PRISM

Tax Newsletter **2nd Quarter 2026**

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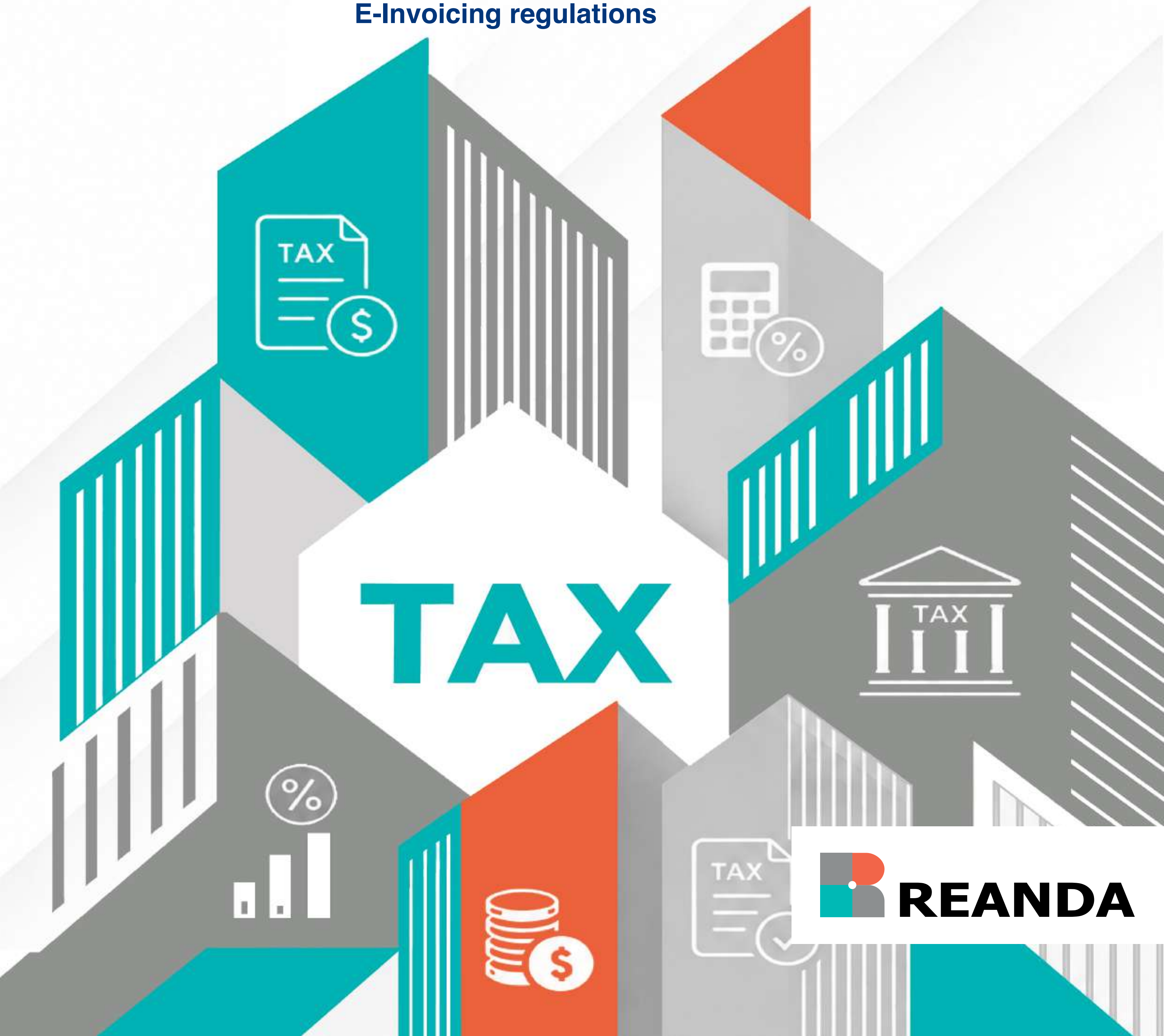

REANDA

AUSTRALIA

Payday Super

Payday Super is a major reform to Australia's superannuation system commencing 1 July 2026. It requires employers to pay superannuation guarantee (SG) contributions at the same time as employees' wages, rather than quarterly. Contributions must be received by the employee's super fund within seven business days. The reform introduces a new earnings base called "qualifying earnings" and enhances reporting through Single Touch Payroll. The objective is to reduce unpaid super, improve retirement outcomes and increase transparency for employees. Overall, Payday Super aligns super payments more closely with income flows, enhancing compliance and allowing earlier investment and compounding of retirement savings.

随工资支付养老金

"随工资支付养老金"（Payday Super） 将于2026年7月1日实施，是澳大利亚养老金制度的重要改革。雇主必须在发放工资的同时支付强制性养老金（SG），并确保在7个工作日内到账。该制度引入"合格收入"概念，并强化实时申报。其主要目标是减少拖欠养老金、提高透明度并改善退休储蓄水平。通过更频繁的缴款，员工可更早投资并享受复利增长，从而提升长期退休收益，同时加强合规监管与雇主责任。

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AZERBAIJAN

Azerbaijan's Economic Trajectory: Navigating Q1 Performance and Q2 Strategic Outlook

As Azerbaijan enters the second quarter of 2026, the economic focus shifts toward consolidating market stability and private sector-led growth. Following a transition from the robust 4.2% growth in 2024 to a stable 1.4% in 2025, early 2026 indicators suggest renewed momentum. This article explores how the dominance of the non-state sector, now accounting for 81.4% of the GDP, is driving the national diversification agenda. We analyze the impact of controlled 2.2% inflation and strategic fiscal reforms on achieving the ambitious growth targets for the remainder of the year.

阿塞拜疆的经济轨迹：导航第一季度业绩与第二季度战略展望

随着阿塞拜疆进入 2026 年第二季度，经济重点转向巩固市场稳定性并推动私营部门领航的增长。在经历了从 2024 年 4.2% 的强劲增长到 2025 年 1.4% 的稳定增长的转变后，2026 年初的指标表明增长势头有所回升。本文探讨了目前占国内生产总值 81.4% 的非国有部门如何推动国家多元化议程。我们分析了 2.2% 的受控通胀率和战略性财政改革对实现今年剩余时间宏伟增长目标的影响。

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COSTA RICA

The Strategic Importance of the Transfer Pricing Study (Local File) for Multinational Enterprises

This article highlights the growing strategic importance of the Transfer Pricing Local File for multinational enterprises in an increasingly complex global trade environment and the role of Esquivel Auditores in this context. As regulations have evolved in alignment with the OECD Guidelines, Transfer Pricing Local File has become more sophisticated, requiring detailed financial, functional, and comparability analyses. At the same time, increased scrutiny by tax administrations has led to more rigorous audits and higher penalties for non-compliance, making it essential for companies to maintain robust, accurate, and up-to-date documentation to support their transfer pricing policies. In this context, professional advisory firms play a crucial role in helping businesses manage risks, ensure compliance with international standards, and capitalize on global opportunities.

转让定价研究（本地文档）对跨国企业的战略重要性

本文强调了在日益复杂的全球贸易环境下，转让定价本地文档（Local File）对跨国企业日益增长的战略重要性，以及 Esquivel Auditores 在这一背景下所发挥的作用。随着相关法规逐步与经合组织（OECD）转让定价指南保持一致，转让定价本地文档的编制日益复杂，需要更为详尽的财务、功能及可比性分析。同时，税务机关监管力度的加强也导致审计更加严格，对不合规行为的处罚更加严厉，这使得企业必须保持完善、准确且及时更新的文档，以支持其转让定价政策。在此背景下，专业咨询机构在帮助企业进行风险管理、确保符合国际标准以及把握全球机遇方面发挥着关键作用。

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GREECE

New measures to combat accuracy amid geopolitical and economic turmoil

Inflation in Greece rose to 4.6% in April 2026, driven mainly by energy costs, prompting the government to introduce a €500 million support package. Building on a strong fiscal surplus in 2025, the measures focus on income support, cost-of-living relief and debt management. Key interventions include expanded debt settlement options, increased aid for pensioners and vulnerable groups, broader rent refund criteria covering most tenants, and targeted subsidies for fuel and fertilizers. The package aims to ease household pressure while maintaining fiscal balance, though ongoing inflationary trends may test its effectiveness in the months ahead.

