

# PRISM

**Tax Newsletter**

**1st Quarter 2026**

- Australia** : Australian Taxation Office (ATO) issues Practice Statement setting out administrative approach in exercising discretion to grant exemptions from Australian Public Country-by-Country (CBC) Reporting obligations
- Bulgaria** : Key Tax Developments in Bulgaria for 2026: Legislative Amendments and Strategic Hot Topics
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# AUSTRALIA

## Australian Taxation Office (ATO) issues Practice Statement setting out administrative approach in exercising discretion to grant exemptions from Australian Public Country-by-Country (CBC) Reporting obligations

Public CBC reporting requires large multinational groups to publicly disclose selected tax and financial information for Australia, specified jurisdictions, and global operations. Applying to periods from 1 July 2024, the first reports are due by 30 June 2026 unless an exemption is granted by the Commissioner of Taxation. The ATO has issued its Practice Statement PS LA 2025/2 setting out the Commissioner's approach. Companies should act quickly to assess disclosure risks, consider eligibility factors such as threshold misalignment due to currency fluctuations, prepare strong evidence and make early submissions to the ATO where they believe the guidelines in PS LA 2025/2 are applicable to their circumstances.

### 澳大利亚税务局（ATO）发布指引，阐述在行使自由裁量权以授予澳大利亚公共国别报告（Public Country-by-Country, CBC）义务豁免时的行政处理方式

公共国别（Public CBC）报告要求大型跨国集团公开披露关于澳大利亚、特定司法管辖区以及全球运营的部分税务和财务信息。该要求适用于自 2024 年 7 月 1 日起开始的报告期，除非获得税务局局长的豁免，否则首份报告须在 2026 年 6 月 30 日前提交。ATO 已发布指引 PS LA 2025/2，阐明局长的审查和裁量方法。企业应迅速行动，评估披露风险，考虑因汇率波动导致的门槛不一致等资格因素，准备有力证据，并在认为 PS LA 2025/2 的指南适用于其情况时尽早向 ATO 提交申请。

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# BULGARIA

## Key Tax Developments in Bulgaria for 2026: Legislative Amendments and Strategic Hot Topics

Bulgaria's tax framework in 2026 combines legislative stability with significant structural developments. While corporate and personal income taxation remain largely unchanged, important amendments have been introduced in VAT. In parallel, Bulgaria implemented the EU global minimum tax (Pillar Two), completed the OECD tax review, and adopted the euro as of 1 January 2026. These changes reshape the compliance landscape and strengthen Bulgaria's alignment with EU and OECD standards. The article outlines the key developments and their practical implications for domestic and multinational businesses.

### 2026年保加利亚主要税收变化及战略性重点议题

2026年，保加利亚税收体系在保持企业所得税和个人所得税稳定的同时，出现了重要的结构性变化。增值税法规进行了关键修订，同时实施了欧盟全球最低税（Pillar Two），完成了经合组织税务审查，并自2026年1月1日起正式采用欧元。这些变化重塑了合规环境，加强了与欧盟及经合组织标准的衔接。本文概述主要税收变化及其对国内和跨国企业的实际影响。

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# CAMEROON

## Cameroon's 2026 Digital Tax Pivot: Navigating the New "SEP" Standard and the End of Simplified Taxation

The 2026 Finance Law introduces the "Significant Economic Presence" (SEP) standard, fundamentally redefining tax liability for non-resident digital entities. Simultaneously, the historic abolition of the Simplified Tax System forces a nationwide migration toward the Actual Tax System (Régime du Réel) for SMEs and the Impôt General Synthétique (IGS) for micro-enterprises.

### 2026年喀麦隆数字税务转向：应对全新的“显著经济存在”标准与简化税务系统的废除

2026年《财政法》引入了“显著经济存在”（SEP）标准，重新定义了非居民数字实体的税务义务。同时，简化税务系统的废除强制要求中小企业向“实际税务系统”或“全球综合税”（IGS）转型。本文探讨了第23条bis规定的强制性数字申报要求。

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# COSTA RICA

## Costa Rica 2026: New Legislative Cycle and Structural Reform Agenda

Costa Rica will begin a new legislative cycle in May 2026 following the recent national elections. The new Assembly faces the challenge of advancing structural reforms aimed at strengthening fiscal sustainability, competitiveness, and international confidence. While the country has made progress in fiscal discipline, transparency, international tax compliance, and adoption of global standards, important reforms remain pending. Key priorities include modernization of the tax system, public finance sustainability, technological strengthening of tax administration (TRIBU-CR), transfer pricing regulation, and BEPS compliance. Coordinated fiscal, trade, and investment policies will be essential to consolidate Costa Rica as a regional hub for professional services and international business operations.

### 哥斯达黎加 2026：新立法周期与结构性改革议程

2026年5月，哥斯达黎加将在全国大选后开启新的立法周期。新一届立法大会面临推动结构性改革的挑战，以加强财政可持续性、提升国家竞争力并增强国际信心。近年来，哥斯达黎加在财政纪律、透明度、国际税务合规及国际标准的采纳方面取得了显著进展，但仍需进一步深化改革。重点领域包括税制现代化、公共财政可持续性、税务管理数字化改革（TRIBU-CR）、转让定价监管以及BEPS合规。财政、贸易与投资政策的协调，将有助于巩固哥斯达黎加作为区域专业服务和国际商业运营枢纽的地位。

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# CYPRUS

## Cyprus Tax Reform 2026: From a Competitive Tax Regime to a New Compliance-Driven Framework

The Cyprus tax reform approved by Parliament introduces one of the most significant changes to the country's tax framework in recent years. Effective mainly from 1 January 2026, the reform goes beyond tax rate adjustments and reflects a broader shift towards increased compliance, transparency and substance. Key developments include the increase of the corporate income tax rate to 15%, changes to dividend taxation, the abolition of the deemed dividend distribution regime for future profits, and enhanced enforcement powers for the tax authorities. This article outlines the main features of the reform and discusses how the evolving framework reshapes the Cyprus tax landscape.

### 塞浦路斯税制改革2026：从具竞争力的税收制度迈向以合规为导向的新框架

塞浦路斯议会通过的税制改革标志着该国税收框架近年来最重要的变革之一。该改革主要自2026年1月1日起生效，不仅涉及税率调整，更体现出向合规性、透明度及实质要求提升的整体转变。主要措施包括公司所得税率提高至15%、股息税制的调整、未来利润取消视同分配制度，以及税务机关执法与审计权力的加强。本文概述税制改革的主要内容，并探讨其对塞浦路斯税收环境的影响。

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# GREECE

## New Measures on Housing, Punctuality and Bureaucracy

2025 closed with a primary surplus greater than the target by approximately 2.75 billion, and economic growth is forecast to close at 2%, well above the European average of 0.9-1.1%. The new year begins with the same good omens regarding the economy, but also major challenges regarding the fight against punctuality, the need for housing and the reduction of bureaucracy. The government is launching a large package of measures for the three sectors mentioned above at the start of the new year. The main measures concern spending 2.6 billion on housing subsidies and a reduction in real estate taxes, an increase in minimum wages, and the digitalisation of procedures related to justice and transactions with the public sector.

### 住房、守时和官僚主义方面的新措施

2025年以初级财政盈余收官，超出目标约27.5亿；经济增长预计收于2%，显著高于欧洲0.9%-1.1%的平均水平。新的一年在经济方面延续了同样的良好势头，但也面临重大挑战，包括提升守时性、满足住房需求以及减少官僚主义。政府在新年伊始将针对上述三个领域推出一揽子重大措施。主要措施包括：投入26亿用于住房补贴并降低房地产税，提高最低工资，以及推进与司法和公共部门交易相关流程的数字化。

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# MALAYSIA

## Stamp Duty

The imposition of stamp duty in Malaysia is governed by the Stamp Act 1949. Stamp duty is levied on instruments i.e., any written document; it does not impose duty on transactions. There are two types of stamp duty: Ad Valorem Duty and Fixed Duty. The Self-Assessment Stamp Duty System (STSDS) will be implemented in phases based on the types of instruments or agreements. A special voluntary disclosure program (SVDP) will be introduced from 1 January 2026 to 30 June 2026 to encourage the submission of unstamped documents with minimal penalty.

### 印花稅

马来西亚依据1949年《印花税法令》来征收印花稅。印花稅是对文书（即任何书面文件）征收的稅款，而非对交易本身征收。印花稅分为两种：从价印花稅和固定印花稅。自行评估印花稅制度（STSDS）将根据文书或协议的类型，分阶段实施。为鼓励提交未加印花稅的文件，并尽可能减少罰款，马来西亚于2026年1月1日至2026年6月30日期间推出一项特别自愿披露计划（SVDP）。

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# MALTA

## Malta – Corporate Tax Developments and International Alignment - (2025- 2026)

This article analyses Malta's evolving corporate tax framework during 2025–2026 in the context of OECD Pillar Two implementation and increasing EU regulatory convergence. It examines the deferred application of global minimum tax mechanisms, the introduction of the elective 15 per cent final corporate tax regime, and the operational impact of strengthened transfer pricing rules, governance reforms and digitalised compliance. The paper highlights the strategic implications for multinational groups, including cross-border top-up exposure, compliance readiness and long-term tax planning considerations.

### 马耳他——企业稅务发展与国际接轨（2025 - 2026）

本文分析了马耳他在 2025 - 2026 年期间不断演变的企业稅收框架，重点关注其在经合组织“支柱二”最低稅改革及欧盟监管趋同背景下的制度调整。文章探讨了全球最低稅机制的延期实施、可选择适用的 15% 最终企业稅制，以及强化转让定价规则、公司治理改革和稅务数字化合规对企业运营的影响。本文进一步阐明了跨国企业面临的战略影响，包括跨境補稅风险、合规准备以及中长期稅务规划考量。

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# MOROCCO

## Navigating Withholding Tax Changes Under Morocco's Finance Law 2026

Morocco's Finance Law 2026 introduces a significant expansion of withholding tax mechanisms, marking a structural shift in the country's tax collection framework. By extending withholding obligations to a broader range of service payments and reinforcing the role of large taxpayers as tax collectors, the reform aims to improve compliance, secure public revenues, and enhance transaction traceability. This article analyses the rationale, scope, and implications of this reform, particularly for multinational groups and foreign service providers operating in Morocco. It also places the Moroccan approach within a broader international context, highlighting its convergence with global best practices in tax administration and anti-evasion strategies.

