguished from abuse of law.

While the latter relates to the improper use of an otherwise lawful legal instrument, the former requires evidence that the arrangement is wholly artificial—namely, that it consists of a merely apparent transaction whose purported legal effects are not genuinely intended by the parties, who instead seek to achieve a different substantive outcome.

According to the Court's decision, a holding company domiciled in Luxembourg does not, in and of itself, justify a finding of fictitious interposition.

Entities along the ownership chain, whether headed by multinational groups or private equity funds, must be endowed with adequate economic substance. Otherwise they could face challenges by the Italian tax authorities.

Alessandro Di Stefano
Italy
+39 348 840 8195
alessandro.distefano@pwc.com

Andrea Porcarelli
Italy
+39 340 219 0194
andrea.porcarelli@pwc.com

Giuseppe Fortunato
Italy
+39 342 792 7237
giuseppe.fortunato@pwc.com

Judicial

Italy

Italian Supreme Court confirms that late-filed certifications do not preclude the Parent-Subsidiary Directive withholding tax exemption

The Italian Supreme Court (Order No. 13128/2026) confirmed that the late acquisition of the certification issued by the foreign tax authority does not preclude the application of the withholding tax exemption ('**WHT exemption**') under the EU Parent Subsidiary Directive ('**PS Directive**') on outbound dividends paid by an Italian company to its EU shareholder as long as all the PS Directive substantive requirements are met.

In particular, in the case under discussion, following a tax audit it emerged that the certification issued by the Danish tax authority, attesting that the parent company met the requirements to benefit from the PS Directive, had been obtained by the Italian company only after the dividend payments. On this basis, as the Italian law provides that the documentation shall be obtained before the dividend payment, the Italian Tax Authorities challenged the application of the WHT exemption and issued a tax assessment notice for the omitted WHT.

The Supreme Court, in its decision, has clarified that:

- The deadline to obtain the certification is set in the interest of the Italian entity (as withholding agent), which may waive it, thereby accepting liability should the exemption later prove unwarranted due to the lack of the PS Directive substantive requirements.
- Even if the Italian entity applies the exemption without prior receipt of the certification, the regime remains applicable provided the PS Directive substantive requirements are met, without prejudice to the subsidiary's liability as withholding agent if those requirements are ultimately not met.

Accordingly, the late acquisition of the foreign certification is a formal element which does not preclude application of the PS Directive WHT exemption, provided the PS Directive substantive requirements are met .

This order further confirms the emerging case law trend favouring a substance-over-form approach in the application of the PS Directive WHT exemption regime.

Notwithstanding the above, Italian companies distributing dividends to EU parent companies remain required to comply with all conditions for the PS Directive WHT exemption, including acquiring, prior to the distribution, the certification issued by the parent company's local tax authority attesting the fulfilment of the PS Directive subjective requirements.

However, taxpayers may rely on the principles established by the Supreme Court in pending disputes where the exemption has been denied on purely formal grounds, provided they can demonstrate that the recipient satisfied all the PS Directive substantive requirements at the time of distribution.

Alessandro Di Stefano
Italy
+39 348 840 8195
alessandro.distefano@pwc.com

Andrea Porcarelli
Italy
+39 340 219 0194
andrea.porcarelli@pwc.com

Giuseppe Fortunato
Italy
+39 342 792 7237
giuseppe.fortunato@pwc.com

Judicial

United States

US Court of Appeals rules against Liberty Global citing economic substance doctrine

A three-judge panel of the United States Court of Appeals for the Tenth Circuit (Circuit Court), in a 2-1 opinion filed April 21, 2026, affirmed the District of Colorado's judgment denying Liberty Global, Inc.'s refund claim arising from its 2018 'Project Soy' transactions. The Circuit Court held that the codified economic substance doctrine was relevant to Project Soy and could be applied to disregard the first three steps of the transaction, which the taxpayer stipulated did not meaningfully change its economic position or serve a substantial non-tax purpose.

The Circuit Court held that the economic substance doctrine is 'relevant' where a taxpayer applies the Code provisions to obtain a tax benefit not intended by Congress, and that codification did not narrow application of the doctrine to exclude those transactions. It also signals that courts could analyze an integrated series of steps as a single transaction, even where some component steps resemble basic business transactions in isolation.

For more information, please see our PwC Insight.

Tax departments should reassess transactions that generate favorable tax benefits that may be viewed as not intended by Congress and their underlying documentation. Specifically, they should revisit documentation of non-tax business purposes, the potential analysis by the IRS or a court of the economic substance of individual steps of a transaction as well as the transaction in its entirety, and whether a claimed result could be viewed as relying on a statutory gap.

Wade Sutton
USA
(202) 657-7461
wade.sutton@pwc.com

Laura Williams
USA
(202) 948-5214
laura.elizabeth.williams@pwc.com

Timothy J Lohnes
USA
(202) 375-1662
timothy.lohnes@pwc.com

Treaties

United States

Signing of Protocol to US-Croatia treaty suggests significant development on US treaty program

The United States and Croatia signed a protocol amending the pending US-Croatia income tax treaty on 28 April 2026. The delay in advancing the Croatian income tax treaty, signed in 2022, was due to needed discussions between the US Treasury Department and the Senate regarding an acceptable Double Tax Relief article. A key point of discussion was whether US tax treaties should obligate the United States to provide an indirect foreign tax credit consistent with Section 960. This issue is addressed in the Protocol.