新措施应对地缘政治与经济动荡背景下的通胀压力

2026年4月，希腊通胀率升至4.6%，主要由能源成本上涨推动，促使政府推出一项总额达5亿欧元的支持方案。在2025年实现强劲财政盈余的基础上，这些措施重点聚焦收入支持、生活成本缓解以及债务管理。主要干预包括：扩大债务结算选项、增加对养老金领取者和弱势群体的援助、放宽租金退税标准以覆盖大多数租户，以及针对燃料和化肥提供定向补贴。该方案旨在减轻家庭经济压力，同时保持财政平衡，但持续的通胀趋势可能在未来几个月对其效果构成考验。

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INDIA

India's 2026 Transfer Pricing Overhaul: A Structural Reset for Global Enterprises

Effective April 1, 2026, the Income-tax Act, 2025, and the Union Budget 2026 introduce transformative changes to India's transfer pricing landscape. Designed to reduce litigation and enhance operational certainty, the reforms simplify the Safe Harbour Rules by consolidating IT, ITeS, and KPO services under a uniform 15.5% margin. The turnover threshold is increased to INR 20 billion with an automated, five-year validity process. Additionally, the budget fast-tracks Unilateral Advance Pricing Agreements for IT services and replaces punitive non-compliance penalties with a graded fee structure, ensuring a more transparent and stable environment for multinational enterprises.

印度2026年转让定价改革：全球企业的结构性重塑

自2026年4月1日起，《2025年所得税法》和2026年联邦预算对印度的转让定价格局进行了变革。为减少诉讼并提高运营确定性，这些改革简化了安全港规则，将IT、ITeS和KPO服务整合在统一的15.5%利润率下。营业额门槛提高至200亿卢比，并实行自动化的五年有效期流程。此外，预算加快了IT服务的单边预先定价协议审批，并用分级收费结构取代了惩罚性的违规罚款，从而确保为跨国企业提供更加透明和稳定的环境。

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MALAYSIA

Global Minimum Tax (GMT)

The Global Minimum Tax (GMT) in Malaysia will take effect for Multinational Enterprise (MNE) groups with a financial year beginning on or after 1 January 2025. MNE groups with consolidated revenue of at least EUR 750 million in at least two of the four preceding Financial Years will be in scope of the Global Anti-Base Erosion (GloBE) Rules. MNE must file the GloBE Information Return (GIR). The Constituent Entity of an MNE Group located in Malaysia must file a Top-up Tax Return (TTR). The GloBE Rules provide transitional relief for filing obligations where the GIR and notifications can be filed no later than 18 months after the last day of the Reporting Financial Year for the first filing transition year. Transitional relief for filing also applies to TTR. The tax payable for the first filing transition year is due on the last day of the 18th month after the end of that filing transition year.

全球最低税 (GMT)

马来西亚的全球最低税 (GMT) 适用于2025 年 1 月 1 日或之后财政年度的跨国企业 (MNE) 集团。凡在之前四个财政年度中，至少有两个财政年度的合并收入达到或超过 7.5 亿欧元的跨国企业集团，都涵盖在全球反税基侵蚀规则 (GloBE 规则) 下。这些跨国企业必须提交 GloBE 信息申报表 (GIR)，而位于马来西亚的跨国企业集团企业实体则必须提交税务补足申报表 (TTR)。GloBE 规则为这项申报提供了过渡期的缓冲，允许在第一个过渡申报年度的报告财政年度结束后 18 个月内，提交 GIR 和相关通知，这项缓冲也同时适用于TTR 申报。第一个过渡申报年度的应纳税额，应在该过渡申报年度结束后的第 18 个月的最后一天缴纳。

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MALTA

Malta's 175% Research and Innovation deduction: supporting the next phase of business growth

This article examines Malta's introduction of a 175% tax deduction for qualifying Research, Development and Innovation expenditure, announced as part of the 2026 Budget measures. From Reanda Malta's perspective, the measure represents a significant policy initiative aimed at supporting innovation, productivity and long-term business competitiveness. While it may enhance the tax efficiency of eligible projects, taxpayers will need to ensure that qualifying expenditure is properly identified, documented and supported in line with the applicable legislative requirements. The article also considers the relevance of early planning and coordinated tax advice, particularly for internationally active groups with substance, transfer pricing and intellectual property considerations.

马耳他175%研发与创新税务扣除：助力企业迈向下一阶段增长

本文探讨马耳他在2026年预算措施中提出的合资格研发与创新（Research, Development and Innovation）支出175%税务扣除政策。从利安达马耳他的角度来看，措施是一项重要的政策举措，旨在支持创新、提升生产力并增强企业的长期竞争力。尽管该政策可提高合资格项目的税务效率，纳税人仍需确保相关支出得到准确识别、妥善记录，并符合适用的法律要求。本文亦强调，尽早规划及协调税务咨询尤为重要，特别是对于涉及经济实质、转让定价及知识产权安排的跨国企业集团。

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MOROCCO

Morocco's New Investment Charter: From Traditional Tax Advantages to Targeted Incentives

Morocco's new Investment Charter marks a strategic shift in the country's investment policy. While traditional tax and customs incentives remain important, the new framework increasingly links public support to measurable outcomes such as job creation, territorial balance, sectoral priorities, and sustainable development. This article examines whether Morocco is moving away from broad tax advantages toward a more selective and performance-based incentive model. It argues that the reform reflects a more structured approach to competitiveness, while raising new questions about implementation, legal certainty, and investor accessibility.

摩洛哥新投资宪章：从传统税收优惠走向定向激励

摩洛哥新投资宪章标志着该国投资政策的重要转变。传统税收和海关优惠仍然存在，但新的框架越来越多地将国家支持与可衡量的结果挂钩，例如就业创造、区域均衡、优先产业和可持续发展。本文探讨摩洛哥是否正从广泛的税收优惠转向更有针对性、以绩效为导向的激励机制，并分析这一改革对国家竞争力、实施效率和投资者可预见性的影响。

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NEPAL

Taxation on the Hydropower Sector in Nepal

Nepal has an estimated hydropower potential of 83,000 MW, with around 42,000 MW deemed technically and economically feasible. Converting this potential into operational capacity requires substantial long-term capital. To address this challenge, the Government of Nepal has established a multi-layered system of fiscal incentives across its main tax regulations. This article provides tiered income tax holidays of up to fifteen years for large reservoir projects, accelerated depreciation on capital assets, a twelve-year business loss carry-forward, and broad indirect tax exemptions, providing a structured overview for developers and investors entering Nepal's energy sector.

尼泊尔水电行业的税收

尼泊尔的水力发电潜力估计为 83,000 兆瓦，其中约 42,000 兆瓦在技术和经济上可行。将这些潜力转化为实际运营能力需要大量的长期资本投入。为了应对这一挑战，尼泊尔政府在其主要税收法规中建立了一套多层次的财政激励体系。本文将介绍针对大型水库项目长达十五年的分级所得税优惠、资本资产加速折旧、十二年营业亏损结转以及广泛的间接税豁免，为进入尼泊尔能源领域的开发商和投资者提供结构化的概述。

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PAKISTAN

4B/4C cannot be applied without invoking or amending under section 122 of the Ordinance

In the case of the Appellate Tribunal Inland Revenue involving Teradata Pakistan (Pvt.) Limited, the Tribunal held that super tax under section 4B of the Income Tax Ordinance, 2001 cannot be imposed or recovered without first invoking section 122 where a deemed assessment under section 120 already exists. The Tribunal clarified that section 4B is merely a charging provision and does not provide an independent assessment mechanism. Any omission or non-computation of super tax in the return must be corrected through amendment proceedings under section 122 within the prescribed limitation period. The Tribunal consequently annulled the impugned super tax demand as being void ab initio.

4B/4C 须根据条例第 122 条援引或修订，方可适用

涉及 Teradata 巴基斯坦 (Pvt.) 有限公司的税务局上诉法庭案件，仲裁庭认为，如果已经存在第 120 条规定的视为评估，则在不首先援引第 122 条的情况下，不能根据 2001 年所得税条例第 4B 条征收或收回附加税。 仲裁庭澄清，第4B条仅仅是一项收费条款，并不提供独立的评估机制。申报表中任何遗漏或未计算的附加税必须在规定的时效期限内通过第 122 条规定的修改程序予以更正。仲裁庭随后宣布，受到质疑的附加税要求从一开始就无效。

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PHILIPPINES

Recent Developments in Philippine Taxation

Significant operational changes in tax administration for 2026, specifically regarding the BIR issuances that refine the Single-Instance Audit Framework and tax audit rules.

The Single-Instance Audit Framework is a policy of the Bureau of Internal Revenue (BIR), established under RMO No. 1-2026, that limits each taxpayer to only one electronic Letter of Authority (eLA) for a given taxable year.