### 在摩洛哥《2026年財政法》框架下应对預提稅制度的变化

摩洛哥《2026年財政法》通过扩大預提稅的适用范围，对国家稅收征管体系进行了结构性改革。该改革将更多服务支付纳入預提稅机制，并强化大型企业作为代扣代繳义务人的角色，旨在提高稅收合规性、保障財政收入并增强交易透明度。本文分析了该改革的背景、适用范围及其对在摩洛哥经营的跨国集团和外国服务提供方的影响，并将摩洛哥的做法置于国际视角下，说明其与全球稅收治理和反避稅趋势的趋同。

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# NEPAL

## Recent Amendment in Nepalese Customs Law

Nepal has enacted a new Customs Act, 2082 (2025 CE), effective from 08 December 2025, repealing the nearly two-decade-old Customs Act, 2064 (2007 CE). This new Act has updated the customs practices by introducing a four-channel computer-based Risk Analysis System replacing the previous system of manual inspections. Key changes include a Dual-Channel System for the entrance of passengers at the airport, expansion of power to inspect the aircraft, and immediate clearance of perishable goods. A shipping company may clear the imported containers by paying the leviable duties. The new Act has provisioned to impose a 100% penalty on the leviable duty in case of under-invoicing.

### 尼泊尔海關法最新修訂案

尼泊尔已頒布新的《2082 年海關法》（2025 年），並於 2025 年 12 月 8 日起正式施行，同時廢止已實施近二十年的《2064 年海關法》（2007 年）。新法全面現代化海關管理制度，引入以電腦為基礎的「四通道」風險分析系統，取代以往的人工查驗方式。主要改革內容包括：在機場對入境旅客實施「雙通道」通關制度、擴大海關人員對航空器的檢查權限，以及對易腐貨物提供即時清關機制。此外，新法允許航運公司在繳納應繳關稅後辦理進口貨櫃清關手續，並加強執法力道，規定如發生低報貨值（少開發票）行為，將處以相當於應徵關稅 100% 的罰款。

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# NIGERIA

## Taxation of Digital and Non-Resident Companies in Nigeria - Recent Trends and Policy Direction

Nigeria has progressively reformed its tax framework to capture revenue from digital and non-resident companies operating within its market without physical presence.

The regime has evolved through successive Finance Acts and the introduction of Significant Economic Presence (SEP) rules, aligning Nigeria with global tax initiatives such as the OECD BEPS project.

Policy focus in 2024 and 2025 has centered on strengthening enforcement, clarifying compliance obligations, and improving oversight of cross-border digital transactions.

These developments expand the application of Company Income Tax and Value Added Tax to foreign service providers deriving income from Nigeria.

### 尼日利亚数字企业和非居民企业的税收——最新趋势和政策方向

尼日利亚逐步改革其税收框架，旨在从在其市场运营但无实体存在的数字企业 and 非居民企业中征收税款。

该体系通过一系列财政法案和“重大经济存在”（SEP）规则的引入而不断发展，使尼日利亚与经合组织（OECD）的税基侵蚀和利润转移（BEPS）项目等全球税收倡议接轨。

2024年和2025年的政策重点是加强执法力度、明确合规义务并改善对跨境数字交易的监管。

这些举措扩大了公司所得税和增值稅的适用范围，使其涵盖从尼日利亚获得收入的外国服务提供商。

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# PAKISTAN

## Super Tax Under Section 4c

Super Tax was introduced through amendments to the Income Tax Ordinance, 2001 (primarily via the Finance Acts of 2015 and 2022). Under Section 4B, a super tax was first levied in 2015, mostly on high earners and corporations earning above certain profit thresholds to generate revenue. Section 4C expanded the levy in 2022, imposing a higher super tax (up to 10 %) on high-earning companies and individuals — especially in select sectors like banking, cement, steel, sugar, oil & gas, fertilizer, and others, where total taxable income exceeded set thresholds. This was aimed at boosting federal revenue during economic stress — especially amid inflation and IMF program commitments.

### 第4C条下的超级税

超级税是通过2001年《所得税条例》的修正案引入的（主要是通过2015年和2022年的《金融法案》）。根据第4B条，2015年首次对高收入者和收入超过一定利润门槛以产生收入的公司征收超级税。第4C条在2022年扩大了征税范围，对高收入公司和个人征收高达10%的超级税，特别是在银行、水泥、钢铁、糖、石油和天然气、化肥等特定行业，以及应税总收入超过设定门槛的其他行业。这是为了在经济压力下，特别是在通货膨胀和国际货币基金组织计划承诺的情况下，增加联邦收入。

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# PHILIPPINES

## Recent Developments in the Philippines' Taxation

In 2025, the Philippines tax framework experienced substantial reform through the enactment of new legislation aimed at enhancing investment incentives, regulating the digital economy, and improving capital market efficiency. Notable developments include the full implementation of the CREATE MORE Act, the application of Value-Added Tax (VAT) on digital services, and changes introduced by the Capital Markets Efficiency Promotion Act (CMEPA).

### 菲律宾税收制度的最新动态

2025年，菲律宾颁布新立法，旨在加强投资激励、规范数字经济以及提高资本市场效率，为其税收框架进行重大改革。值得注意的改革包括全面实施《创造更多法案》（CREATE MORE Act）、对数字服务征收增值税（VAT），以及《资本市场效率促进法案》（CMEPA）带来的变革。

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# SAUDI ARABIA

## Application of Tax Withholding in Accordance with Double Taxation Avoidance Agreements (DTAs)

The Kingdom of Saudi Arabia does not impose withholding tax on domestic payments — payments from a resident or a permanent establishment in the Kingdom to another resident in the Kingdom — as the provisions of withholding tax primarily apply to payments made by residents in the Kingdom or permanent establishments to non-residents covered by this notice.

### 根据避免双重征税协议执行税款扣缴

沙特阿拉伯王国不对境内支付征收预提税——即由王国内的居民或常设机构支付给同在王国内的其他居民的款项——因为预提税的规定主要适用于王国内居民或常设机构支付给本通告所涵盖的非居民的款项。

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# SINGAPORE

## Singapore as International Headquarters

Companies establishing or expanding global or regional headquarters in Singapore may apply for the International Headquarters Award (IHQ), which grants concessionary tax rates of 5%, 10% or 15% on qualifying income for up to five years. The applicable rate depends on meeting specified employment and total business expenditure. Qualifying activities include management, procurement, supply chain, marketing control, human resources, legal, finance, and brand management services. Additionally, IHQ companies should assess the potential impact of Singapore's Domestic Top-up Tax, where applicable.

### 新加坡作为国际总部

在新加坡设立或扩展全球或区域总部的企业，可申请国际总部奖励（International Headquarters Award, IHQ）。该奖励对符合条件的收入提供为期最长五年的优惠税率，税率为5%、10%或15%，具体适用税率取决于企业是否满足规定的就业人数及总业务支出要求。符合资格的职能活动包括管理、采购、供应链、市场管控、人力资源、法律、财务及品牌管理等。此外，IHQ企业应评估新加坡国内补充税（Domestic Top-up Tax）可能带来的潜在影响。

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# TAJIKISTAN

## Tax Reform Progress and Digitalization in Tajikistan

A joint meeting in Dushanbe on December 22, 2025, reviewed achievements of the "Tax Reform Operation" Project and outlined priorities for further digitalization of Tajikistan's tax administration. The initiative supports national development goals and focuses on transparency, improved taxpayer services, automation, and data-driven management to strengthen compliance and enhance the efficiency of tax administration. The World Bank praised the results, calling the project among its most successful and confirming continued support for tax reform initiatives. Work has also started on the 2026–2030 tax administration program, prioritizing digital transformation and greater tax transparency.

### 塔吉克斯坦税制改革进展与税务数字化

2025年12月22日，杜尚别举行联合会议，总结了“税制改革行动”（Tax Reform Operation）项目的实施成效，并明确了推进塔吉克斯坦税收征管进一步数字化的重点方向。该项目对接国家发展目标，着力提升透明度、优化纳税服务、推进自动化及数据驱动的管理模式，以强化税收遵从性并提升税收征管效率。世界银行对项目成果给予高度评价，称其为最成功的项目之一，并确认将继续支持旨在推动税制改革的相关举措。同时，2026—2030年税收征管发展规划的编制工作也已启动，重点将放在数字化转型与进一步提升税收透明度。

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# THAILAND

## Thai Tax Reformation in 2026

The upcoming tax reform is more than a revenue-gathering exercise; it is a fundamental restructuring to ensure Thailand remains competitive and resilient. By balancing international standards with the realities of an aging, industrialized population, Thailand aims to secure its fiscal future for the next decade.

### 泰国税制改革将于2026年进行

即将进行的税制改革不仅仅是一项增加财政收入的举措，更是一次根本性的结构调整，旨在确保泰国保持竞争力和韧性。泰国希望通过平衡国际标准与人口老龄化和工业化带来的现实情况，保障未来十年的财政安全。

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# UAE

## Major UAE Tax Developments in Q4 2025 – Corporate Tax, VAT, Excise and E-Invoicing

During the last quarter of 2025, the UAE tax landscape moved decisively into an implementation and enforcement phase across corporate tax, VAT, excise, and e-invoicing. Key Federal Decree-Laws amended the Tax Procedures Law and VAT Law, introducing hard limitation periods for refunds, enhanced audit powers, and stricter input tax controls. Targeted corporate tax rules set binding timelines for qualifying investment funds and REITs. A new penalty framework for mandatory e-invoicing and a redesigned, sugar-content-based excise regime for sweetened drinks will apply from early 2026, demanding immediate readiness from taxpayers across sectors.

### 阿联酋 2025 年第四季度主要税务变化——公司税、增值税、消费税与电子发票

在 2025 年第四季度，阿联酋税制在公司税、增值税、消费税及电子发票领域全面进入“落地与执法”阶段。经修订的税务程序法与增值税法确立了税款退还的严格时效、强化了税务稽查权并对进项税抵扣提出更高合规要求。公司税方面，对合格投资基金及REIT规定了具有法律约束力的登记、申报和缴纳时间表。同期发布的电子发票违规罚则以及按含糖量计征的含糖饮料消费税新模式，将自 2026 年起实施，企业需立即做好准备。

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## UK

### Missed Deadline for Automatic Exchange of Information (AEOI) Registration for Many Trusts and Other Entities

Many UK trusts, investment partnerships and companies are likely unaware that they have missed a 31 December 2025 Automatic Exchange of Information (AEOI) registration deadline. Recent changes to the registration requirements mean that registration is now required where a trust has a corporate trustee or where the majority of the entity's income arises from investments that are discretionary managed by a financial institution. Potentially impacted entities should immediately assess whether they meet the requirements for registration and whether they may need to complete AEOI returns in the future.