The Treaty was signed on 7 December 2022, but has not yet entered into force. The Protocol makes changes that Treasury believes will facilitate its transmission to the Senate for advice and consent to ratification. No treaties or protocols have advanced to the Senate ratification stage since the ratification of the US-Chile treaty on 22 June 2023. The resolution of coverage of the indirect tax credit could open the door to advance other pending agreements and further treaty negotiations.

One long-awaited agreement is a new or revised treaty between the United States and Switzerland. Although it previously had been reported that the United States and Switzerland had reached agreement on the details of a new or revised treaty, there could be further discussions regarding the Double Tax Relief article in light of the revised approach reflected in the Protocol.

For more information, please see our PwC Insight.

Tax departments should reassess transactions that generate favorable tax benefits that may be viewed as not intended by Congress and their underlying documentation. Specifically, they should revisit documentation of non-tax business purposes, the potential analysis by the IRS or a court of the economic substance of individual steps of a transaction as well as the transaction in its entirety, and whether a claimed result could be viewed as relying on a statutory gap.

Oren Penn
USA
202-413-4459
oren.penn@pwc.com

Steve Nauheim
USA
202-415-0625
stephen.a.nauheim@pwc.com

Eileen Scott
USA
202-445-5283
eileen.m.scott@pwc.com

Treaties

Singapore

Singapore signs multilateral agreement on the exchange of GloBE information

On 14 April 2026, Singapore signed the Multilateral Competent Authority Agreement on the Exchange of Global Anti-Base Erosion Information to facilitate its participation in the central filing of GloBE Information Returns.

Singapore's participation in the central filing is intended to reduce the compliance burden of in-scope Singapore-headquartered multinational enterprises. The Singapore tax authorities assured taxpayers in a media release that their information would be safeguarded and that information will only be exchanged with international partners that have the necessary safeguards in place to ensure confidentiality of the information exchanged and to prevent unauthorised use of such information.

Lennon Lee
Singapore
+65 8182 5220
lennon.kl.lee@pwc.com

Tan Tay Lek
Singapore
+65 9179 2725
tay.lek.tan@pwc.com

Treaties

Singapore

Second Protocol to the Cambodia-Singapore tax treaty enters into force

On 6 March 2026, the Second Protocol to the tax treaty between Singapore and Cambodia entered into force. The protocol was signed on 2 November 2023. Amendments to the treaty include changes to the preamble and the introduction of a new article to incorporate the internationally agreed standards for countering treaty abuse, among other technical amendments.

The amendments are in accordance with the Multilateral Convention to Implement the Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting signed by Singapore on 7 June 2017.

Lennon Lee
Singapore
+65 8182 5220
lennon.kl.lee@pwc.com

Tan Tay Lek
Singapore
+65 9179 2725
tay.lek.tan@pwc.com

Treaties

Singapore

Singapore signs treaty with Bhutan, ratifies treaty with Kenya

Singapore and Bhutan signed a tax treaty on 12 May 2026. The treaty provides for reduced tax rates for dividends, interest, and royalties. It will enter into force when it is ratified by both countries.

The treaty between Singapore and the Republic of Kenya, which was signed on 23 September 2024, entered into force on 20 April 2026, and takes effect on 1 January 2027.

The treaties with Bhutan and Kenya are comprehensive treaties that provide greater clarity on taxing rights and minimise double taxation between the parties to the respective treaties. Businesses doing or intending to do business in Bhutan and Kenya should consider the treaties when planning future investments.

Lennon Lee
Singapore
+65 8182 5220
lennon.kl.lee@pwc.com

Tan Tay Lek
Singapore
+65 9179 2725
tay.lek.tan@pwc.com

OECD/EU

Global - OECD

OECD attempts to address Global Minimum Tax compliance concerns in advance of filing and exchange deadlines

On 18 May 2026 the OECD released a 'common understanding' of jurisdictions that implemented a QIIR and/or QDMTT for the 2024 reporting fiscal year, aiming to mitigate the impact of potential delays in the availability of fully operational GloBE Information Return (GIR) filing portals or exchange relationships for the Global Minimum Tax. Separately, the OECD/G20 Inclusive Framework on BEPS released agreed administrative guidance on the transitional UTPR safe harbour for certain 52/53-week fiscal year multinational enterprise (MNE) groups and updated its Central Record, which lists the jurisdictions whose local implementation of the global minimum tax rules has been assessed as transitionally 'qualified.'

The releases are intended to address practical compliance challenges facing MNEs and tax administrations as the first GIR and local filings approach, with many calendar-year groups facing a 30 June 2026 deadline.

Because the common understanding is generally not self-executing in the signatory countries, and some countries have added further limitations as to its scope, the practical usefulness of the common understanding is limited without further action by implementing jurisdictions.

For more information, please refer to our Tax Policy Alert.

Businesses should monitor whether and how 2024 implementing jurisdictions give effect to the common understanding and the administrative guidance concerning the UTPR safe harbour under domestic law or administrative practice. In the meantime, businesses should continue preparing GIRs, notifications, and domestic returns, confirm where they intend to submit their central filing, and monitor local portal, notification, and exchange guidance as it is released.

Will Morris
United States
+1 (202) 213 2372
william.h.morris@pwc.com

Chloe Fox
Ireland
+353 87 7211 577
chloe.fox@pwc.com

Stewart Brant
United States
+ 1 415 328 5853
stewart.brant@pwc.com

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

Contact us

For your global contact and more information on PwC's international tax services, please contact:

Douglas McHoney
Global Leader - International Tax Services Network
+1 314-749-7824
douglas.mchoney@pwc.com

Geoff Jacobi
International Tax Services
+1 202 262 7652
geoff.jacobi@pwc.com

www.pwc.com/its