The framework falls within the tax audit framework. It is designed to streamline tax investigations by consolidating the examination of all applicable internal revenue taxes—including Income Tax, Value-Added Tax (VAT), and Withholding Tax—into a single audit process, thereby reducing the risk of overlapping, duplicative, or fragmented examinations.

菲律宾税收制度的最新发展

2026年税务管理方面将出现重大运营变化，特别是关于菲律宾国内税务局（BIR）发布的、旨在完善 "单次审计框架" 及税务审计规则的公告。

"单次审计框架" 是菲律宾国内税务局（BIR）根据第1-2026号税务管理令（RMO）制定的政策，该政策规定每个纳税人在特定课税年度内仅可收到一份电子授权书（eLA）。

该框架属于税务审计框架的一部分，旨在通过将所有适用的国内税收——包括所得税、增值税（VAT）和预扣税——的审查整合为单一审计流程，从而简化税务调查，进而降低审查重叠、重复或分散的风险。

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SINGAPORE

Singapore Budget 2026: Key Tax Implications and Strategic Shifts

The Singapore Budget 2026 outlines a strategic shift toward an "AI-First" economy while providing critical cost relief. Key measures include an enhanced 50% Corporate Income Tax (CIT) Rebate and the expansion of the Double Tax Deduction for Internationalisation (DTDi) to empower global market entry. The new National AI Council, headed by the Prime Minister, and the S$37 billion Research, Innovation and Enterprise (RIE) investment focus on sector-specific AI missions and talent development. By integrating government incentives and reliefs, Singapore reinforces its status as a high-tech hub prepared for any global challenges.

2026年新加坡财政预算案：关键税务调整与战略重心转移

2026年预算案确立了向"人工智能优先"经济转型的战略，并提供关键成本救济。核心措施包括：企业所得税（CIT）退税率升至50%，并扩大双重税务扣除（DTDi）以助力企业出海。政府通过总理领导的国家人工智能委员会及370亿新元RIE投资，重点推动AI应用与人才培养。通过整合激励政策，新加坡巩固了其全球科技枢纽地位，从容应对挑战。

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SPAIN

The Spanish Foreign Securities Holding Company (ETVE) Regime

The Spanish ETVE regime is a key international tax planning tool designed to attract foreign investment and support multinational holding structures. It offers significant benefits, including exemption from corporate tax on foreign dividends and capital gains, and no withholding tax on distributions to non-residents. To qualify, companies must meet requirements such as minimum shareholding, economic substance, and compliance with anti-abuse rules. While subject to limitations and increasing regulatory scrutiny, the regime enhances Spain's competitiveness as a holding jurisdiction within the EU, combining tax efficiency with legal certainty.

西班牙外国证券持股公司（ETVE）制度

西班牙ETVE制度是一个关键的国际税务筹划工具，旨在吸引外国投资并支持跨国控股结构。该制度提供重要优势，例如对来自境外的股息和资本利得免征公司税，以及向非居民分配利润时免征预提税。企业需满足最低持股比例、经济实质及反滥用规则等要求方可适用。尽管该制度存在一定限制且面临日益严格的监管审查，但它提升了西班牙作为欧盟控股平台的竞争力，实现了税务效率与法律确定性的结合。

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UAE

UAE Tax Developments: Driving Innovation and Transparency with new R&D Tax Credit and E-Invoicing regulations

The UAE is advancing its vision through two pivotal fiscal reforms: the R&D Tax Credit and mandatory E-Invoicing. Effective from January 2026, the R&D regime offers tiered tax credits up to 50% to incentivize technical innovation in high-growth sectors, based on their research spending. Simultaneously, the phased rollout of the nationwide E-Billing System (starting January 2027) mandates real-time reporting via the Peppol network. By combining financial incentives for creativity with a digital-first compliance infrastructure, the UAE is creating a transparent, high-tech ecosystem that reduces operational costs, eliminates tax gaps, and reinforces its status as a global hub for future-proof business.

阿联酋税务动态：通过新的研发税收抵免和电子发票法规推动创新和透明度

阿联酋正通过两项关键的财政改革推进其愿景：研发税收抵免和强制性电子发票。自2026年1月起，研发税收抵免政策将根据高增长行业的研发支出，提供最高可达50%的分级税收抵免，以激励其技术创新。与此同时，全国电子账单系统（自2027年1月起分阶段推出）将强制要求通过Peppol网络进行实时报告。通过将鼓励创新的财政激励措施与数字化优先的合规基础设施相结合，阿联酋正在打造一个透明的高科技生态系统，从而降低运营成本、消除税收漏洞，并巩固其作为面向未来的全球商业中心的地位。

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UK

Making Tax Digital (MTD) for non-residents

Although non-resident taxpayers do not exclude themselves from Making Tax Digital obligations by default, they are subject to those obligations as long as they have some form of UK income. This is true regardless of whether or not they live abroad. There are, however, certain types of non-residents who will be exempted from or deferred from MTD. For instance, any taxpayer completing the residence pages in the 2016/17 tax return will get an exemption until at least April 1st 2027. Furthermore, any taxpayer not yet issued with a national insurance number will likely be excluded from the MTD obligation entirely.

非居民的电子化税务申报（MTD）

尽管非居民纳税人并不会自动被排除在电子化税务申报（Making Tax Digital, MTD）义务的适用范围之外，但凡其拥有任何形式的英国来源收入，就需要遵守相关电子申报要求，该义务不因其是否实际居住于英国境外而受到影响。

然而，部分非居民可以获得电子化税务申报豁免或延期。例如，凡在2016/17纳税年度申报中填写了居住情况附表（residence pages）的纳税人，其义务可至少延后至 2027 年 4 月 1 日。此外，尚未获分配国民保险号码（National Insurance Number）的纳税人，通常不纳入电子化税务申报义务的适用范围。

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AUSTRALIA

Payday Super

Payday Super – Application from 1 July 2026

From 1 July 2026, the Australian Government will implement "Payday Super," representing one of the most significant structural changes to the superannuation system in decades. The reform fundamentally changes the timing, calculation and reporting of superannuation guarantee (SG) contributions.

1. Change in Payment Timing

Currently, employers are permitted to pay superannuation quarterly, with contributions due within 28 days after the end of each quarter. Under Payday Super, employers must instead pay SG contributions on each payday, aligned with salary and wages (e.g. weekly, fortnightly or monthly payroll cycles).

Importantly, contributions must be received by the employee's super fund within 7 business days of payday, not simply processed by the employer. This requirement ensures funds move quickly through payroll systems and into employees' retirement accounts.

2. Introduction of "Qualifying Earnings"

The reform introduces a new calculation base known as qualifying earnings (QE).

QE broadens the earnings base beyond ordinary time earnings (OTE) to include:

- Standard earnings (OTE)
- Salary sacrifice contributions
- Other amounts forming part of salary or wages for SG purposes

The SG rate remains at 12%, but it is applied to this expanded earnings base.

3. Enhanced Reporting and Compliance

Employers will be required to report both qualifying earnings and SG liabilities through Single Touch Payroll (STP), enabling near real-time monitoring by the Australian Taxation Office (ATO).

Failure to meet timing requirements will trigger the Superannuation Guarantee Charge (SGC), with updated penalty rules ensuring employees are compensated for late or missing contributions.

4. Policy Objectives and Impact

A key driver of Payday Super is the persistent issue of unpaid superannuation, estimated at over $6 billion annually.

By aligning super payments with wages, the reform:

- Reduces the risk of delayed or unpaid contributions
- Improves visibility and employee oversight
- Allows earlier investment, increasing compounding returns

Treasury estimates that millions of workers will benefit, with more frequent contributions improving retirement balances over time.

5. Practical Implications for Employers

Employers must adapt payroll systems, cash flow management, and internal processes to accommodate:

- More frequent payment cycles
- Faster processing timelines
- Increased compliance monitoring

Preparation is critical, as the reform converts super from a periodic obligation into a real-time cash outflow aligned with each pay run.

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AZERBAIJAN

Azerbaijan's Economic Trajectory: Navigating Q1 Performance and Q2 Strategic Outlook

The second quarter of 2026 represents a pivotal phase for Azerbaijan as it bridges the gap between recent fiscal foundations and future expansion. Based on the latest data from the State Statistics Committee, the economic narrative is one of structural resilience and private sector dominance.

Private Sector Dominance

A defining characteristic of Azerbaijan's current economic landscape is the significant role of the non-state sector. Official statistics reveal that the private sector's share in the national GDP has reached 81.4%. This dominance is even more pronounced in high-priority sectors, with agriculture at 99.8% and trade at 98.6%. For international investors and Reanda's global partners, these figures underscore a highly liberalized market where private enterprise is the primary engine of development.