#### 多家信托及其他单位未能按时完成自动信息交换注册

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## UZBEKISTAN

### International Tax Developments in Uzbekistan: Key Updates and Practical Implications

This article outlines key international tax developments in Uzbekistan, focusing on Corporate Income Tax (15%), Value Added Tax (12%), and tax incentives available to foreign investors. Particular attention is given to Free Economic Zones such as Navoi, Angren, and Jizzakh, where qualifying investors may benefit from multi-year exemptions from corporate income tax, property tax, land tax, and customs duties. The article provides practical guidance for multinational enterprises assessing market entry, tax structuring considerations, and compliance requirements within Uzbekistan's evolving regulatory framework.

#### 乌兹别克斯坦国际税收发展：关键更新与实践影响

本文概述了乌兹别克斯坦近期的国际税收发展，重点介绍企业所得税（15%）、增值税（12%）以及为外国投资者提供的税收优惠政策。特别分析纳沃伊、安格连和吉扎克等自由经济区内的税收减免措施，包括企业所得税、土地税、财产税及关税优惠。文章从实践角度为跨国企业提供进入乌兹别克斯坦市场时在税务结构设计和合规管理方面的指导。

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# AUSTRALIA

## Australian Taxation Office (ATO) issues Practice Statement setting out administrative approach in exercising discretion to grant exemptions from Australian Public Country-by-Country (CBC) Reporting obligations.

Public CBC reporting is a transparency regime requiring certain large multinational groups to publicly disclose selected tax and financial information for Australia, specified jurisdictions, and aggregated global operations. This is a separate and different obligation from the master and local files which significant global entity or CBC reporting groups have already been submitting to the ATO. Public CBC obligations apply for reporting periods beginning on or after 1 July 2024, with the first batch of reports to be submitted by 30 June 2026, unless an exemption is granted.

Under subsections 3DB(5) and (6) of the Taxation Administration Act 1953, the Commissioner of Taxation may grant either a full exemption—relieving an entity from all publishing obligations for the period—or a partial exemption, covering specific data elements or jurisdictions. The ATO has issued its Practice Statement PS LA 2025/2 on 5 December 2025, setting out the Commissioner's administrative approach to granting exemptions from these public CBC obligations in exceptional circumstances where there are legitimate security, legality and confidentiality concerns, including risks to national security, breaches of Australian or foreign law, and the potential disclosure of commercially sensitive information that could result in substantial harm.

Companies can consider adopting some practical strategies to assess whether they can effectively utilise the exemption framework. First, they should conduct a detailed sensitivity and risk assessment of all information likely to be disclosed, highlighting any risks that could cause significant or irreversible harm; the ATO emphasises that even low-probability risks warrant consideration (per paragraph 39 of PS LA 2025/2). Second, multinationals should evaluate whether their inclusion in the Australian regime is driven solely by foreign currency fluctuations or threshold misalignment when compared to other jurisdictions—factors the ATO may consider favourably when assessing exemption requests. Finally, companies should prepare robust supporting evidence, including financial and legal documentation, and engage early with tax and legal expert teams to ensure clarity, completeness, and timely filing. Exemption applications must be made in writing and supported by detailed justification, as outlined in PS LA 2025/2's evidentiary guidance, so it is important that companies act quickly.

### Reference/ Citation

ATO websites

Legislation and Ruling:

Taxation Administration Act 1953 (Cth)

PS LA 2025/2 Public country-by-country reporting exemptions

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# BULGARIA

## Key Tax Developments in Bulgaria for 2026: Legislative Amendments and Strategic Hot Topics

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The Bulgarian tax framework in 2026 combines legislative continuity with significant structural developments. While no major amendments were introduced in the Corporate Income Tax Act or the Personal Income Tax Act, important changes were made in VAT legislation. At the same time, the implementation of the EU global minimum tax, the completion of the OECD tax review, and the adoption of the euro mark 2026 as a year of systemic transition.

As of 1 January 2026, the mandatory VAT registration threshold is set at EUR 51,130. Taxable turnover is now calculated on a calendar-year basis rather than over a rolling 12-month period. Non-registered persons begin monitoring turnover from EUR 0 at the start of each year.

Directive (EU) 2020/285 introduced special VAT regimes for small enterprises. Eligible businesses may supply goods and services across Member States without VAT registration in each jurisdiction, provided national thresholds and a cumulative EU-wide turnover of EUR 100,000 are not exceeded.

Directive (EU) 2022/542 introduced updated place-of-supply rules for services granting virtual access to live-streamed events. These rules affect conferences, seminars, and educational activities conducted online and may impact VAT registration obligations.

Regulation (EU) 2023/2831 aligned the special VAT regime for imports under investment projects with updated de minimis state aid rules, strengthening legal certainty for investors.

As of 2026, Bulgaria implemented the EU global minimum tax (Pillar Two), applicable to multinational enterprise groups with consolidated annual revenues exceeding EUR 750 million. Although the domestic corporate tax rate remains 10%, affected groups may be subject to a top-up tax where the effective tax rate falls below 15% under the GloBE rules.

Bulgaria is also in the final stage of its accession to the OECD, with the tax chapter review completed in October 2025. A new ordinance was adopted to reflect updates to the OECD Transfer Pricing Guidelines and amendments to the Tax and Social Security Procedure Code. In addition, amendments were introduced to the Bulgarian commentary on Article 12 (Royalties) of the national Model Tax Convention, reflecting an updated interpretative approach in cross-border taxation.

Finally, as of 1 January 2026, Bulgaria adopted the euro as its national currency. All tax reporting, accounting records, and invoices are now denominated in euros. The transition required technical adjustments but did not change tax rates.



# CAMEROON



## Cameroon's 2026 Digital Tax Pivot: Navigating the New "SEP" Standard and the End of Simplified Taxation

The enactment of Law No. 2025/012 of 17 December 2025 marks a historic shift in Cameroon's fiscal jurisdiction. For the first time, the "Permanent Establishment" concept has been expanded to include a Significant Economic Presence (SEP) standard, targeting non-resident digital service providers who generate value in Cameroon without a physical office.

The General Tax Code (GTC) establish that a foreign entity is taxable in Cameroon if it meets either of these criteria in a tax year:

- Revenue:  
Gross receipts from digital services (streaming, SaaS, cloud hosting, online advertising) exceed FCFA 50 million.
- Users:  
Maintaining more than 1,000 active users or account holders located within the national territory.

A cornerstone of the 2026 reform is the suppression of the Simplified Tax System (previously for entities with turnover between FCFA 10M and 50M). This removal creates a binary fiscal landscape:

- Impôt Global Synthétique (IGS):  
This synthetic tax now covers micro-enterprises. It consolidates various small levies into a single payment for very low-turnover entities.
- Régime du Réel (Actual System):  
Most formal SMEs formerly under the simplified regime must now transition to the Actual System. This mandate full Organisation for the Harmonisation of Business Law in Africa (OHADA)-compliant accounting, as the "middle ground" of simplified reporting no longer exists.

Article 21 prescribes a simplified tax rate of 3% on gross turnover generated in Cameroon by SEP entities. Fundamentally, Article 23 bis mandates that all non-resident entities must register and file monthly returns through the new DGI Digital Portal by the 15th of each month. The law also empowers local banks and telecom operators to act as withholding agents if foreign entities fail to comply, effectively cutting off revenue streams from the source.

For international investors, the transition from "Simplified" to "Actual" compliance, paired with the SEP sourcing rules, creates a complex technical challenge.

### Reference/ Citation

Law No. 2025/012 of 17 December 2025: Finance Law for the 2026 Financial Year | Republic of Cameroon [🔗](#)

Cameroon: Significant Economic Presence Standard Introduced from 2026 | KPMG Global [🔗](#)

General Tax Code (CGI) 2026 Edition: Articles 5 bis, 5 ter, 21, and 23 bis | Directorate General of Taxation (DGI) [🔗](#)

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# COSTA RICA

## Costa Rica 2026: New Legislative Cycle and Structural Reform Agenda

Following the elections held on February 2 to democratically elect Costa Rica's next President and the new Legislative Assembly (2026–2030), a new legislative cycle will begin in May 2026, marking a significant stage in Costa Rica's institutional and economic evolution.

Beyond the political transition inherent in any democratic process, the real challenge lies in the new Legislative Assembly's ability to advance structural reforms that strengthen fiscal stability, competitiveness, and international confidence.

In recent years, the country has achieved significant progress in fiscal discipline, transparency, and compliance with international standards, particularly in the areas of tax information exchange, anti-money laundering regulations, and the adoption of International Financial Reporting Standards, sustainability standards, and other professional frameworks benefiting the public accounting profession. However, important challenges remain that will require technical consensus and a long-term vision.

Among the priority issues are the sustainability of public finances, the efficiency of government spending, the modernization of the tax system, and the strengthening of tax administration through technological tools and more sophisticated control mechanisms. This modernization process has already begun through reforms within the Tax Administration under the initiative known as "TRIBU-CR." In addition, transfer pricing regulation, international taxation, and compliance with BEPS standards will continue to be central pillars in ensuring legal certainty for investors and multinational groups.

Another fundamental challenge will be to continue promoting a regulatory environment that stimulates foreign direct investment, particularly in strategic sectors such as corporate services, technology, logistics, advanced manufacturing, and renewable energy. Coordination between fiscal policy, trade policy, and productive development will be essential to consolidate Costa Rica as a regional hub for professional services and international operations.

From an institutional perspective, governance, transparency, and regulatory quality will play a decisive role. Strengthening technical dialogue between the public sector, private sector, and the professional community will enable the development of sustainable reforms aligned with international standards.

The new legislative period, therefore, represents an opportunity to deepen the country's economic modernization. Macroeconomic stability, regulatory compliance, and legal certainty will continue to be essential factors in maintaining the confidence of international markets and investors.

Costa Rica enters 2026 with a solid institutional foundation, but with the need for strategic decisions that consolidate its competitiveness in an increasingly demanding global environment. The reform agenda promoted by the new Legislative Assembly will be decisive for the country's economic direction in the coming years.

