Quarterly tax developments

Things to know about this quarter's tax developments and related IFRS accounting implications

March 2024

Building a better working world

Welcome to our March 2024 Quarterly tax developments publication, which focuses on income tax developments that could affect IFRS accounting.

Here we describe certain tax developments previously summarized in EY Tax Alerts or other EY publications or identified by EY tax professionals or EY foreign member firms. These developments may affect your tax provision or estimated annual effective tax rate.

We compile this information because we recognize that, for many companies, the most challenging aspect of accounting for income taxes is identifying changes in tax law and other events when they occur so the accounting can be reflected in the appropriate period. However, this publication is not a comprehensive list of all changes in tax law and other events that may affect income tax accounting.

This edition covers certain substantively enacted, enacted and effective tax legislation, as well as regulatory developments, legislative proposals and other items, including developments on the Organisation for Economic Co-operation and Development's (OECD) global minimum tax rules under Pillar Two, identified through 15 March 2023, except as noted.

We list EY publications that you can access through our Tax News Update website.

In this issue:

Tax developments

Legislation substantively enacted (or enacted) in the first quarter of 2024

Companies are required to account for the effects of tax law changes on their deferred tax assets and liabilities in the period the legislation is substantively enacted. Similarly, companies must reflect the effects of an enacted change in tax laws or rates in their annual effective tax rate computation in the period the changes are substantively enacted. If an interim change is significant, temporary differences may need to be estimated as of the substantive enactment.

Hong Kong — On 1 March 2024, Hong Kong enacted legislation that improves the preferential tax regime for aircraft leasing by allowing lessees to deduct 100% of their aircraft acquisition costs in the first year. The change is retroactively effective for financial years ending on or after 1 April 2023. See Tax Alert 2024-0542, dated 7 March 2024.

Nigeria — On 6 March 2024, Nigeria enacted legislation with new tax incentives for the oil and gas industry provided certain requirements are met, including:

- Tax credits for non-associated gas greenfield developments in onshore and shallow-water terrains, with first gas production on or before 1 January 2029
- A 25% investment allowance that eligible gas utilization companies may apply to qualifying expenditures on new plants and equipment

The incentives are effective beginning 28 February 2024. See **Tax Alert 2024-0606**, dated 14 March 2024.

United States: federal, state and territories

South Carolina — On 11 March 2024, South Carolina enacted legislation outlining the circumstances under which the state's Department of Revenue may require a taxpayer to file a combined return as an alternative apportionment method. The changes are effective upon enactment and apply to all open tax periods, except those currently under judicial review. See **Tax Alert 2024-0577**, dated 11 March 2024.

US Internal Revenue Code (IRC) conformity

The chart below lists the states that enacted legislation this quarter updating their conformity to the US IRC. The chart includes enactment and effective dates, the date of conformity and US IRC provisions to which the state decided not to conform. Additional information on the state's US IRC conformity can be found in the cited references.

State	Enactment date	Date of conformity	Effective date	Reference
Idaho	1 February 2024	1 January 2024	Retroactively effective to 1 January 2024	State and Local Tax Weekly for 2 February 2024 and 9 February 2024
South Dakota	5 February 2024	1 January 2024 (for bank franchise tax)	1 July 2024	State and Local Tax Weekly for 2 February 2024 and 9 February 2024
West Virginia	7 February 2024	Changes made on or before 31 December 2023	Retroactively effective to the extent permitted under federal law	State and Local Tax Weekly for 2 February 2024 and 9 February 2024

United Kingdom[1] **—** On 22 February 2024, the United Kingdom enacted legislation making permanent the provision permitting immediate capital expensing for firms investing more than GBP1 million a year on plants and machinery. The provision had previously been effective only for qualifying new plant and machinery purchased from 1 April 2023 until 31 March 2026.

Other changes include:

- Extending the expiration date of the tax benefits from investment zones by five years to 2031 and announcing five new investment zones
- Amending the rules for real-estate investment trusts (REIT), including exempting certain investors from rules requiring REIT holdings of 10% or more to be fragmented

Unless otherwise indicated, the changes are effective 1 April 2024.

Legislation effective in the first quarter

See Appendix 1 for a summary of GloBE minimum tax legislation.

Austria[2] – Effective for tax years beginning 1 January 2024, the corporate income tax rate decreases to 23% from 24%. For corporations with a fiscal year ending on a date other than 31 December, composite rates apply. The changes were enacted 14 February 2022.