Monetary Stability and Inflation Control

The success of Azerbaijan's macroeconomic strategy is further evidenced by its effective inflation management. The official Consumer Price Index (CPI) stood at 102.2, representing a controlled inflation rate of 2.2%. This stability is crucial for maintaining purchasing power and providing a predictable environment for long-term capital commitments.

Transitioning Toward 2026 Targets

Reflecting on recent growth cycles, the economy recorded a strong GDP index of 104.2 in 2024, followed by a stabilizing index of 101.4 in 2025. As we progress through Q2 2026, the alignment between government fiscal discipline and the agility of the 81.4% privately held economy suggests that Azerbaijan is well-positioned to achieve its sustainable growth milestones.

Conclusion

Azerbaijan's economic narrative for 2026 is one of "stability leading to acceleration." By leveraging its solid private sector foundation and maintaining a low inflation environment of 2.2%, the country offers a strategic window for global businesses looking for transparency and sustainable non-oil growth.

Reference/ Citation

GDP Growth Rates and Indices | State Statistics Committee of Azerbaijan

Share of Non-State Sector in GDP | State Statistics Committee of Azerbaijan

Consumer Price Index | State Statistics Committee of Azerbaijan

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COSTA RICA

The Strategic Importance of the Transfer Pricing Study (Local File) for Multinational Enterprises

In an increasingly complex international trade environment, transfer pricing is a critical aspect for multinational enterprises, as it involves the transfer of goods, services, and intellectual property among their various business units located in different jurisdictions. In this regard, the Transfer Pricing Local File, which contains specific information on transactions between related parties, has become an increasingly important tool for Tax Administrations.

In this sense, the Local File is essential for companies not only because it fulfills a legal obligation established by Tax Authorities but, more importantly, because it constitutes a key tool for Tax Administrations in determining whether to initiate an audit and defining its scope. Non-compliance may result in monetary penalties.

Therefore, the Local File plays a fundamental role in risk management, regulatory compliance, and resource optimization for multinational enterprises. By ensuring transparency and proper documentation of related-party transactions at the local level, companies can mitigate risks, avoid tax contingencies, and enhance their corporate reputation.

Initially, information on related-party transactions was primarily governed by the provisions of the Tax Code and regulatory decrees. The required documentation was relatively basic and consisted of information on intercompany transactions and the methodology used to determine transfer prices.

Over time, tax legislation has aligned with the OECD Transfer Pricing Guidelines, particularly since July 2019, when the concept of transfer pricing was formally incorporated into the Income Tax Law and its corresponding regulations. Additionally, local regulations have adapted to the new documentation requirements introduced under the BEPS Project, particularly Action 10. This has led to increased sophistication in the preparation of the Local File, including the need for more detailed information, benchmarking analyses, and justification of the transfer pricing policies adopted by companies.

Currently, the Local File requirements are reflecting international standards and promoting greater tax transparency and to include information such as the organizational structure and a detailed description of the taxpayer's business lines, activities, and strategies. They also cover related-party transactions, including descriptions, transaction amounts, identification of counterparties, detailed functional analyses, selection and justification of the most appropriate transfer pricing method, and a list and description of comparable transactions (internal or external), where applicable. This has also included the introduction of the specific Transfer Pricing Return (Form 273), effective as of fiscal year 2024, as well as expanded reporting obligations such as the Country-by-Country Reporting and the Master File.

With the aim of combating tax evasion and ensuring compliance with transfer pricing regulations, Tax Administrations across the region have intensified their audit efforts. This has resulted in increased scrutiny over the accuracy and reliability of information reported in the Local Files and related returns, leading to more rigorous audits that have generated additional tax assessments and more substantial penalties for non-compliance with proper transfer pricing practices.

Considering the above, it is essential for companies not only to comply with all formal Local File requirements -including the timely and accurate submission of information- but also to maintain comprehensive and robust documentation supporting their transfer pricing policies and related-party transactions. This should include contracts, invoices, benchmarking analyses, comparability studies, and any other relevant documentation that substantiates the nature and value of intercompany transactions.

It is therefore crucial to conduct detailed and rigorous analyses to support the transfer pricing policies adopted by the company. This may involve performing thorough comparability studies to demonstrate that the pricing and conditions of related-party transactions are consistent with those observed under arm's length conditions.

It should also be noted that transfer pricing documentation must be regularly updated to reflect changes in business operations, economic conditions, and tax regulations. This ensures that the information provided remains relevant and up to date in the event of a tax audit.

In summary, companies must take proactive measures to ensure that their Transfer Pricing Local File is complete, accurate, and up to date. This will enable them to successfully face potential tax audits and comply with applicable tax regulations.

Reference/ Citation

Costa Rica. (2021). Reforma al Reglamento a la Ley del Impuesto sobre la Renta (Decreto Ejecutivo N.° 43198-H).

Costa Rica. (2026). Ley del Impuesto sobre la Renta, Ley N.° 7092.

OECD. (2024). Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (Updated). OECD Publishing

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GREECE

New measures to combat accuracy amid geopolitical and economic turmoil

Inflation rose sharply in April 2026, climbing to 4.6% from 3.4% in the previous month, mainly driven by sustained pressures in the energy sector. The increase has intensified concerns over the cost of living, prompting the government to move forward with a new package of support measures.

Following the announcement of a €12.1 billion primary surplus in 2025, the government's economic team unveiled a €500 million intervention plan aimed at easing the burden on households and addressing key structural issues. The measures are structured around three main pillars: income support, reducing the cost of living, and tackling private debt. Particular emphasis is placed on pensioners, low-income families, and farmers.

In terms of private debt, the government is introducing a series of relief mechanisms intended to improve repayment capacity and reduce financial pressure on citizens. Among the key measures is the possibility of lifting bank account seizures, provided that 25% of the outstanding debt is repaid, with the remaining balance settled through a regulated arrangement. At the same time, the extrajudicial debt settlement mechanism is being expanded to cover debts ranging from €5,000 to €10,000, a move expected to benefit approximately 300,000 citizens. Additionally, a new framework allows for the settlement of debts incurred up to the end of 2023 in up to 72 installments, affecting more than 1.5 million individuals and legal entities.

Alongside debt interventions, the government is strengthening its social support policies. Annual financial assistance for pensioners will increase from €250 to €300, while eligibility criteria are being broadened to cover up to 85% of individuals over the age of 65. Rent support is also being expanded, with the refund scheme now expected to reach approximately 86% of tenants, or around one million citizens.

Further relief is provided through extraordinary financial support measures. Households will receive €150 for each dependent child, benefiting roughly one million families and an estimated 3.3 million individuals. In addition, emergency aid for vulnerable groups, which include pensioners, people with disabilities and uninsured elderly individuals, will increase from €250 to €400, while income and property criteria are being adjusted to include more beneficiaries.

Targeted interventions are also being implemented in the energy and agricultural sectors, where cost pressures remain particularly high. The diesel subsidy will be extended for May, amounting to €0.20 per liter including VAT, with a total fiscal cost of €55 million. Meanwhile, the fertilizer subsidy for professional farmers, covering 15% of the value of invoices, will remain in place until August 2026, with an estimated cost of €41 million.

Overall, the package reflects an effort to address the immediate impact of inflation while maintaining fiscal balance. However, with energy prices continuing to exert upward pressure, the effectiveness of these measures will likely be tested in the coming months.

Reference/ Citation

CNN Greece
Capital.gr
Οικονομικός Ταχυδρόμος
ΑΘΗΝΑΪΚΟ - ΜΑΚΕΔΟΝΙΚΟ
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INDIA

India's 2026 Transfer Pricing Overhaul: A Structural Reset for Global Enterprises

The Union Budget 2026, alongside the upcoming implementation of the Income-tax Act, 2025, on April 1, 2026, marks a decisive turning point for India's transfer pricing framework. In an economic landscape defined by shifting global value chains, these reforms shift the focus from subjective tax scrutiny toward absolute structural certainty, predictability, and streamlined compliance. Multinational enterprises must adapt their strategies immediately to leverage these procedural benefits.

The most celebrated reform is the complete overhaul of the Safe Harbour Rules. Historically, these rules suffered from low adoption due to fragmented service categories and aggressively high margins ranging up to twenty-nine percent. The new budget introduces a consolidated Information Technology Services category, merging software development, IT-enabled services, knowledge process outsourcing, and contract research. For this unified category, the safe harbour margin is rationalized to an attractive and highly competitive 15.5 percent on operating costs.