### Reference/ Citation

- (Fiscal Rule Law No. 9635 – Strengthening of Public Finances) | Ministry of Finance of Costa Rica [🔗](#)
- (BEPS – Base Erosion and Profit Shifting Project) | Organisation for Economic Co-operation and Development (OECD) [🔗](#)
- (Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations) | Organisation for Economic Co-operation and Development (OECD) [🔗](#)
- (Costa Rica Legislative Assembly – Institutional Information) | Asamblea Legislativa de la República de Costa Rica [🔗](#)

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# CYPRUS

## Cyprus Tax Reform 2026: From a Competitive Tax Regime to a New Compliance-Driven Framework

Cyprus has recently approved a comprehensive tax reform package, marking a significant evolution of its tax system. The new measures, which apply primarily from 1 January 2026, reflect a shift away from a purely rate-focused approach towards a more compliance-driven and substance-oriented framework. While Cyprus continues to position itself as a competitive international business hub, the reform introduces new expectations in terms of transparency, governance and tax risk management.

One of the most visible changes is the increase in the standard corporate income tax rate from 12.5% to 15%. This adjustment aligns Cyprus with international developments on minimum taxation while maintaining its attractiveness for businesses with genuine economic presence. In practice, the change may affect effective tax rate calculations, financial projections, and transfer pricing considerations, particularly for groups operating across multiple jurisdictions.

Beyond corporate taxation, the reform introduces important amendments affecting shareholders and closely held companies. The deemed dividend distribution regime is abolished for profits generated from 2026 onwards, simplifying dividend planning for future years. However, profits accumulated up to 31 December 2025 remain subject to transitional provisions, requiring careful tracking and documentation. At the same time, the introduction of the concept of "disguised dividends" signals increased scrutiny of transactions between companies and their shareholders. Benefits provided outside formal dividend distributions may now be subject to reclassification for tax purposes.

The reform also revises personal income tax bands and enhances deductions related to family circumstances, housing and environmentally friendly investments. While these measures provide targeted relief, they also increase the complexity of personal tax planning, particularly for individuals with multiple income streams or cross-border activities.

In parallel, the tax reform places greater emphasis on compliance and enforcement. Revised filing deadlines, expanded audit powers, and stricter penalties underline the need for accurate reporting and timely submission of tax returns. Tax compliance is increasingly viewed as a core element of governance and risk management rather than a routine administrative exercise.

Overall, the Cyprus tax reform represents a transition towards a more mature and compliance-focused tax environment. While the jurisdiction remains competitive, the revised framework places greater importance on substance, documentation and proactive tax management. Businesses and investors operating in or through Cyprus should assess the impact of the new rules early and ensure that their structures and practices remain aligned with the evolving tax landscape.

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# GREECE



## New Measures on Housing, Punctuality and Bureaucracy

2025 closed with a primary surplus greater than the target by approximately 2.75 billion, and economic growth is forecast to close at 2%, well above the European average of 0.9-1.1%. The new year begins with the same good omens regarding the economy, but also major challenges regarding the fight against punctuality, the need for housing and the reduction of bureaucracy. The government is launching a large package of measures for the three sectors mentioned above at the start of the new year. The main measures concern spending 2.6 billion on housing subsidies and a reduction in real estate taxes, an increase in minimum wages, and the digitalisation of procedures related to justice and transactions with the public sector.

More specifically, new measures that will be introduced from the beginning of 2026 and concern the above sectors are:

### Housing Strategy

Social Counterpart:

Development of the first 10 state-owned properties for the construction of affordable housing through public tenders.

Renovation Program:

Subsidies of up to 90% (capped at €36,000) for the renovation of vacant or old residences, provided they are made available for long-term lease.

Tax Incentives:

Exemption from rental income tax for 3–10 years for owners who convert vacant properties or short-term rentals (Airbnb) into long-term leases.

Airbnb Restrictions:

A freeze on new short-term rental licenses in the centre of Athens and 5 tourist areas until the end of 2026.

Property Tax Reduction:

A 50% reduction (aiming for full abolition in 2027) for primary residences in settlements with fewer than 1,500 residents.

### Cost of Living & Economy

Income Support:

Targeted interventions for vulnerable groups and increased tax exemptions for families with children (increase of the tax-free threshold based on square footage/property size).

Cost-of-Living Allowance:

Payment of emergency financial aid to alleviate high living costs.

## Bureaucracy & Reforms

Justice:

Digitalisation of judicial procedures and electronic case management to accelerate the issuance of court rulings.

Real Estate:

Simplification of property transfer processes and conversion of use from commercial to residential to increase the housing stock.

Public Administration:

A new Disciplinary Code and digital monitoring of corruption cases.

### Reference/ Citation

CNN Greece [🔗](#)

Capital.gr [🔗](#)

Οικονομικός Ταχυδρόμος [🔗](#)

ΑΘΗΝΑΪΚΟ - ΜΑΚΕΔΟΝΙΚΟ [🔗](#)

BBC [🔗](#)

In.gr [🔗](#)

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# MALAYSIA



## Stamp Duty

The imposition of stamp duty in Malaysia is governed by the Stamp Act 1949. Stamp duty is levied on instruments i.e., any written document; it does not impose duty on transactions. In general, stamp duty is levied on legal, commercial, and financial instruments. There are two types of stamp duty:

1. Ad Valorem Duty
 

The rate of duty varies according to the nature of the instruments and the consideration stipulated in the instruments or the market value of the property. The imposition of ad valorem duty is on:

  - Instruments of transfer of property, including marketable securities, shares of other companies, and non-tangible property
  - Instruments creating interests in property
  - Instruments of security for monies, including instruments creating contracts for payment of monies or obligations for payment of monies
  - Certain capital market instruments
2. Fixed Duty
 

Duty is imposed without any relation to the consideration paid or amount stated in the instrument. The imposition of fixed duty is on:

  - A number of other legal, commercial, mercantile, or capital market instruments
  - A duplicate, a subsidiary, or a collateral instrument when it can be shown that the original, principal, or primary instrument has been duly stamped

The stamp duty rates for some common instruments are as follows:

- a. Properties other than shares, stock, or marketable securities
  - Other than foreign companies, non-citizens, and non-permanent residents – 1% to 4%
  - Foreign companies, non-citizens, and non-permanent residents – 8%
- b. Shares, stocks, or marketable securities
  - Non-listed shares, stock, or marketable securities – 0.3%
  - Shares or stock listed on Bursa Malaysia – 0.15%
 

Note: Stamp duty in excess of 0.1% is remitted for instruments of contract notes executed on or from 13 July 2023 to 12 July 2028, with a maximum stamp duty payable of RM1,000 per contract note
  - Listed marketable securities – 0.1%
 

Note: Maximum stamp duty payable of RM200 per contract note
- c. Service agreements – 0.5%
 

Stamp duty may be remitted in excess of 0.1% for the following instruments:

  - All service agreement (one tier) – 0.1%
  - Multi-tier service agreement (non-government contract) – First level 0.1% and subsequent level up to RM50
  - Multi-tier service agreement (government contract) – First level exempted, second level 0.1%, and subsequent level up to RM50
- d. Loans agreements
  - Malaysian Ringgit or foreign currency loan agreements – 0.5% or 1%
  - Loan agreements or instruments without security and repayable on demand or in single bullet repayment – 0.1%
  - Loan or financing agreement (within the meaning under the First Schedule of the Hire Purchase Act 1967) for the purchase of goods – RM10 flat rate

In line with the Government's aspiration to modernize the tax system, the Self-Assessment Stamp Duty System (STSDS) will be implemented in phases based on the types of instruments or agreements:

Phase	Effective Date	Types of Instruments
Phase 1	From 1 January 2026	Instruments or agreements related to rental or lease, general stamping and securities
Phase 2	From 1 January 2027	Instruments of transfer of property ownership
Phase 3	From 1 January 2028	Instruments or agreements other than stated in Phase 1 and Phase 2

Starting 1 January 2026, all stamp duty transactions in Malaysia will be conducted entirely online through the Stamp Assessment and Payment System (e-Duti Setem). Assessment and payment of stamp duty can be made electronically via the e-Duti Setem. Instruments executed in Malaysia must be stamped within 30 days from the date of execution. When instruments are executed outside Malaysia, they must be stamped within 30 days of first being received in Malaysia. A duty payer is given 30 days from the stamp duty filing due date to settle any stamp duty payment.

The Inland Revenue Board of Malaysia (IRBM) is empowered to conduct stamp duty audits under the Stamp Duty Audit Framework, effective from 1 January 2025. Stamp Duty Operational Guidelines dated 26 December 2025 was issued to address non-compliance due to incorrect stamp duty returns or incorrect information. Penalties and fines for such non-compliance are waived for instruments falling under Phase 1 and submitted for stamping from 1 January 2026 to 31 December 2026.

A few key amendments were introduced in the Finance Act 2025, including the following:

- New definition of "residential property" which means a house, condominium, apartment, flat, service apartment, or small office home office solely to be used as a dwelling house
- Stamp duty rate on the instrument of transfer of residential property executed by a foreign company, non-citizen individuals, and non-Malaysian permanent residents is increased from 4% to 8%, effective from 1 January 2026
- Stamp duty is exempted for employment contracts executed from 1 January 2026 with monthly wages not exceeding RM3,000; and, instruments of transfer and loan agreements executed up to 31 December 2027 for the purchase of a first residential property priced up to RM500,000 by Malaysian citizens

A special voluntary disclosure program (SVDP) will be introduced from 1 January 2026 to 30 June 2026 to encourage the submission of unstamped documents with minimal penalty.

### Reference/ Citation

Stamp Duty | The Inland Revenue Board of Malaysia [🔗](#)

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# MALTA

## Malta – Corporate Tax Developments and International Alignment - (2025- 2026)

### 1. Overview

During 2025–2026, Malta has continued to recalibrate its corporate tax framework in response to the OECD's minimum taxation agenda, increasing regulatory convergence within the European Union, and the progressive digitalisation of tax administration. While the elective 15 per cent final corporate tax regime represents the most visible structural change, parallel developments in Pillar Two implementation, transfer pricing enforcement, governance reform and compliance systems are reshaping the operating environment for domestic enterprises and multinational groups with Maltese operations.

### 2. Pillar Two Transposition and Deferred Enforcement

Malta has incorporated the requirements of Council Directive (EU) 2022/2523 into domestic law, establishing the statutory basis for applying a 15 per cent minimum effective tax rate to multinational and large domestic groups with consolidated revenues exceeding €750 million. Malta exercised the transitional derogation permitted under the Directive, deferring the implementation of the Income Inclusion Rule, the Undertaxed Profits Rule, and any domestic top-up tax mechanism until no later than 31 December 2029.<sup>ii</sup> Although reporting and administrative frameworks are already in place, Malta is not yet collecting domestic top-up tax. Groups operating Maltese entities must therefore assess potential exposure arising under foreign minimum tax regimes and ensure that modelling capability, data integrity and governance processes are sufficiently robust to accommodate future enforcement once the deferral period expires.

