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OECD Pillar One Amount B methodology optional for countries under newly released guidance

This article discusses a report published by the OECD/G20 Inclusive Framework on BEPS on Amount B of Pillar One and includes an analysis of, and an example related to, the report's new method for pricing baseline marketing and distribution activities. Jurisdictions are given the option to adopt the new method but are not required to do so.



Australia

R&D—importing overseas goods: what have we learned?

This article discusses the rules surrounding research and development (R&D) tax incentive claims and related considerations regarding imported R&D goods or R&D activities being conducted outside of Australia, particularly in the context of recent case law and tax authority guidance.



Costa Rica

Certain large domestic taxpayers must submit audited financial statements

The Directorate General of Taxation has published a resolution that introduces an obligation for taxpayers classified as “large” domestic taxpayers to automatically submit financial statements audited by an authorized public accountant if the taxpayer reports a net

loss or zero tax payable in its annual corporate income tax return.



Germany

Tax authorities update guidance on criteria for a permanent establishment

The Ministry of Finance has released updated guidance on the criteria for a permanent establishment for domestic tax law purposes. Notably, the updated guidance includes a statement that a home office used for remote working generally should not qualify as a permanent establishment.



Hong Kong SAR

Bill enhancing preferential aircraft leasing tax regime enacted; IRD guidance updated

A bill containing provisions to enhance a preferential tax regime for aircraft leasing has been passed by the Legislative Council; the enhancements will apply retroactively as from the year of assessment 2023/24 beginning on 1 April 2023. The tax authorities have updated the guidance and frequently asked questions on the aircraft leasing tax regime on their website.



Hong Kong SAR

Hong Kong SAR removed from EU “state-of-play” list following changes to FSIE regime

This article discusses Hong Kong SAR’s removal from annex II of the conclusions on the EU list of noncooperative jurisdictions for tax purposes, which resulted from refinements made to its “foreign-sourced income exemption” regime that are effective as from 1 January 2024.



Japan

Changes to the taxation of online platforms proposed

A draft law has been submitted to parliament that proposes changes to the consumption tax rules in regard to the taxation of online platforms. The provision of business-to-consumer digital services by a foreign business via a digital platform, for which consideration is received through a “specified platform operator,” would be considered to be the provision of services by that specified platform operator.



Kosovo

New law on administration of tax procedures introduces multiple reforms

This article discusses a new law that redefines the framework governing tax administration and procedures under the Tax Administration of Kosovo and introduces a multitude of reforms aimed at streamlining tax processes, enhancing tax compliance, and ensuring fairness in the tax system.



Mexico

Asset transfers in mergers: Tax considerations

This article discusses tax considerations relating to corporate mergers, including certain conditions under which a sale of assets is not deemed to have occurred, following rule revisions that aim to prevent the use of merger transactions for tax avoidance purposes.



Saudi Arabia

ZATCA issues guidance on taxation of software payments

The tax authorities have released guidelines on the tax treatment of various types of software payments. The guidelines broadly confirm that payments to nonresidents for mere software usage or distribution rights, without the ability to modify or reproduce the software, are considered commercial profits rather than royalties.



Singapore

IRAS sets out process for economic substance ruling for foreign asset disposals

This article discusses the Inland Revenue Authority of Singapore's updated guidance that sets out the process to apply for an income tax advance ruling on the adequacy of economic substance for the purposes of the new regime for the taxation of foreign-sourced capital gains and losses.

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