Furthermore, the government has vastly expanded the eligibility parameters. The turnover threshold for availing this safe harbour has been dramatically increased from three billion rupees to twenty billion rupees. This effectively makes the framework accessible to a massive spectrum of mid-sized and large enterprises. The approval process is now entirely automated and rule-based, eliminating the need for manual tax officer intervention. To guarantee long-term stability, taxpayers can now opt to lock in this specified margin for up to five consecutive years.

Recognizing the critical importance of digital infrastructure, the budget strategically positions India as a global hyperscale hub. A dedicated fifteen percent safe harbour margin has been introduced specifically for Indian data center service providers catering to overseas associated enterprises. This digital push reflects a deliberate effort to align domestic tax certainty with global technological investments.

Alongside safe harbour enhancements, the Advance Pricing Agreement mechanism has been heavily optimized. The budget mandates the fast-tracking of unilateral agreements for information technology companies, requiring finalization within exactly two years from the application date. Furthermore, taxpayers are now permitted to file modified tax returns to claim refunds on any additional taxes paid under an executed agreement, a move that heavily eases post-agreement reconciliations.

Procedural ambiguities that historically fueled endless litigation have also been decisively addressed. The budget explicitly clarifies the method for calculating the sixty-day limitation period for passing transfer pricing orders, applying this rule retrospectively to resolve decades of interpretational disputes.

Finally, the adversarial approach to routine compliance has been softened. The punitive penalty for failing to file the required transfer pricing audit report is officially abolished. It has been replaced by a much more reasonable, graded fee structure that calculates the financial consequence strictly according to the actual period of delay.

Ultimately, these comprehensive two thousand twenty-six transfer pricing reforms represent a monumental victory for corporate taxpayers. By heavily prioritizing dispute prevention, simplifying service classifications, and mandating strict administrative timelines, the government has successfully cultivated a highly transparent, business-friendly environment that strongly incentivizes foreign investment while permanently securing India's central role in the global capability center ecosystem, effectively paving the way for unprecedented economic expansion and robust industrial development.

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MALAYSIA

Global Minimum Tax (GMT)

The Global Minimum Tax (GMT) in Malaysia will take effect for Multinational Enterprise (MNE) groups with a financial year beginning on or after 1 January 2025. MNE groups with consolidated revenue of at least EUR 750 million in at least two of the four preceding Financial Years will be in scope of the Global Anti-Base Erosion (GloBE) Rules.

For any group of companies in Malaysia to be considered an MNE Group and subject to GMT legislation, it must have at least one Entity, such as a subsidiary, branch, or Permanent Establishment (PE) located outside Malaysia. A purely domestic group is not an MNE Group and is not subject to the GMT legislation.

The GMT legislation applies to the Constituent Entities of an MNE Group with annual revenue of EUR 750 million or more in the Consolidated Financial Statement of the MNE Group in at least two of the four preceding Financial Years. The MNE Group will be required to translate the relevant amount from its presentation currency to the currency in EURO based on the average foreign exchange rate for the month of December of the calendar year prior to the commencement of the relevant Financial Year. The average foreign exchange rate for the month of December of the preceding Financial Year shall be determined by the foreign exchange reference rates as quoted by the European Central Bank.

The GloBE Information Return (GIR) is a comprehensive reporting document that MNEs must file annually to disclose financial and tax information under the GloBE Rules. The GIR includes detailed information on the MNE Group's income, taxes, and the Effective Tax Rate calculation across all jurisdictions where the MNE Group operates or has a business presence. The GIR is typically submitted to the tax authority in the jurisdiction where the Ultimate Parent Entity (UPE) of the MNE Group is a resident, and it is required to be submitted not later than 15 months from the last day of the Reporting Financial Year. Therefore, all Ultimate Parent Entities of Malaysian MNE Groups residing in Malaysia should file an Information Return in a prescribed form which is the same as the GIR, with the Inland Revenue Board of Malaysia (IRBM).

For the Constituent Entity of a foreign MNE Group, where the UPE or Designated Filing Entity (DFE) of the foreign MNE Group resides in a jurisdiction with a Qualifying Competent Authority Agreement (QCAA) to exchange the GIR with Malaysia, they do not have to file the Information Return with the IRBM. The election to appoint a DFE must be made by a notice in writing in the prescribed form and furnished to the Director General of Inland Revenue (DGIR) no later than 15 months from the last day of the Reporting Financial Year by a Constituent Entity.

When a foreign MNE Group's UPE or DFE resides in a jurisdiction that does not have a QCAA with Malaysia, the Constituent Entity must file the Information Return with the DGIR. If that foreign MNE Group has more than one Constituent Entity in Malaysia, it can nominate a Designated Local Entity (DLE) to submit the Information Return to the IRBM on behalf of all the other Constituent Entities. The election to appoint a DLE must be made by a notice in writing in the prescribed form and furnished to the DGIR not later than 15 months from the last day of the Reporting Financial Year by a DLE on behalf of that Constituent Entity.

The GloBE Rules provide transitional relief for filing obligations where the GIR and notifications can be filed with the DGIR no later than 18 months after the last day of the Reporting Financial Year for the first filing transition year. Filing transition year for Malaysia is the first Financial Year in which the MNE Group comes within the scope.

The Top-up Tax Return (TTR) is the prescribed form for a Reporting Financial Year, which needs to be submitted by every Constituent Entity of an MNE Group located in Malaysia to disclose the amount of tax payable under Section 159 (Domestic Top-up Tax) and Section 160 (Multinational Top-up Tax) of the Income Tax Act 1967 for that financial year. Transitional relief for filing also applies to TTR. The due date to submit a TTR for the filing transition year is no later than 18 months after the last day of the corresponding Reporting Financial Year. The tax payable for the first filing transition year is due on the last day of the 18th month after the end of that filing transition year.

The Qualified Domestic Minimum Top-up Tax (QDMTT) Safe Harbour is a specific provision in the GloBE Rules that enables MNE Groups to take advantage of simplified compliance measures under specific circumstances. Where an MNE Group qualifies for a QDMTT Safe Harbour, the Top-up Tax payable in other jurisdictions for the Financial Year will be deemed to be zero.

An MNE Group will be eligible for the QDMTT Safe Harbour in respect of a jurisdiction for a Financial Year where the jurisdiction has a QDMTT for the Financial Year; and the jurisdiction's Domestic Top-up Tax has fulfilled the QDMTT Safe Harbour status for the Financial Year.

Reference/ Citation

Global Minimum Tax (GMT) | The Inland Revenue Board of Malaysia

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MALTA

Malta's 175% Research and Innovation deduction: supporting the next phase of business growth

One of the most significant Malta tax updates announced for 2026 is the introduction of a 175% tax deduction for eligible expenditure in Research and Innovation.[1] This measure reflects Malta's continued policy direction towards encouraging investment in technology, knowledge, and innovative development, while strengthening the competitiveness of businesses operating in both local and international markets.[1]

From Reanda Malta's perspective, this is a particularly important development. Innovation is no longer limited to large technology companies or formal research laboratories. For many businesses, it now includes digital transformation, automation, artificial intelligence, cybersecurity, improved internal systems, new service models, and product or process development. These areas are increasingly central to productivity, resilience, and long-term growth.

The measure was subsequently reflected in Malta's Budget Measures Implementation Act, 2026, published in the Government Gazette on 10 March 2026.[2][3] The Act introduces a deduction for expenditure incurred on research, development and innovation activities by persons engaged in a trade, business, profession or vocation, provided that the expenditure is incurred for the use and benefit of that activity.[2]

In practical terms, the deduction can make qualifying innovation projects more tax-efficient. A business incurring eligible expenditure may be able to claim a deduction greater than the amount actually spent, thereby improving the after-tax cost of investment. This may be particularly relevant for companies seeking to modernise operations, improve competitiveness, or develop new products and services.

However, the benefit should not be viewed as automatic. The legislation provides that qualifying expenditure must be proved to the satisfaction of the Commissioner, and further rules may define the activities that constitute research, development and innovation and prescribe applicable conditions. [2] Businesses should therefore identify relevant projects early, maintain technical and financial documentation, and ensure that cost records, staff time, invoices, and project objectives are clearly retained.

The measure also fits within Malta's broader institutional framework supporting R&D activity. Malta Enterprise describes R&D support as aimed at assisting industry in undertaking industrial research and experimental development activities, particularly where projects address scientific or technological uncertainties and lead towards innovative products and solutions.[4][5]

For internationally active groups, the new deduction should be considered alongside substance, transfer pricing, intellectual property ownership, and cross-border cost allocation. Reanda Malta is well positioned to assist clients in assessing the opportunity and translating this policy measure into practical, compliant, and commercially valuable action.