### 3. Elective Final Fifteen Per Cent Regime

In parallel, the Final Income Tax Without Imputation Regulations (2025) introduced an elective flat 15 per cent corporate tax regime, replacing the traditional imputation and shareholder refund system for qualifying entities. Elections are binding for a minimum period of five years, and profits taxed under the regime are allocated to a dedicated final tax account without refund entitlement.

From a policy perspective, the regime aims to simplify compliance and provide greater predictability for groups anticipating minimum tax alignment. From a technical perspective, however, taxpayers must evaluate whether the tax satisfies international definitions of a "covered tax," the implications for deferred tax accounting and distributable reserves, and whether residual exposure to foreign top-up taxation may persist notwithstanding domestic elections.

### 4. Transfer Pricing and Substantive Alignment

Malta's transfer pricing framework, effective for financial years commencing from January 2024, continues to embed OECD arm's-length principles into operational practice. Taxpayers are required to maintain contemporaneous documentation and demonstrate alignment between functional substance, contractual risk allocation and pricing outcomes. Transfer pricing adjustments may directly influence jurisdictional effective tax rates and minimum tax calculations, increasing audit sensitivity and the potential for cross-border disputes.

### 5. Governance and Compliance Developments

Corporate governance reforms enacted in 2025 strengthened director accountability, transparency obligations and internal control expectations, indirectly reinforcing tax risk management and audit preparedness standards. In parallel, extended electronic filing deadlines introduced for the 2026 corporate tax cycle reflect continued investment in digital compliance infrastructure while maintaining unchanged statutory payment obligations.

### 6. Budget Measures and Incentives

Recent budget implementation legislation has also introduced targeted technical refinements across income tax and value-added tax statutes, alongside the continued availability of investment and innovation incentives administered through national enterprise frameworks.

### 7. Key Implications for Taxpayers

Collectively, these developments create a more structured and compliance-driven corporate tax environment. The elective 15 per cent regime represents a strategic commitment with medium-term rigidity, limiting flexibility should further legislative change occur, including the eventual introduction of domestic minimum tax mechanisms. Despite Malta's deferral of Pillar Two, multinational groups may remain subject to top-up taxation in other jurisdictions, necessitating reliable modelling capabilities and disciplined data governance. Enhanced transfer pricing scrutiny and strengthened governance standards elevate the importance of formalised tax control frameworks and operational alignment. Increasing automation within tax administration heightens the likelihood of analytics-driven risk profiling and targeted enforcement. The transitional nature of the current framework underscores the importance of scenario planning and early systems alignment to manage future implementation pressures effectively.

#### Reference/ Citation

OECD/G20 Inclusive Framework on BEPS, Global Anti-Base Erosion (Pillar Two) Model Rules; Council Directive (EU) 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups.

Council Directive (EU) 2022/2523, Art. 50 (transitional derogation permitting delayed application of IIR, UTPR and domestic top-up taxes in qualifying jurisdictions).

KPMG Malta, Malta transposes the EU Minimum Tax Directive (Pillar Two) with delayed adoption of IIR, UTPR and QDMTT (2024); EY Malta, Malta compliance on Pillar Two (2025).

Legal Notice 188 of 2025 – Final Income Tax Without Imputation Regulations, 2025.

OECD, GloBE Rules Commentary – Definition of Covered Taxes; professional commentary on interaction between elective domestic regimes and Pillar Two effective tax rate calculations.

Subsidiary Legislation 123.207 (Transfer Pricing Rules); PwC Malta, Significant Developments – Transfer Pricing (2024).

Companies (Amendment) Act 2025; Malta Tax and Customs Administration, Electronic Filing Extensions for Corporate Income Tax Returns – 2026 Cycle.

Budget Measures Implementation Act 2025 and 2026; Malta Enterprise incentive framework guidance

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# MOROCCO

## Navigating Withholding Tax Changes Under Morocco's Finance Law 2026

Morocco's Finance Law 2026 marks a new phase in the country's ongoing tax reform by significantly expanding the scope of withholding tax mechanisms. This reform reflects a strategic shift from a predominantly declarative tax system toward a model centered on secured collection at source, aligning Morocco with international trends in tax administration and compliance.

Historically, withholding tax in Morocco was limited to specific categories of income, such as salaries, certain investment income, and payments to non-residents. Under the Finance Law 2026, the scope has been broadened to cover a wider range of service payments, particularly those made by large enterprises, financial institutions, and structurally significant taxpayers. These entities are increasingly positioned as third-party tax collectors, responsible for withholding and remitting tax on behalf of service providers.

The primary objective of this reform is to strengthen tax compliance and revenue predictability. By collecting tax at source, the tax authorities reduce reliance on ex-post declarations, which are often subject to underreporting, delays, or non-compliance. Withholding tax also enhances the traceability of financial flows, a key element in combating informality and aggressive tax practices. In this respect, the reform is consistent with global efforts to improve transparency and protect tax bases, particularly in service-driven and cross-border economies.

For multinational groups and foreign service providers, the expansion of withholding tax carries important operational and strategic implications. Payments for management services, technical assistance, consulting, and intra-group services may now be subject to withholding at source, affecting cash flow management and pricing structures. Companies operating under cost-plus or shared services models will need to reassess their contractual arrangements and ensure proper alignment with applicable tax treaties to avoid double taxation.

From an international perspective, Morocco's approach mirrors practices adopted in many emerging and developed economies, where withholding tax serves as an effective compliance tool, especially in sectors where monitoring final beneficiaries is complex. While withholding tax does not replace corporate income tax assessments, it acts as a prepayment mechanism, securing revenue and encouraging accurate reporting by service providers.

Nevertheless, the success of the reform will depend on its practical implementation. Clear administrative guidance streamlined refund or credit mechanisms, and effective coordination with double tax treaty provisions will be essential to maintain investor confidence. Predictability and legal certainty remain critical factors for international businesses assessing tax risks in emerging markets.

In conclusion, the expansion of withholding tax under Morocco's Finance Law 2026 represents more than a technical adjustment. It is a structural reform aimed at modernising tax collection, enhancing compliance, and aligning the Moroccan tax system with international standards. For foreign investors and multinational groups, understanding and anticipating the implications of this reform will be key to navigating Morocco's evolving tax landscape.

### Reference/ Citation

Finance Law No. 50-25 for the 2026 Fiscal Year.  
Ministry of Economy and Finance of the Kingdom of Morocco.  
Press Release of the Government Council approving the Finance Bill 2026.  
General Secretariat of the Government [↗](#)

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# NEPAL

## Recent Amendment in Nepalese Customs Law

### Background

Nepal has enacted its new “Customs Act, 2082 (2025 CE)” effective from 08 December 2025, repealing nearly two-decade-old “Customs Act, 2064 (2007 CE)”. This new legislation is designed to make customs procedures systematic, reliable, and transparent, facilitating and securing international trade, and enhancing efficiency and effectiveness in duty collection.

### Key Reforms Under the Customs Act, 2082 (2025 CE)

#### 1. Risk-Based Customs Clearance

By introducing a four-channel system, the Customs Act, 2082 (2025 CE), has replaced the Manual Inspection System with an advanced Computer-based Risk Analysis System to expedite trade.

- Green Channel:  
Immediate clearance; based on declaration
- Yellow Channel:  
Clearance; by examining all documents
- Blue Channel:  
Clearance; based on declaration, subject to Post-Clearance Audit
- Red Channel:  
Clearance; after inspecting all goods and documents

#### 2. Dual-Channel System

In order to facilitate the clearance of goods for passengers at the airport, the new Customs Act has introduced the concept of the Dual-Channel System.

- Red Channel:  
Duty attractive goods or goods requiring a customs declaration
- Green Channel:  
Other than the above

#### 3. Clearance of Shipping Containers

Where a shipping company registered in Nepal, for the operation of container services, has purchased containers abroad, even if it is not physically possible to import such containers, upon payment of the duty chargeable on such containers, it may be deemed to have been imported and may be cleared accordingly.

#### 4. Immediate Clearance of Goods

The following items are allowed for immediate clearance under the Customs Act, 2082 (2026 CE):

- Live animals
- Fresh fruits and vegetables
- Seafood
- Meat and meat products

- Items requiring special storage
- Biotechnology products
- Human glands
- Blood and blood plasma
- Medicines
- Perishable materials related to research
- Vaccines

#### 5. Power to Inspect Aircraft

Where information is received by a Customs Officer that any aircraft which has arrived at any airport of Nepal from abroad or which is in the course of departure to a foreign country from any airport of Nepal has concealed any goods by way of smuggled import or with the intention of smuggled import or export, and where there exists sufficient ground to believe such information, and where the Customs Officer deems it necessary, the Customs Officer may, after informing the airport operator, enter into such aircraft and conduct search or inspection of all parts of the aircraft, examine all goods present in the aircraft or goods intended to be loaded onto or unloaded from the aircraft, or demand the related documents.

#### 6. Under-Invoicing or Over-Invoicing

The new Customs Act has amended the provisions of under-invoicing and over-invoicing, mentioning the following fines and penalties:

- Under-Invoicing:  
Fine equal to 100% of the customs duty
- Over-Invoicing:  
May notify the concerned authority for inspection in writing

Note: Where the value of the imported goods declared at customs by the declarant is lower than the value determined by the Customs Officer, the Officer may purchase such goods with the approval of the Director General.

### Reference/ Citation

Government of Nepal – Nepal Law Commission [↗](#)  
Government of Nepal – Ministry of Communication and Information Technology – Department of Printing  
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# NIGERIA



## Taxation of Digital and Non-Resident Companies in Nigeria - Recent Trends and Policy Direction

### Introduction

Global digitalization has reshaped business models, allowing companies to generate revenue without physical presence. Nigeria has experienced growth in cross-border digital transactions and has introduced reforms targeting digital and non-resident companies. These reforms strengthen existing frameworks by reinforcing taxable connections through economic activity, aligning implementation with global digital tax trends.

### Tax Framework for Non-Resident Companies in Nigeria

Nigeria's taxation of non-resident companies (NRCs) traditionally relied on permanent establishment, taxing foreign entities only where physical presence existed. Increasing cross-border service transactions exposed limitations in this approach. Nigeria introduced the concept of Significant Economic Presence (SEP) in 2020 to tax NRCs operating outside Nigeria but earning income from digital activities and specified services within the country. SEP establishes taxable connections based on economic participation, including revenue thresholds and digital interaction with Nigerian users, expanding Nigeria's corporate tax scope in line with international tax principles.