Belgium — Effective for tax years ending on or after 31 December 2023, certain undistributed passive profits of a controlled foreign company (CFC) directly owned by a controlling Belgian company will be taxed, unless a safe harbor applies. To avoid double taxation, companies may, subject to certain conditions:

- Claim a carryforward nonrefundable foreign tax credit
- Apply the dividend received deduction regime on dividends received from the CFC
- Apply the participation exemption on capital gains realized on the shares in the CFC

The changes were enacted 21 December 2023. See **Tax Alert 2024-0248**, dated 22 January 2024.

Brazil — Effective 1 January 2024, companies must apply arm's-length transfer pricing rules to all cross-border intercompany transactions. The new rules broaden the related-parties concept and align transfer pricing methods with the standards of OECD. The changes were enacted 15 June 2023. See **Tax Alert 2023-1078**, dated 16 June 2023.

Beginning 1 January 2024, companies must also add certain state and local tax incentives to their federal corporate income tax base. They may claim a tax credit on 25% of their tax incentives for expansion/modernization projects carried out jointly with a public entity/authority. Other changes include reductions on the calculation basis for interest on net equity paid or credited as a means of remunerating shareholders. The changes were enacted 29 December 2023. See **Tax Alert 2024-0153**, dated 9 January 2024.

Canada – Beginning 1 January 2024, first-year rates of depreciation decrease for certain property, depending on when it becomes available for use. Enhanced first-year resource-related deductions also decrease beginning 1 January 2024. The changes were enacted 21 June 2019. See **Tax Alert 2019-1145**, dated 24 June 2019.

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[1] A Tax Alert reflecting the law's enactment has not been published For discussion of the proposed provisions, see **Tax Alert 2023-1945**, dated 22 November 2023.

[2] A Tax Alert has not been published on these developments.

Czech Republic[3] — Effective for tax years beginning on or after 1 January 2024, the corporate tax rate increases to 21% from 19%. The change was enacted 12 December 2023.

Ecuador[4] — Effective 1 January 2024, income tax does not apply for 10 years to income from new investments in renewable energy projects. Other changes include replacing Special Economic Development Zones with Free Trade Zones, which offer a 0% income tax rate for five years on income earned by a business operating in a Free Trade Zone and a 15% rate for the remainder of the time the business operates in the zone. The changes were enacted 20 December 2023.

Hong Kong — Effective 1 January 2024, the scope of disposal gains broadens to cover more asset classes under the foreign-sourced income exemption regime. The revised regime also:

- Excludes traders' disposal gains without requiring them to have substantial business activities in Hong Kong
- Allows tax to be deferred following an intra-group transfer if certain conditions are satisfied (e.g., requiring sellers and buyers to remain associated and be subject to Hong Kong profits tax for two years)
- Uses the nexus ratio to determine the tax-exempt portion of foreign-sourced gain from an intellectual property (IP) disposal following a tax-free transfer within an affiliated group

The changes were enacted 8 December 2023. See **Tax Alert 2023-2052**, dated 12 December 2023.

Separately, a new safe harbor rule considers Hong Kong-sourced equity disposal gains derived from 1 January 2024 to be nontaxable capital gains in Hong Kong, provided certain conditions are met. The changes were enacted 15 December 2023. See **Tax Alert 2023-2052**, dated 12 December 2023.

Italy — Effective 1 January 2024, new simplified alternative rules apply to the potential attribution of a controlled foreign corporation's income to its Italian parent. Other changes include:

- Introducing a penalty protection regime for hybrid mismatches under the EU's Anti-Tax Avoidance Directive n. 2017/952 (ATAD 2) with implementing measures to be issued soon
- A temporary 50% exemption from income tax and local tax (i.e., IRAP) for income from non-EU businesses that move to Italy without having operated in Italy during the last 24 months (the benefit is subject to recapture if the business relocates, wholly or partially, outside Italy within five or 10 years of the benefit's expiration)
- Aligning the tax residence rules for Italian corporations to the best international practice so that a corporation is considered a tax resident in Italy if its place of effective management or day-by-day management is in Italy

The changes were enacted 28 December 2023. See **Tax Alert 2024-0260**, dated 23 January 2024.

Luxembourg — Effective 1 January 2024, the rate on the global investment tax credit (ITC) increases to 12% from 8%, and the credit's EUR150,000 cap no longer applies. A new 18% ITC also applies for qualified investments and business expenses related to the digital transformation or energy and ecological transition. The 13% tax credit for complementary investments was eliminated. The changes were enacted 22 December 2023. See **Tax Alert 2023-0243**, dated 22 January 2024.