Reference/ Citation

[1] Budget Speech, 2026 | Ministry for Finance, Malta
[2] Act No. III of 2026 – Budget Measures Implementation Act | Parliament of Malta
[3] III of 2026 – Budget Measures Implementation Act, 2026 | Legislation Malta
[4] Research & Development | Malta Enterprise
[5] Research and Development – Incentive Guidelines V1.0 | Malta Enterprise

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MOROCCO

Morocco's New Investment Charter: From Traditional Tax Advantages to Targeted Incentives

Morocco has long built part of its investment attractiveness on traditional tax and customs advantages. For many years, investors were drawn by sector-based incentives, free zone status, and exemptions from import duties and VAT on qualifying capital goods. Official ministry guidance still reflects this legacy, including customs and VAT exemptions for certain large investment projects and long-standing benefits available under free zone frameworks.

The new Investment Charter, established under Framework Law No. 03.22, signals a more strategic approach. Rather than relying primarily on broad tax relief, the Charter introduces a comprehensive support architecture built around four investment support mechanisms: one main mechanism and three specific mechanisms dedicated respectively to strategic projects, Moroccan businesses expanding abroad, and very small, small, and medium-sized enterprises. Its objectives go beyond pure capital attraction and include job creation, territorial equity, priority sectors, and the strengthening of Morocco's role as a continental and international investment hub.

This evolution is particularly visible in the design of the main support mechanism. Official government material explains that support can combine common, territorial, and sectoral bonuses, with total aid reaching up to 30% of eligible investment. Eligibility is tied to objective criteria such as the number of jobs created and, in some cases, the investment amount. This reflects a clear policy shift: incentives are increasingly linked to economic impact and public-policy priorities rather than granted as general tax privileges alone. That suggests Morocco is not abolishing tax advantages but repositioning them within a more selective and performance-driven framework.

The Charter also strengthens governance and institutional coordination. A new National Investment Commission, chaired by the Head of Government, approves investment agreements and grants strategic status to selected projects. At the same time, the Charter formalizes decentralization for projects below MAD 250 million, allowing territorial-level approval and reinforcing regional implementation. This governance dimension is important: targeted incentives are only credible if investors can understand the rules, access decisions efficiently, and rely on consistent administration.

Recent developments show that Morocco is still in the implementation phase of this reform. In 2025, the government discussed a draft decree-law to adapt the Regional Investment Centers and unify regional investment committees so they can support the specific mechanism for VSEs and SMEs under the Charter. This demonstrates that the reform is not merely conceptual; it is progressively being translated into operational and territorial tools.

In conclusion, Morocco's new Investment Charter does not completely replace traditional tax advantages. Instead, it reframes them within a broader model of targeted, conditional, and policy-oriented support. The country's future competitiveness will depend not only on the generosity of incentives but on clarity, speed of execution, and the ability to align investment promotion with national development goals. For investors, the key message is clear: Morocco remains attractive, but the logic of attraction is becoming more selective, more strategic, and more results-driven.

Reference/ Citation

Ministry of Investment, Convergence and Evaluation of Public Policies (MICEPP)
Ministry of Industry and Trade

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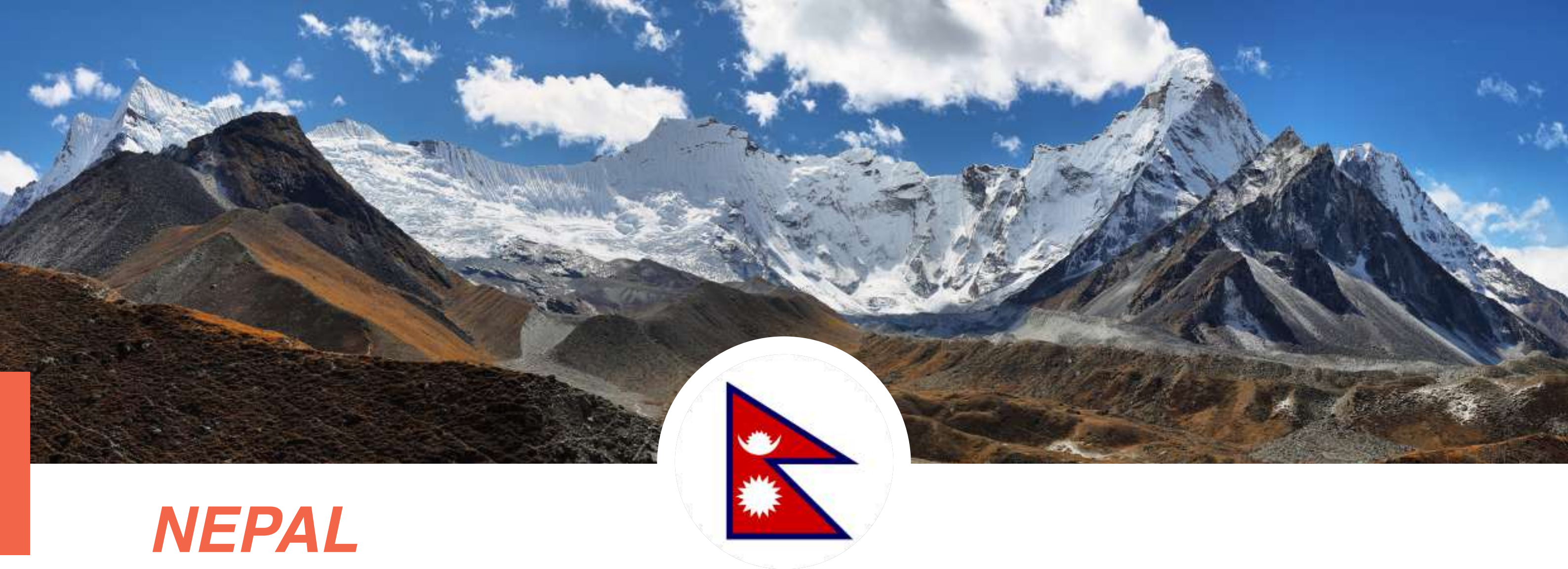

NEPAL

Taxation on the Hydropower Sector in Nepal

Nepal's river systems represent one of the country's most significant yet underutilized natural assets. With some of the world's steepest river gradients, Nepal has an estimated hydropower potential of approximately 83,000 MW on a theoretical basis; of this, around 42,000 MW is considered technically and economically feasible. To convert this potential into operational capacity requires substantial long-term capital investment. In response, the Government of Nepal has introduced fiscal incentives in its tax laws to promote hydropower development and attract domestic and foreign investors.

1. Tiered Income Tax Holiday

a. Standard Hydropower Incentive

Any person or entity that obtains a license for commercial production, transmission, or distribution of electricity from hydropower (including solar, wind, or bio-product) by Chaitra 2084 BS (14 April 2028 CE) is entitled to:

- 100% income tax exemption for the first 10 years from the date of commercial operation
- 50% tax rebate for the subsequent 5 years

b. Reservoir and Semi-Reservoir Projects

For reservoir or semi-reservoir hydropower projects exceeding 40 MW (including lower belt projects operated in tandem) that complete financial closure by Chaitra 2085 BS (15 April 2029 CE):

- 100% income tax holiday for the first 15 years
- 50% tax rebate for the following 6 years

c. Continuity of Benefits

For a licensed person who commenced commercial production before the implementation of the above concessions, the provisions applicable at the time of obtaining the license shall apply.

Beyond tiered statutory holidays, Nepal's hydropower sector offers durable corporate tax incentives, a 15% rebate for Nepal Stock Exchange (NEPSE) listed entities engaged in generation or transmission and a 20% rebate for projects developed for eventual government transfer. The 'Single Concession Rule' mandates choosing one beneficial incentive per income stream to avoid overlap.

2. Accelerated Depreciation

Entities involved in constructing and operating power houses or generating and transmitting electricity may apply accelerated depreciation, adding one-third (1/3rd) to normal depreciation rates for all asset categories:

Pool	Normal Rate	Accelerated Rate
A	5%	6.67%
B	25%	33.33%
C	20%	26.67%
D	15%	20.00%

3. Business Loss Carry-Forward

Hydropower generation, transmission, and distribution projects are classified as public infrastructure under Nepalese law and may carry forward business losses for up to 12 years, compared to the standard 7-year period for other businesses. However, losses incurred in a year where a 100% tax holiday applies shall not be carried forward beyond the end of the holiday period.

4. Indirect Tax Exemptions

Exemption from Value Added Tax (VAT) and Excise Duty applies to the import and supply of construction equipment, machinery, tools, and high-capacity batteries required for water, solar, and wind energy projects, including steel sheets used in equipment manufacturing.