### Expanding Tax Coverage to Digital Business Models

Nigeria's digital economy has expanded rapidly due to rising internet penetration, smartphone adoption, and a youthful population. Digital platforms providing online advertising, streaming, cloud computing, and e-commerce services generate substantial revenue from Nigerian consumers without local operations. To address this, Nigeria expanded the application of Company Income Tax and Value Added Tax (VAT) to foreign digital service providers. Current VAT provisions require non-resident suppliers offering taxable services to Nigerian customers to register and remit VAT, promoting fair competition between domestic and foreign providers.

### Recent Enforcement Trends and Policy Developments

Recent policy developments have focused on strengthening enforcement and compliance monitoring rather than introducing new legislation. The Nigeria Revenue Service (NRS) has increased scrutiny of cross-border digital transactions and issued administrative guidance clarifying compliance obligations. These developments align with global tax initiatives, particularly the Organization for Economic Co-operation and Development's Base Erosion and Profit Shifting (BEPS) framework, which promotes transparency, information exchange, and coordinated international tax enforcement.

## New Compliance Requirements and Anti-Avoidance Measures

The evolving framework introduces clearer compliance procedures and anti-avoidance safeguards aimed at reducing tax leakage from cross-border transactions. Enhanced reporting obligations and improved digital tax monitoring mechanisms support regulatory oversight, while Nigeria's participation in international tax information exchange arrangements strengthens enforcement capabilities and promotes equitable taxation within the digital economy.

## Transitional Challenges in Implementing Economic Nexus Taxation

Transitional challenges remain as businesses adjust from physical presence taxation to economic nexus-based taxation. Non-resident companies often face uncertainty regarding compliance thresholds, reporting obligations, and administrative procedures, particularly where local representation is absent. Continued regulatory clarification and administrative capacity development remain essential for effective implementation.

## Practical Implications, Policy Direction, and Future Outlook

Nigeria's evolving digital tax framework reflects its commitment to modernizing tax administration and aligning with international standards. Businesses operating within Nigeria's digital and cross-border environment must adapt to the evolving regulatory landscape.

Key practical implications include:

1. Increased compliance obligations under Significant Economic Presence rules
2. Mandatory VAT registration and remittance for digital service providers
3. Greater scrutiny of cross-border service payments and revenue sourcing
4. Increased exposure to tax audits and regulatory reviews

### Reference/ Citation

Nwobia, B. C. (2022). Taxing the digital economy and platform firms in Nigeria. *International Journal of Computer Applications Technology and Research*, 11(12), 724–752. [🔗](#)

Umenweke, M. N. (2025). Taxation of non-resident companies in the digital economy: A review of the legal frameworks and enforcement challenges in Nigeria.

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# PAKISTAN

## Super Tax Under Section 4c

The Federal Constitutional Court Judgment (Jan 27, 2026)

The Federal Constitutional Court (FCC) delivered a landmark ruling affirming the constitutional validity of the super tax under both Section 4B and Section 4C of the Income Tax Ordinance. Key takeaways:

### Super Tax Is Constitutionally Valid

The FCC held that:

- Super Tax is Constitutional**  
The Court ruled that Parliament has full authority to impose taxes through Finance Acts. Section 4C is legally valid.
- High Court Decisions Set Aside**  
Previous High Court rulings that declared Section 4C invalid or restricted its application have been overturned.
- Retroactive Application Allowed**  
The super tax can be applied from Tax Year 2022, meaning affected companies are liable for past years as well.
- Major Revenue Boost**  
The decision enables the government to recover an estimated Rs. 300+ billion, strengthening federal revenues.

### Economic Impact on Pakistan

The recent decision of the Federal Constitutional Court upholding the validity of Super Tax under Section 4C of the Income Tax Ordinance, 2001, has significant economic implications beyond its legal dimension. While the judgment strengthens the government's fiscal authority and revenue position, several economic experts believe it may exert short- to medium-term pressure on Pakistan's GDP growth trajectory.

One of the primary concerns relates to industrial cash flow. The imposition and enforcement of super tax, particularly with retrospective effect, increases the effective tax burden on high-profit sectors such as banking, cement, steel, oil and gas, fertilizer, and other large-scale industries. As a result, companies may experience a reduction in retained earnings and internally generated funds, which are critical for business expansion and capital investment in a developing economy like Pakistan.

The decision may also affect the working capital operations of industries. Working capital is essential for maintaining day-to-day operations, including procurement of raw materials, payment of wages, inventory management, and trade credit arrangements. Higher tax outflows can constrain liquidity, compel firms to rely more heavily on bank financing at elevated costs, and reduce operational flexibility. This tightening of liquidity may slow production cycles and weaken supply chain efficiency across various sectors.

Furthermore, domestic and local investment may be adversely impacted. Investment decisions are strongly influenced by expected post-tax returns and policy stability. An increase in effective taxation reduces the net return on investment, potentially discouraging expansion plans and delaying new industrial projects. In an economy where private sector investment is a key driver of growth, any contraction in capital formation may directly affect overall economic momentum.

Since investment constitutes a major component of GDP, a slowdown in private sector capital expenditure can moderate overall economic growth. The ripple effects may extend to small and medium enterprises, employment generation, and consumer demand, thereby influencing broader economic activity.

In conclusion, while the judgment reinforces fiscal consolidation and enhances government revenue capacity, economic experts caution that its short-term impact on industrial liquidity, working capital management, and domestic investment could contribute to a slower pace of GDP growth unless the additional revenue is efficiently deployed toward productive and growth-enhancing sectors of the economy.

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FCC issues written order on super tax cases | BUSINESS RECORDER [🔗](#)

Super tax: FBR's comments on FCC verdict | BUSINESS RECORDER [🔗](#)

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# PHILIPPINES



## Recent Developments in the Philippines' Taxation

### Corporate and Investment Incentive

The CREATE MORE Act (RA 12066), effective in 2025, aims to boost the country's investment climate.

- **Corporate Income Tax:**  
Registered Business Enterprises (RBEs) under Enhanced Deductions now pay a reduced CIT rate of 20% (down from 25%).
- **Deductions:**  
Power expense deductions increased to 100%, with an additional 50% for trade fairs and tourism reinvestments.
- **VAT:**  
VAT zero-rating clarified for goods and services directly related to registered projects, covering janitorial, security, financial, and administrative services.
- **Local Taxes:**  
RBEs can choose a simplified local tax (RBELT), capped at 2% of gross income, instead of other local taxes.

### Digital Economy and Consumer Taxes

New rules now equalize the treatment of local and foreign service providers.

- **VAT on Digital Services (RA 12023):**  
Effective June 2, 2025, a 12% VAT is imposed on digital services consumed in the Philippines, such as streaming, cloud services, and online advertising. Non-resident digital service providers (DSPs) must register with the Bureau of Internal Revenue (BIR) via a new portal and use BIR Form 2550-DS for filings.

### Capital Markets (CMEPA Reforms)

The Capital Markets Efficiency Promotion Act (RA 12214) took effect on July 1, 2025, streamlining the taxation of passive income.

- **Uniform Interest Tax:**  
A flat 20% final withholding tax now applies to all deposit accounts, including long-term peso deposits.
- **Stock Transaction Tax (STT):**  
Reduced significantly from 0.6% to 0.1% for shares traded through local or foreign stock exchanges.
- **Capital Gains Tax (CGT):**  
Standardized at 15% for the sale of unlisted domestic and foreign shares.
- **Documentary Stamp Tax (DST):**  
The rate on the original issuance of shares was reduced from 1% to 0.75%.

## Individual and Administrative Updates

- **De Minimis Benefits:**  
Revenue Regulations No. 29-2025 increased the ceilings for non-taxable employee benefits (e.g., rice subsidy increased to ₱2,500/month; clothing allowance to ₱8,000/year; medical assistance to ₱12,000/year).
- In 2025, Social Security System (SSS) contribution rates rose to 15% (10% employer, 5% employee), and PhilHealth premiums reached 5%.
- In late 2025, the BIR issued RMC No. 107-2025, suspending most field audits and the issuance of Letters of Authority (LOA) to review audit procedures and protect taxpayer rights.
- The Enhanced Fiscal Regime for Large-Scale Metallic Mining Act (RA 12253) was enacted, though its new fiscal regime is set to take effect on February 17, 2026.

## Tax Treaty

Key updates on the Philippines tax treaties include the implementation of streamlined procedures for claiming benefits, allowing outright application of lower rates based on a Tax Residency Certificate (TRC) without prior BIR approval. Active negotiations are underway to update agreements with Hong Kong and Singapore, while a new double taxation agreement with Cambodia was recently inked.

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CREATE MORE | Bureau of Internal Revenue [🔗](#)  
Lumagui: BIR tightens tax regulations for Digital Service Providers with Republic Act No. 12023 | Bureau of Internal Revenue [🔗](#)  
Capital Markets Efficiency Promotion Act (CMEPA) | Bureau of Internal Revenue [🔗](#)  
Further Amending the "De Minimis" Benefits Provisions of Revenue Regulations (RR) No. 2-98, as Amended, Increasing the Ceiling of Non-Taxable Benefits | Bureau of Internal Revenue [🔗](#)  
IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT | Department of Finance [🔗](#)

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# SAUDI ARABIA

## Application of Tax Withholding in Accordance with Double Taxation Avoidance Agreements (DTAs)

### Scope of Withholding Tax in the Kingdom under the Tax Law and Tax Treaties

#### Application of Withholding Tax under the Income Tax Law - Withholding tax is imposed on income earned by a non-resident from a source within the Kingdom.

The tax is primarily withheld on payments made by a resident or a permanent establishment in the Kingdom to a non-resident from a source within the Kingdom.

For the purposes of withholding tax, the definition of a resident includes the following:

- A legal entity or an individual — only in the context of their business activity — who meets the residency requirements in the Kingdom as stipulated under the Income Tax Law.
- Any government department, ministry, or public authority.
- Any other legal entity or established body within the Kingdom.

To determine whether there is a withholding tax obligation, the following factors must be considered:

1. Who is responsible for withholding tax?  
The responsible party is the resident or permanent establishment making payments from sources within the Kingdom to a non-resident. Such a party is accountable for withholding the tax.
2. Which payments are subject to withholding tax?  
These are payments made to non-residents as specified in Article 68 of the Income Tax Law or Article 63 of the Implementing Regulations. Examples include dividends, income from debt claims, royalties, technical services, and management fees.
3. What constitutes the source of payments subject to withholding tax?  
Any payment originating from a source within the Kingdom is considered subject to withholding tax.