Netherlands[5] — Effective 1 January 2024. a limited look-through rule applies to the withholding tax on certain dividends. The changes were enacted 27 December 2023.

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3 Id.

4 A Tax Alert has not been published on this development. For discussion of the bill's content upon introduction by the president, see **Tax Alert 2023-2008**, dated 6 December 2023.

5 A Tax Alert has not been published on the legislation's enactment. For discussion of the bill upon passage by the Dutch Parliament, see **Tax Alert 2023-2098**, dated 19 December 2023.

Norway[6]**—** Effective 1 January 2024, Norwegian income tax applies to income derived by foreign entities participating in certain exploration or extraction business activities on the Norwegian continental shelf and in the 200-nautical-mile zone. Norwegian income tax also extends to income from various types of ship transport, supply services and service activities connected with these exploration-related activities (e.g., transport of personnel and catering activities), as well as activities connected with the construction and maintenance of facilities. The Ministry of Finance may exempt certain types of ship transport from tax liability.

Other changes include:

- Limiting deductions for interest expense on certain related party debt
- Increasing the limit on immediate deductions for non-substantial fixed assets to NOK30,000 from NOK15,000

The changes were enacted 20 December 2023.

Effective 1 January 2024,[7] a 25% resource-rent tax on onshore wind power applies alongside the 22% ordinary corporate income tax. The 25% tax is designed as a cash flow tax with deductions for new investments, losses on the realization of fixed assets, certain operating expenses, property taxes and certain corporate income taxes. Finance expenses, sales and marketing expenses, and voluntary payments to municipalities are not deductible. The changes were enacted 19 December 2023.

Slovenia[8] **—** For business years beginning after 1 January 2024, the corporate income tax rate temporarily increases to 22% from 19% to raise funds to support areas affected by recent flooding. The increased rate applies through 2028. The changes were enacted 22 December 2023.

Spain[9] — Effective 1 January 2024, consolidated tax groups that could only claim 50% of their individual current-year losses in 2023 may claim the remaining 50% of those losses over 10 years. The changes were enacted 28 December 2022.

United States: federal, state and territories

Arkansas — Effective for tax years beginning 1 January 2024, a seven-year phaseout of the throwback rule begins, which assigns a sale to Arkansas when the shipment originated in Arkansas and the company is not taxable in the destination state. The changes were enacted 10 April 2023. See the **State and Local Tax Weekly for 14 April 2023**.

Nebraska — For tax years beginning on or after 1 January 2024, the corporate income tax rate temporarily decreases to 5.84% (from 7.25%) for income above $100,000. Additional reductions will occur from 2025 through 2027. The changes were enacted 31 May 2023. See **Tax Alert 2023-0991**, dated 2 June 2023.

New Hampshire — Effective for tax years beginning on or after 1 January 2024, New Hampshire decouples from IRC Section 163(j) for gross business profits tax purposes. Taxpayers may also deduct previously disallowed interest expense equally over three years. These changes were enacted 28 July 2023. See the **State and Local Tax Weekly for 4 August 2023 and 11 August 2023**.

New Jersey — For privilege periods beginning on or after 1 January 2024, eligible concrete producers may claim a credit for corporation business taxes for (1) delivering low embodied carbon concrete or concrete that used carbon capture, utilization and storage technology, and (2) the costs of conducting an environmental product declaration analysis of low carbon concrete. The changes were enacted 30 January 2023. See the **State and Local Tax Weekly for 3 February 2023**.

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6 A Tax Alert has not been published on this development. For discussion of the bill's content upon introduction to Parliament, see **Tax Alert 2023-1725**, dated 16 October 2023.

7 Id.

8 A Tax Alert has not been published on this development.

9 Id.

Oregon — Effective for tax years beginning on or after 1 January 2024, eligible taxpayers in the semiconductor industry may claim a temporary R&D tax credit. The new credit is based on the federal research credit and equals 15% of the "excess amount" of qualified research activity performed in Oregon by a qualified semiconductor company in support of a trade or business directly related to semiconductors. Unused credits may be carried forward up to five years. The credit cannot exceed $4 million per taxpayer and expires before 1 January 2030. The changes were enacted 18 July 2023. See the **State and Local Tax Weekly for 21 July 2023 and 28 July 2023**.

Other considerations

Court decisions, regulations issued by tax authorities and other events may constitute new information that could trigger a change in judgment in recognition, derecognition or measurement of a tax position. These events may also affect your current or deferred tax accounting.