Additionally, there is a specific VAT exemption for large-scale reservoir or semi-reservoir projects exceeding 200 MW that achieve financial closure by Chaitra 2082 BS (15 April 2026 CE). This expanded relief specifically covers explosives, penstock pipes, and steel plates.

Accessing these facilities is strictly contingent upon formal recommendations from the Department of Electricity Development (DOED), the Investment Board of Nepal (IBN), or the Alternative Energy Promotion Centre (AEPC), as applicable.

Reference/ Citation

Income Tax Act, 2058 (2002 CE) | IRD, GON
Value Added Tax Act, 2052 (1996 CE) | IRD, GON Excise Duty Act, 2058 (2002 CE) | IRD, GON
Inland Revenue Department | Government of Nepal Ministry of Finance

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PAKISTAN

4B/4C cannot be applied without invoking or amending under section 122 of the Ordinance

Case Summary:

The instant matter arose from proceedings initiated against Teradata Pakistan (Pvt.) Limited for Tax Year 2015 regarding the levy of super tax under section 4B of the Income Tax Ordinance, 2001. The taxpayer had filed its return of income under section 114, declaring taxable income amounting to Rs. 403,513,796/- along with certain income subjected to final tax regime and exempt income. Upon filing, the return attained the status of a deemed assessment order under section 120 of the Ordinance.

Subsequently, the Department initiated proceedings under section 4B on the ground that the taxpayer was liable to super tax. Although notices were initially issued in 2016, no adverse order was passed at that time. Later, after a considerable lapse of time, fresh proceedings were initiated in 2025, and eventually an order under section 4B was passed creating a super tax demand amounting to Rs. 17,791,962/-. The said order was upheld by the Commissioner Inland Revenue (Appeals), against which the taxpayer preferred an appeal before the Appellate Tribunal Inland Revenue.

Before the Tribunal, the taxpayer contended that once the return had attained the status of a deemed assessment under section 120, no additional liability could lawfully be created without first invoking amendment proceedings under section 122 of the Ordinance. It was further argued that section 4B merely constitutes a charging provision and does not provide an independent mechanism for assessment or recovery of tax. On the merit, the taxpayer also contended that its aggregate income, computed in accordance with section 4B read together with section 2(28A), remained below the statutory threshold of Rs. 500 million applicable for Tax Year 2015.

The Tribunal examined the statutory framework of the Ordinance and observed that the law contemplates separate stages of charge, assessment, and recovery of tax. It was held that although section 4B creates the charge of super tax, the same cannot be enforced independently of the assessment machinery as provided under Chapter X of the Ordinance. The Tribunal observed that section 4B (3) expressly incorporate all provisions of Chapter X, including sections 120 and 122, thereby making amendment proceedings mandatory where super tax had neither been computed nor declared in the return.

The Tribunal further held that recovery provisions cannot substitute for assessment proceedings and that sections 4B (4) and 4B(5) merely relate to enforcement of already determined liability. Consequently, the failure of the Department to invoke section 122 before creating the alleged super tax liability was held to be a jurisdictional defect rendering the proceedings void ab initio.

Apart from the jurisdictional issue, the Tribunal also examined the matter on the merits and held that the taxpayer's aggregate income amounted to Rs. 449,479,534/- still remained below the prescribed threshold of Rs. 500 million. Accordingly, the Tribunal concluded that the provisions of section 4B were not applicable in the instant case and annulled the impugned super tax demand.

Disclaimer:

This Tax update provides a broad overview and should not replace detailed analysis or professional judgment.

Reference/ Citation

ITA No.407/IB/2026 - APPELLATE TRIBUNAL INLAND REVENUE, DIVISION BENCH-I, ISLAMABAD

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PHILIPPINES

Recent Developments in Philippine Taxation

The primary focus of tax development in the first quarter of 2026 centers on audit execution rather than new legislation. Key updates include:

- **RMO No. 12026 & SingleInstance Audit Framework:**

  Establishes a more centralized, systemassisted approach to selecting and managing audits.

- **RMC No. 142026 – clarifications:**
  - **Continuity of audit authority:**
    Replacement LOA/eLOA due to reassignment/ realignment is not a new audit and doesn't need fresh Commissioner approval.
  - **No expansion of scope:**
    Replacement LOA/eLOA cannot extend taxable period or coverage; any expansion must pass centralized selection and approval.
  - **Validity of prior instruments:**
    Existing LOAs/eLOAs, Mission Orders, Tax Verification Notices, and subpoenas remain valid unless specifically replaced.
  - **No automatic suspension:**
    Questioning a replacement LOA/eLOA does not suspend audit activities.

- **RMO No. 62026:**

  Further operationalizes the framework—standardizing procedures, timelines, and documentation for audits (e.g., clearer workflow, controls, and accountability for revenue officers).

Reference/ Citation

REVENUE MEMORANDUM ORDER NO.001-2026 | Bureau of Internal Revenue

REVENUE MEMORANDUM ORDER NO.014-2026 | Bureau of Internal Revenue

REVENUE MEMORANDUM ORDER NO.006-2026 | Bureau of Internal Revenue

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SINGAPORE

Singapore Budget 2026: Key Tax Implications and Strategic Shifts

The Singapore Budget 2026, themed “Securing Our Future Together in a Changed World”, emphasises the Singapore government’s commitment to maintaining fiscal resilience while accelerating digital and AI-driven transformation. For businesses and tax professionals, the budget focuses on productivity-linked incentives and measures to help manage the rising operational costs.

Enhancement of Corporate Income Tax (CIT) Rebate

A primary highlight is the enhancement of the CIT Rebate for Year of Assessment (YA) 2026. The CIT rebate has been raised from 40% to 50% of tax payable. Active companies that employed at least one local employee in 2025 will receive a minimum benefit of S$2,000 in the form of a CIT Rebate Cash Grant. Consequently, the total maximum benefits a company can receive have increased from S$30,000 to S$40,000.

Key Internationalisation Update: DTDi

The expenditure cap under the Double Tax Deduction for Internationalisation (DTDi) scheme for claims that may be filed without prior approval will be increased from S$150,000 to S$400,000 per YA, with effect from YA 2027. Additionally, the scope of activities eligible for claims without prior approval will be expanded to cover qualifying expenses incurred on overseas market development trips and overseas investment study trips, as well as other activities such as investment feasibility/due diligence studies, master licensing and franchising, market surveys/feasibility studies, overseas business development and production of corporate brochures for overseas distribution.

Driving Innovation: The “AI-First” Strategy

A new National AI Council, chaired by the Prime Minister, will streamline research, regulation, talent development and industry adoption. The key initiatives include:

- National AI Missions: Specific ecosystems for sectors like Advanced Manufacturing, Connectivity and Logistics, Finance and Healthcare to scale real-world AI applications.
- “Champions of AI” programme: Selected Singapore-based companies that make AI a core driver of productivity, innovation, and revenue growth will receive tailored support and access to curated expertise.
- Kampong AI: A new dedicated cluster at One-North to foster collaboration between startups, research institutes, multinational technology firms and investors.

Singapore will strengthen its talent base through the new National AI Impact Programme, which aims to build AI capabilities in up to 10,000 enterprises over the next three years and support 100,000 workers in becoming AI-bilingual.

Singapore is committing S$37 billion under the Research, Innovation and Enterprise (RIE) 2030 masterplan that covers key economic areas such as advanced manufacturing, semiconductors, biomedical sciences, sustainability technologies and quantum computing. Furthermore, an S$800 million decarbonisation challenge will fund low-carbon technology development, focusing on technology that can decarbonise the sectors responsible for most of Singapore’s emissions at scale.

Enterprise Innovation Scheme (EIS) Enhancement

The EIS is being enhanced for companies to claim 400% tax deductions on qualifying AI expenditures spend, capped at S$50,000 per year for YA 2027 and YA 2028. The option to convert qualifying expenditure into a cash payout will not be available for this new qualifying activity. Additionally, the list of partner institutions will be expanded to include the Sectoral AI Centre of Excellence for Manufacturing. .

Reference/ Citation

Corporate Income Tax Rate, Rebates & Tax Exemption Schemes | IRAS

Budget Statement | Ministry of Finance, Singapore

Singapore’s next growth chapter: What international businesses should know from Budget 2026 | EDB Singapore

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SPAIN

The Spanish Foreign Securities Holding Company (ETVE) Regime

The Spanish Foreign Securities Holding Company (ETVE) regime is a key instrument of international tax planning aimed at attracting foreign investment and facilitating the structuring of multinational groups through holding companies established in Spain. Regulated under the Corporate Income Tax Law, this regime allows international investments to be channelled efficiently, avoiding double taxation while benefiting from Spain's legal and tax framework.