The following are examples of types of income that a non-resident may earn from sources within the Kingdom, and are therefore subject to withholding tax provisions:

In accordance with the provisions of Article 68 of the Income Tax Law and Article 63 of the Implementing Regulations:

- Management Fees
- Distributed Profits – meaning any distribution from a resident company to a non-resident shareholder, as well as any profits remitted from a permanent establishment to related parties.

- Rental Payments, whether operating or finance leases, including:
  - Leasing of immovable property.
  - Leasing of movable property located within the Kingdom.
  - Rental payments generally include a component of income from debt claims that falls within the scope of withholding tax.
- Sale or Licensing of Industrial or Intellectual Property in the Kingdom, also referred to as royalties, excluding the sale of full ownership rights in licensed industrial or intellectual property.
- Loan Yields: amounts or income derived from debt claims.
- Insurance or Reinsurance Premiums.
- Technical or Consulting Services, even if fully performed outside the Kingdom.
- Services Rendered Fully or Partially within the Kingdom.
- Payments Arising from Commercial Activities Conducted for Profit within the Kingdom.

### Type of Payment – Withholding Tax Rate

Based on the provisions of Article 68 of the Income Tax Law and Article 63 of the Implementing Regulations, the withholding tax rate shall be applied:

- Management Fees – 20%
- Royalties – 15%
- Dividends – 5%
- Rent – 5%
- Insurance or Reinsurance Premiums – 5%
- Technical and Consulting Services – 5%
- Payments for Airline Tickets or Air/Sea Freight – 5%
- International Telephone Communication Services – 5%
- Any Other Services from Sources within the Kingdom – 15%

### Application of Withholding Tax in Accordance with Tax Treaties Concluded by the Kingdom of Saudi Arabia

The Kingdom has concluded more than fifty-six (56) tax treaties to avoid double taxation. In the context of cross-border transactions, it is necessary to consider the application of any relevant tax treaty, in addition to domestic regulations, to determine the appropriate tax treatment for any type of income.

Generally, tax treaties take precedence over domestic law in the Kingdom. Taxpayers are entitled to benefit from requesting the application of any exemption or reduced withholding tax rates provided under a relevant and applicable tax treaty.

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# SAUDI ARABIA

## Business Profits

The article addressing business profits—typically Article Seven (7) in tax treaties—serves as the primary rule for determining whether payments or services, other than those specifically covered by separate articles in the treaty, are subject to taxation in the Kingdom of Saudi Arabia.

Generally, the right to tax business profits earned by a non-resident belongs to the country of residence of the non-resident, unless the non-resident has a permanent establishment in the Kingdom. In such cases, business profits may be taxed in the Kingdom, but only to the extent attributable to the permanent establishment.

## Income from Immovable Property

This article clarifies how income from immovable property is taxed by a country other than the country of residence of the income recipient.

According to the article on income from immovable property—typically Article Six (6) in a tax treaty—the country in which the income-generating property is located has the right to impose tax.

## Dividends

In accordance with the provisions of the relevant article in the tax treaty—typically Article Ten (10)—this article outlines the rules for taxing dividend distributions. Generally, the source country retains the right to levy tax on income derived from dividends, even if such income is paid directly to a resident of another country with which the source country has a tax treaty. However, if the dividend recipient is the beneficial owner, the source country may grant a tax exemption or apply a reduced withholding tax rate as specified in the treaty.

## Fees for Technical Services:

According to the article on fees for technical services – generally Article 12(a) of the tax treaties – fees for technical services arising in one country and paid to a resident of another country are, in principle, subject to taxation in the country where the individual or permanent establishment receiving the payments resides.

## Procedures for Implementing Tax Treaty Provisions Related to Withholding Tax:

Procedures for Implementing Tax Treaties:

For the purpose of determining whether the conditions for applying specific provisions of a tax treaty are met, taxpayers should first ensure that they fall within the scope of the treaty in accordance with Articles 1 and 2, which relate to the persons covered and the types of taxes included in the treaty.

In cases where the tax treaty provides for a tax exemption or a reduced tax rate, the taxpayer should determine whether they are eligible to benefit from the exemption at source or entitled to a tax refund.

## Reference/ Citation

Application of Tax Withholding in Accordance with Double Taxation Avoidance Agreements (DTAs) | Zakat, Tax, and customs Authority [↗](#)

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# SINGAPORE

## Singapore as International Headquarters

Companies that set up or expand their global or regional headquarters activities of managing, coordinating and controlling business activities for a group of companies in Singapore, can apply for the International Headquarters Award "IHQ".

An IHQ is eligible for concessionary tax rates of 5%, 10%, or 15% on qualifying income arising from qualifying activities for a qualifying period of five years. The details of the concessionary tax rate are as follows:

1. Concessionary tax rate of 5%
  - Carry out any of the headquarters' activities in Singapore
  - Employ at least 18 additional skilled employees, all of whom shall be based in Singapore by Year 3
  - Incur additional annual Total Business Expenditure (TBE) of at least S\$8 million by Year 3
  - Employ at least 30 additional skilled employees, all of whom shall be based in Singapore by Year 5
  - Incur additional annual TBE of at least S\$13 million by Year 5
2. Concessionary tax rate of 10%
  - Carry out any of the headquarters' activities in Singapore
  - Employ at least 15 additional skilled employees, all of whom shall be based in Singapore by Year 3
  - Incur additional annual TBE of at least S\$5.5 million by Year 3
  - Employ at least 25 additional skilled employees, all of whom shall be based in Singapore by Year 5
  - Incur additional annual TBE of at least S\$9 million by Year 5
3. Concessionary tax rate of 15%
  - Carry out any of the headquarters' activities in Singapore
  - Employ at least 8 additional skilled employees, all of whom shall be based in Singapore by Year 3
  - Incur additional annual TBE of at least S\$3 million by Year 3
  - Employ at least 13 additional skilled employees, all of whom shall be based in Singapore by Year 5
  - Incur additional annual TBE of at least S\$5 million by Year 5

Qualifying headquarters activities only include the following:

- Management, coordination and control functions of business activities for the group
- Sourcing and procurement
- Supply chain management
- Marketing control and planning

- Human resource management
- Provision of legal services
- Provision of finance services
- Provision of brand management services

TBE comprises remuneration for employees working in Singapore and other expenses incurred in Singapore (i.e. paid to contracting parties in Singapore). It excludes expenses outside Singapore, capital investments, depreciation, and expenditure on raw materials, components and packaging.

Skilled employees mean "Managers", "Professionals", "Associate Professionals and Technicians" or "Skilled Production Craftsmen" as defined by the Singapore Standard Occupational Classification

Singapore has implemented a Domestic Top-up Tax on profits of group entities operating in Singapore if their effective tax rate is less than 15%. This will apply to multinational enterprise groups with annual group revenue of €750 million or more in at least two of the four preceding financial years. For avoidance of doubt, IHQ companies are not precluded, and applicants should assess the implications accordingly.

### [Reference/ Citation](#)

International Headquarters Award IHQ | Singapore Economic Development Board | [🔗](#)

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# TAJIKISTAN

## Tax Reform Progress and Digitalization in Tajikistan

A joint meeting of the Tax Reform Coordination Committee and the Taxpayers' Advisory Council took place in Dushanbe on December 22, 2025, bringing together stakeholders from government institutions, international organizations, the private sector, and business associations. The agenda focused on two closely connected priorities: the implementation results of the "Tax Reform Operation" Project and the prospects for further digitalization of the tax sector in Tajikistan.

Discussions underlined that the tax reform initiative, supported by development partners, is designed to contribute to the country's long-term development goals and policy frameworks, including national planning documents and the broader transition toward a digital economy. The reform agenda is centered on strengthening tax administration capacity, improving service delivery to taxpayers, and introducing modern digital platforms that support automated and data-driven tax management.

Participants noted that digital transformation is increasingly viewed as a key tool for creating a tax system that is efficient, transparent, and predictable. The reform program aims to simplify interaction between taxpayers and authorities through the expansion of electronic services, streamlined processes, and reduced reliance on paper-based procedures. These changes are intended to increase trust, improve voluntary compliance, and support a more stable revenue base for the state budget.

The meeting also highlighted progress in applying software solutions and modular systems that enable better risk analysis, improved reporting, and more consistent administrative decision-making. The use of advanced technologies—such as analytical tools and elements of artificial intelligence—was discussed as a practical way to enhance transparency, reduce opportunities for informality, and support efforts to limit the shadow economy. Participants emphasized that digital solutions can strengthen tax discipline, help broaden the tax base, and improve the institutional effectiveness of tax authorities.

In addition to project achievements, attendees discussed policy topics relevant to the business community and investment climate. These included the targeted use of tax incentives, approaches to support green economic development, and the role of tax measures in encouraging environmentally friendly technologies. Special attention was given to issues connected with the import of solar panels and components, the use of electric vehicles, and environmental protection initiatives. A question-and-answer session enabled participants to raise practical concerns and exchange views on the implementation of reforms and services.

Overall, the meeting concluded that continued reform and digitalization can positively influence Tajikistan's socio-economic development by strengthening the efficiency of tax administration, improving the business environment, and increasing investor confidence. It was also noted that preparations have begun for a new tax administration development program for 2026–2030, with priorities expected to include deeper digital transformation, further reduction of the shadow economy, and stronger tax transparency.

These developments underline the growing importance of accurate reporting and timely tax compliance as digital services expand.

### [Reference/ Citation](#)

[Achievements of the Tax Reform Operation | Tax Committee](#)

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# THAILAND

## Thai Tax Reformation in 2026

In 2026, there will be a scheme for tax revision in Thailand. The main reason is the increase of country income for government investment in many projects, including infrastructure projects for the future. The overall guide will be as follows:

### Thailand's Tax Transformation: Navigating Global Shifting and Fiscal Sustainability (2027–2030)

Thailand's tax landscape is approaching a critical juncture, driven by global pressures and domestic structural shifts. On November 18, 2025, the Cabinet approved the Medium-Term Fiscal Plan (2027–2030), which includes a pivotal assumption: the potential increase of Value Added Tax (VAT) from 7% to a maximum of 8.5%. This reform is a direct response to three primary drivers.