Cyprus — The government announced the 10-year government bond yield rates for various countries as of 31 December 2023. Companies use these yield rates to determine the reference interest rate for their notional interest deduction for the 2024 tax year. See **Tax Alert 2024-0579**, dated 12 March 2024.

European Union — The EU Council removed Bahamas, Belize, Seychelles and Turks and Caicos Islands from Annex I of its list of noncooperative jurisdictions for tax purposes, which identifies jurisdictions whose tax policies fail to meet EU standards by the required deadline. Twelve jurisdictions remain on the Annex I list.

The Council removed Albania, Aruba, Botswana, Dominica, Hong Kong and Israel from Annex II. Annex II identifies jurisdictions that are making progress on reforming their tax policies to meet EU standards but remain subject to close monitoring. Ten jurisdictions remain on the Annex II list. See Tax Alerts **2024-0445**, dated 22 February 2024, and **2024-0542** dated 7 March 2024.

Germany — In updated guidance, the Ministry of Finance noted that an employee's remote work generally does not constitute a permanent establishment (PE) for German tax or tax treaty purposes because the employer does not have sufficient power of disposal over the employee's premises. The conclusion could change if the employee exercises management functions.

The Finance Ministry noted that determining the place of effective management hinges on where the company actively conducts its regular business operations and organizational measures. Companies conducting management activities at multiple locations must generally weigh how significant the activity is at each location to determine the main place of management. See **Tax Alert 2024-0602**, dated 14 March 2024.

India — The Delhi Bench of the Income Tax Appellate Tribunal held that a US company facilitating airline and hotel bookings in India did not have an Indian PE. The Tribunal reasoned that the company did not have a fixed place of business in India because (1) Indian agents could not directly access its computer reservation system and (2) the US company did not provide Indian travel agents with any equipment or facilities within India. See **Tax Alert 2024-0602**, dated 14 March 2024.

Italy — In a final decree, the Minister of Economy and Finance implemented the Investment Management Exemption regime, which allows eligible foreign investment vehicles and their direct or indirect subsidiaries to qualify for a presumption that they have no Italian PE even though an asset or investment manager or an advisor operates in Italy on their behalf or for their benefit.

The final decree, which largely mirrors the draft version, defines foreign investment vehicle and outlines the criteria it must meet to qualify as an independent vehicle. Satisfaction of these requirements, among others, may allow the foreign investment company to qualify for the presumption. See **Tax Alert 2024-0530**. dated 6 March 2024.

New Zealand — The government announced that New Zealand will not adopt the OECD's new transfer pricing rules for in-country baseline marketing and distribution activities (i.e., Amount B) under Pillar One of the Base Erosion Profit Shifting (BEPS) 2.0 initiative. Existing transfer pricing rules and practice will continue to apply to determine arm's-length outcomes for foreign-owned distributors operating in New Zealand. Small foreign-owned wholesale distributors with revenue under NZ$30 million may continue to apply an existing domestic simplification measure. See **Tax Alert 2024-0450**, dated 23 February 2024.

OECD — In a final report, the OECD outlined new transfer pricing rules under the Pillar One initiative. The new rules apply to in-country baseline marketing and distribution activities (i.e., Amount B) and will be included in the OECD's transfer pricing guidelines. Unlike other BEPS 2.0 measures, the new rules do not include a minimum revenue threshold, so they could apply to many multinational businesses.

Jurisdictions can choose to apply the new rules for fiscal years starting on or after 1 January 2025. See **Tax Alert 2024-0449**, dated 22 February 2024.

Peru — The tax court held that a 5% withholding tax applies to deemed distributions from Peruvian branches to an Ecuadorian parent. The court reasoned that the branches were resident in Peru, not Ecuador, because Peruvian tax law treats branch companies as separate from the parent company (taxed only on their Peruvian-source income). In response to the taxpayer's claim that Peruvian tax law discriminated against them by requiring them to pay withholding tax on deemed dividend distributions, the court noted that Peruvian companies must also pay withholding tax on dividend distributions, just at a different time (i.e., when the dividends are paid rather than the deadline for filing the annual income tax return). See **Tax Alert 2024-0504**, dated 4 March 2024.

Philippines — In a revenue memorandum circular, the Bureau of Internal Revenue (BIR) clarified that 25% withholding tax applies to service payments to a foreign company even if those services were performed offshore. The BIR reasoned that the payments are Philippine-sourced income of the foreign service provider because related activities in the Philippines are so essential that the entire service transaction cannot be accomplished without them. See **Tax Alert 2024-0257**, dated 23 January 2024.