An ETVE is not a specific type of legal entity, but rather a special tax regime available to certain companies' resident in Spain whose main activity consists of holding and managing interests in non-resident entities. Its primary purpose is to act as a platform for centralizing foreign investments, enabling profits generated abroad to be received and redistributed with a reduced tax burden.

One of the main advantages of the regime is the exemption from Corporate Income Tax on dividends and capital gains derived from foreign subsidiaries. To qualify for this benefit, a minimum shareholding of 5% or an acquisition value exceeding €20 million is generally required, as well as the condition that the subsidiary is subject to a tax similar in nature to Spanish Corporate Income Tax, with a minimum level of taxation. Additionally, a particularly relevant feature is that dividends distributed by the ETVE to non-resident shareholders are generally not subject to withholding tax in Spain, provided that such shareholders are not resident in non-cooperative jurisdictions. This facilitates the repatriation of profits within multinational groups.

However, the application of the regime requires compliance with certain conditions. In particular, the entity must have a minimum level of economic substance, meaning adequate material and human resources to manage its shareholdings. It is also necessary to maintain separate accounting to clearly identify the income benefiting from the regime, as well as to formally notify the tax authorities of the election to apply it. Furthermore, ETVEs must comply with both domestic and international anti-abuse rules, including those derived from EU law and OECD initiatives such as the BEPS project.

The regime also presents certain limitations. It does not apply to income derived from entities located in non-cooperative jurisdictions, except in specific cases, and tax authorities closely scrutinize artificial structures lacking real economic substance. Moreover, anti-hybrid rules and controlled foreign company (CFC) rules may affect its application, limiting its benefits in certain situations.

In practice, the ETVE regime has helped position Spain as a competitive jurisdiction compared to other European countries traditionally used as holding platforms, such as Luxembourg or the Netherlands. Its extensive network of double tax treaties and its membership in the European Union further enhance its attractiveness to international investors.

In conclusion, the ETVE regime is a sophisticated tool that enables multinational groups to optimize their tax position within an increasingly demanding regulatory environment. Its proper use requires detailed analysis and careful planning to ensure both tax efficiency and full compliance with applicable regulations.

Reference/ Citation

Articles 107 and 108 of Law 27/2014 on Corporate Income Tax.
Article 51 of Royal Decree 634/2015 approving the Corporate Income Tax Regulations

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UAE

UAE Tax Developments: Driving Innovation and Transparency with new R&D Tax Credit and E-Invoicing regulations

The United Arab Emirates (UAE) is fundamentally reshaping its fiscal landscape, pivoting from a tax-free haven to a sophisticated, digitally integrated economy. Central to this evolution are two landmark initiatives: the Research and Development (R&D) Tax Credit and the nationwide E-Invoicing mandate. Together, these reforms accelerate the "We the UAE 2031" vision by fostering home-grown innovation and ensuring world-class financial transparency.

Fueling Innovation: The R&D Tax Credit

To transition from a resource-dependent economy to one powered by knowledge and technology, the UAE Ministry of Finance has integrated R&D incentives within its Corporate Tax framework. These "push incentives" typically include tax deductions or credits for qualifying research expenses, aimed at reducing the financial risk associated with high-stakes innovation. By allowing businesses to deduct a significant portion of their R&D expenditure from their taxable income, the UAE is positioning itself as a global hub for sectors like pharmaceuticals, biotechnology, and green energy. This move aligns with the UAE's Digital Economy strategy, which aims to double the digital economy's contribution to non-oil GDP to 20% by 2031. Effective for tax periods starting on or after January 1, 2026, this regime allows businesses to reduce their Corporate Tax and Top-up Tax liability based on their research spending.

What Qualifies?

Projects must be novel, creative, uncertain, and systematic.

- Qualifying Costs: Staff salaries (plus a 30% overhead uplift), consumables, and fees for UAE-based subcontractors.
- Exclusions: Social sciences, humanities, arts, and government-funded projects.

The credit is tiered and non-refundable. The first AED 1 million in expenditure qualifies for a 15% credit (minimum 2 staff). Spending between AED 1 million and AED 2 million earns a 35% credit (6 staff), while investments between AED 2 million and AED 5 million reach a 50% credit (14 staff). Projects require annual pre-approval from the UAE R&D Council.

The E-Invoicing Revolution: Driving Transparency

Complementing these "push" incentives is the "E-invoicing System," a cornerstone of the UAE Digital Government Strategy 2025. This move replaces traditional PDFs with a real-time digital exchange to eliminate the "tax gap" and automate compliance.

What is Required?

- Structured Format: Invoices must be in an authorized PEPPOL format (XML, JSON, PINT).
- Peppol Network: Data is transmitted through Accredited Service Providers (ASPs) acting as "Access Points" to the government.
- Five-Corner Model: A system where the supplier, the supplier's ASP, the government, the buyer's ASP, and the buyer are all digitally linked.

Implementation Timeline

The rollout is phased by revenue:

- Pilot Phase (July 1, 2026): Voluntary adoption and testing with the Ministry of Finance.
- Phase 1 (January 1, 2027): Mandatory for businesses with annual revenue of AED 50 Million+.
- Phase 2 (July 1, 2027): Mandatory for all other businesses and government entities.

Conclusion

The R&D incentives reward intellectual property creation; E-Invoicing ensures real-time transparency. To maximize these benefits, companies must act with urgency: entities engaging in intensive research should strategize to optimize qualifying expenditures, while all businesses must engage an ASP well ahead of regulatory deadlines. By modernizing these frameworks, the UAE is fostering a resilient ecosystem that balances innovation with world-class financial standards.

Reference/ Citation

Ministerial Decision No. 24 of 2026 on the Implementation of Certain Provisions of Cabinet Decision No. 215 of 2025 on R&D Tax Credit for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses
Cabinet Decision No. 215 of 2025 on Research & Development Tax Credit
Ministerial Decision No. 244 of 2025 on the Implementation of the Electronic Invoicing System

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UK

Making Tax Digital (MTD) for non-residents

While HM Revenue & Customs (HMRC), through the Making Tax Digital (MTD) initiative for Income Tax, aim to move toward a completely digitalized tax system, the inclusion of non-residents presents greater complications. In addition to the added difficulties in terms of scope and administrative feasibility, there are also some differences in how this applies to them compared to resident individuals.

The inclusion of non-residents into MTD is not precluded; what determines the inclusion of non-residents is whether they receive qualifying income sourced from the UK. Whether it be property rental income or profits earned from self-employment in the United Kingdom. If the total gross property income and self-employment income exceeded £50,000, then regardless of domicile, they would be included in the MTD. Under MTD for Income Tax, taxpayers must submit quarterly updates to HMRC (generally by 7 August, 7 November, 7 February and 7 May), followed by a final declaration by 31 January after the end of the tax year. HMRC is attempting to link a taxpayer's obligation to report tax returns to the source of their income, rather than their location of residency. These quarterly updates must be submitted using compatible digital software, as HMRC requires records to be maintained and filed electronically under the MTD regime.

This approach creates several practical and theoretical problems. Most non-resident taxpayers have tax filing responsibilities in other countries, applying a UK based digital reporting requirement to a person living abroad will create significant administrative burdens since the availability of digital reporting tools and compatible software may vary greatly depending upon which country they reside in.

To help alleviate some of these issues, HMRC has created a list of exemptions as well as a list of deferrals which will remove the requirement for some individuals to comply with MTD for the time being. A notable temporary deferral includes those who complete the residence (SA109) page, whereby they can defer from participating in MTD until April 2027. This indicates an understanding by HMRC that the issue regarding non-residency and digital reporting still exists and needs to be addressed regarding the MTD system. Additionally, non-residents who do not possess a National Insurance Number are also exempt from MTD.

Additionally, relying solely on income generated from sources located within the UK to determine if an individual is obligated to participate in MTD may seem reasonable but limiting. It provides assurance that UK-based income will be accurately reported, but it does not take into consideration all aspects of a non-resident's overall compliance burden. An example of this could be when a non-resident already complies with other digital reporting requirements under their home country's regulations which results in duplicate efforts for compliance purposes and increased costs.

In summary, although including non-residents in MTD is consistent with the principal objective of taxing UK source income, the operationalization of MTD for non-residents is currently incomplete and does not present some new challenges for non-residents with UK sourced income.

Reference/ Citation

Making Tax Digital: exemption cases, when and how to apply | ATT

Non-residents and Making Tax Digital (MTD) | Competex

Find out if you can get an exemption from Making Tax Digital for Income Tax | HMRC

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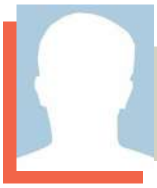

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