#### 1. Global Trends and International Standards

The world is moving toward tax transparency and fair competition. Thailand is aligning with international frameworks, such as the Global Minimum Tax (Pillar Two), to prevent profit shifting by multinational enterprises. Additionally, global digitalization forces Thailand to modernize its tax collection to capture value from cross-border digital services.

#### 2. The Great Shift in Thailand's Socio-Economic Landscape

The necessity for reform is amplified by five internal transformations:

- **Transition from Poverty:** Having moved beyond "underdeveloped" status, Thailand requires massive investment to escape the Middle-Income Trap.
- **Industrial Dominance:** With the industrial sector now decisively larger than agriculture, the tax base must shift from traditional land-based models to more complex industrial and service-oriented frameworks.
- **Increased Openness:** As the economy integrates further into global markets, Thailand is refining its Global Income Tax rules to ensure residents are taxed on worldwide earnings fairly.
- **The Rise of the Modern Sector:** Digital and tech-driven economies are expanding while traditional sectors shrink. Tax authorities are now deploying Big Data and AI to bridge the gap and capture revenue from the "Modern Sector."
- **The Aging Society:** Thailand is rapidly becoming an aged society. This demographic shift significantly increases public spending on healthcare and welfare while simultaneously shrinking the active workforce of taxpayers.

#### 3. Core Concepts of the Tax Reform

To meet the fiscal demands of 2027–2030, the reform focuses on:

- **Enhancing Consumption-Based Revenue:** Adjusting VAT to 8.5% is viewed as a necessary tool to provide a stable revenue stream to fund rising social welfare costs and infrastructure.
- **Broadening the Base, Not the Burden:** Instead of increasing rates for existing taxpayers, the focus is on utilizing technology to bring the informal economy into the system and reducing redundant tax exemptions.
- **Fiscal Sustainability:** Ensuring the government maintains a manageable deficit while funding long-term development goals.

#### Reference/ Citation

Tax Reformation | THAIPUBLICA [🔗](#)

Highlights from the Business at OECD General Assembly 2025: Delivering Prosperity Through Economic Cooperation | SCB EIC [🔗](#)

Thailand phased hike to 10% by 2030 | Jacinta Caragher [🔗](#)

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# UAE

## Major UAE Tax Developments in Q4 2025 – Corporate Tax, VAT, Excise and E-Invoicing

Recent Federal Decree-Laws and Cabinet Decisions have introduced significant shifts in the UAE's tax landscape, emphasizing stricter limitation periods, digital compliance, and refined excise structures.

### 1. Tax Procedures

A new five-year limitation period now applies to requesting tax credit refunds or settling liabilities.

- **Exceptions:**  
Limited extensions apply if credits arise after the five-year mark or within its final 90 days.
- **Federal Tax Authority (FTA) Powers:**  
The Authority can now issue binding legal interpretations and conduct audits beyond standard periods if a refund is requested in the final year.
- **Transitional Relief:**  
Taxpayers whose five-year window expires before or shortly after January 1, 2026, receive a one-year grace period to submit refund requests.

### 2. VAT Amendments

- **Documentation:**  
The obligation to issue "self-invoices" under the reverse charge mechanism is replaced by a requirement to maintain specific supporting documents.
- **Input VAT Integrity:**  
Taxpayers now have a positive obligation to verify the legitimacy of supplies. The FTA may deny deductions if a supply is linked to tax evasion.
- **Refunds:**  
A strict five-year limit is established for reclaiming excess VAT after reconciliation.

### 3. Corporate Tax: Investment Funds

Specific timelines are set for foreign entities with a UAE nexus investing in REITs or Qualifying Investment Funds:

- **Registration:**  
Generally, within 12 months of the fund's financial year-end.
- **Filings:**  
Annual exemption declarations must be filed within 10 months; deregistration must occur within three months of ceasing nexus.

### 4. E-Invoicing Penalties

To enforce the electronic invoicing system, a new penalty regime applies:

- **Non-Implementation:**  
AED 5,000 monthly fine for failing to adopt the system or appoint an accredited provider.
- **Transmission Failures:**  
AED 100 per document (capped at AED 5,000/month) for late issuance.
- **Reporting:**  
AED 1,000 daily fine for failing to notify the FTA of system failures.

### 5. Excise Tax: Sweetened Drinks

Effective January 1, 2026, the excise tax on sweetened drinks will be determined by sugar content per 100ml:

Sugar Content	Excise Rate
Less than 5g (or artificial only)	0%
5g to <8g	AED 0.79 / litre
8g or more	AED 1.09 / litre

Exclusions include baby food, medical products, and drinks with ≥75% milk.

### 6. New Service Fees

Starting January 1, 2026, the FTA will charge for Advance Pricing Agreements (APAs):

- **Initial Request:** AED 30,000.
- **Renewal/Amendment:** AED 15,000.

### Reference/ Citation

- Federal Decree-Law No. 17 of 2025
- Federal Decree-Law No. 16 of 2025
- FTA Decision No. 8 of 2025
- FTA Decision No. 106 of 2025
- FTA Decision No. 197 of 2025
- FTA Decision No. 174 of 2025

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## UK



### Missed Deadline for Automatic Exchange of Information (AEOI) Registration for Many Trusts and Other Entities

The UK's Automatic Exchange of Information (AEOI) regime forms part of the international framework for sharing financial information between tax authorities. Although the AEOI framework was introduced several years ago, HMRC's updated registration requirements mean that many UK trusts, companies and partnerships need to register by 31 December 2025, and many of these will likely be unfamiliar with this obligation.

Registration is required for trusts, companies or partnerships classified as Investment Entities, which is where:

- at least 50% of their gross income (over the shortest of the last three years or the time since it was established) is derived from investing in financial assets such as stocks and shares, including capital gains
- and those assets are professionally managed by a Financial Institution (such as a bank or investment manager) that has discretionary authority over the entity's investments.

A key point clarified by HMRC is that these are two separate tests. Where the income threshold is met, the presence of any discretionary investment management is sufficient to trigger registration, even if only a small proportion of the assets or income is managed on a discretionary basis. Importantly, where an investment manager acts purely in an advisory capacity, and the trustee, directors, or partners retain ultimate decision-making authority, the professional management condition will not be met, and AEOI registration will not be required.

A trust with a corporate trustee (a Trustee – Documented Trust) is also required to register for AEOI even if it has no investment income.

Bare trusts are not excluded from the AEOI registration requirements, whereas UK registered pension schemes are exempt from AEOI registration and FATCA (Foreign Account Tax Compliance Act) requirements. Trusts, partnerships and companies will need to establish whether the requirements have been fulfilled, and where required, register via HMRC's AEOI Portal.

Entities that register will need to ensure they fulfil their due diligence obligations, which include submission of AEOI returns by the 31st May annually if funds are sent to non-resident beneficiaries.

HMRC has acknowledged that the rules were not widely publicised and has confirmed that late registration penalties will not be applied automatically, but has not stated that penalties will not be issued. HMRC may waive penalties due to "reasonable cause", and, most notably, this is more likely to occur when contact with HMRC is made early. Failure to register could lead to the imposition of penalties as well as increased audit activity and scrutiny by HMRC, particularly with regard to non-resident account owners or beneficiaries.

#### Reference/ Citation

(HMRC internal manual International Exchange of Information Manual) | (HMRC) [\[ \]](#)

(New registration requirement for some trusts and investment companies) | (TAXADVISOR) [\[ \]](#)

(Trusts must meet new registration requirement by 31 December) | (ICAEW) [\[ \]](#)

(Urgent 31 December 2025 registration deadline for some trusts and companies) | (ATT) [\[ \]](#)

(Deadline of 31 December 2025 for trusts to register under AEOI regulations) | (CIOT) [\[ \]](#)

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# UZBEKISTAN

## International Tax Developments in Uzbekistan: Key Updates and Practical Implications

Uzbekistan continues to advance its tax reform agenda, strengthening transparency, digital compliance, and investor protection. For multinational enterprises (MNEs) evaluating entry into the Uzbek market, a clear understanding of Corporate Income Tax (CIT), Value Added Tax (VAT), and available investment incentives is critical for efficient structuring and risk management.

The standard Corporate Income Tax rate is 15%, positioning Uzbekistan competitively within the region. The unified rate enhances predictability for foreign investors and supports medium- to long-term investment planning. While certain regulated industries may be subject to specific rules, most foreign-invested entities operate under the general 15% framework.

Value Added Tax is levied at 12%. In recent years, Uzbekistan has significantly modernized VAT administration through digital reporting and electronic invoicing systems. These reforms have improved transparency and reduced informal activity, while increasing the importance of robust compliance controls. Foreign investors should carefully assess VAT registration thresholds, cross-border service taxation, and input VAT recoverability. Early tax structuring can help mitigate potential cash-flow exposure related to VAT credits and refunds.

A central pillar of Uzbekistan's investment policy is the expansion of Free Economic Zones (FEZs), including Navoi, Angren, and Jizzakh. These zones are designed to attract foreign capital, promote export-oriented manufacturing, and facilitate technology transfer. Investors operating within FEZs may benefit from targeted tax incentives linked to the volume of direct investment.

Qualifying investors may obtain exemptions from Corporate Income Tax, property tax, land tax, and customs duties for periods ranging from three to ten years, depending on investment size. Higher investment thresholds generally correspond to longer exemption durations. In addition, certain imported equipment and production inputs may qualify for customs relief, improving project feasibility and internal rate of return calculations.

From a practical perspective, investors should conduct a comprehensive feasibility and tax impact assessment prior to selecting an operational structure. Key considerations include eligibility criteria for FEZ incentives, compliance with substance and employment requirements, and documentation standards. Furthermore, Uzbekistan has strengthened its transfer pricing framework in line with international practices, increasing the importance of defensible intercompany pricing policies and contemporaneous documentation.

In conclusion, Uzbekistan offers a competitive headline tax regime supported by targeted investment incentives within Free Economic Zones. While the framework is broadly investor-friendly, disciplined planning and proactive compliance management remain essential. MNEs entering the Uzbek market should adopt a structured tax governance approach to ensure full utilization of available incentives while effectively managing regulatory risk in an evolving environment.

### *Reference/ Citation*

Tax Code of the Republic of Uzbekistan – Official Government Portal [🔗](#)

Law on Investments and Investment Activity of the Republic of Uzbekistan [🔗](#)

Presidential Decrees establishing Free Economic Zones (Navoi, Angren, Jizzakh) [🔗](#)

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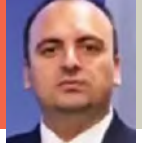
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