Saudi Arabia — In regulations, the government outlined the criteria for claiming tax benefits under its regional headquarters program. The program grants a 0% corporate income tax rate and 0% withholding tax rates for dividends, related-party payments and certain payments to unrelated service providers to eligible multinational companies that relocate their regional headquarters to Saudi Arabia. See **Tax Alert 2024-0439**, dated 21 February 2024.

Switzerland — In a set of questions and answers, federal tax authorities clarified how to assess whether intercompany transactions between affiliates occur at arm's length. The questions and answers included examples of how to apply specific methodologies and how to treat financial transactions and adjustments within the context of Swiss tax law. They also included an example of a comparability analysis. See **Tax Alert 2024-0488**, dated 29 February 2024.

United Arab Emirates — In a corporate tax guide, the federal tax authority explained that companies in a consolidated tax group may only exclude income from their foreign PE if the group's parent elects to exclude that income. If the parent elects to exclude the PE's income, the election will apply to all group members, including new members joining the group.

When determining a PE's income, companies must apply the arm's-length standard and treat the PE as if it were a separate, independent entity. See **Tax Alert 2024-0366**, dated 8 February 2024.

United Kingdom — In operational guidance, His Majesty's Revenue & Customs outlined how to analyze economically significant risk when conducting a transfer pricing analysis. The guidance incorporates the OECD's six-step process for analyzing risk, which is outlined in its transfer pricing guidelines. See **Tax Alert 2024-0363**, dated 8 February 2024.

United States: federal, state and territories

Federal — The Internal Revenue Service (IRS) finalized two sets of regulations on direct-pay elections for certain tax credits, which taxpayers may elect to apply as a payment against their federal income tax liabilities. The IRC Section 6417 final regulations apply to direct-pay elections for certain energy credits under IRC Section 6417, which was added by the Inflation Reduction Act. The IRC Section 48D final regulations apply to direct-pay election of the advanced manufacturing investment credit, which was enacted by the Creating Helpful Incentives to Produce Semiconductors Act of 2022. Both sets of final regulations adopt the proposed regulations with some modifications.

The final regulations are generally effective 10 May 2024 and apply to tax years ending on or after 11 March 2024. For tax years ending before that date, taxpayers may choose to apply the final regulations to property that is placed in service after 31 December 2022 if they apply the rules in their entirety and consistently. See **Tax Alert 2024-0624**, dated 18 March 2024.

In a revenue procedure, the IRS effectively permitted public utilities to enter into securitization transactions with state financing entities that result in bond issuances without recognizing the income from receiving cash in exchange for a securitized revenue stream. The revenue procedure is effective on or after 29 February 2024 and may be applied to securitizations issued before that date. See **Tax Alert 2024-0500**, dated 1 March 2024.

California – The Franchise Tax Board reminded companies in an online publication that California has not conformed to changes made by the Tax Cuts and Jobs Act (TCJA) to the deduction of research expenses under IRC Section 174. As such, companies may need to adjust their California return to account for differences between federal and state provisions. See the **State and Local Tax Weekly for January 5 and 12, 2024**.

Indiana – In an updated information bulletin, the Department of Revenue outlined differences between Indiana law and the TCJA in the tax treatment of specified research and experimental expenses. According to the bulletin, Indiana law allows companies to deduct 100% of specified research and experimental expenses in the year the expense is paid or incurred for tax years 2022 or later. See the **State and Local Tax Weekly for 2 February 2024 and 9 February 2024**.

New York[10] – The Department of Taxation and Finance finalized regulations implementing comprehensive franchise tax reform for corporations, banks and insurance companies, which was enacted in 2014, with subsequent technical and conforming amendments enacted in 2015 and 2016. The final regulations are substantially similar to proposed regulations (from August 2023) and are effective 27 December 2023, with retroactive application to tax years beginning on or after 1 January 2015. The department may decide in some instances to not apply penalties where taxpayers took a position in their tax filings prior to the adoption of the proposed rule. See **Tax Alert 2024-0140**, dated 8 January 2024.

Pennsylvania – In a bulletin, the Department of Revenue provided guidance on applying market-based sourcing for sales of intangible property. The guidance defines certain terms and includes examples of how the sourcing rules apply in different scenarios. Under the guidance, companies may petition to use an alternative apportionment formula if the prescribed apportionment provisions do not fairly represent their business activities in the state. See the **State and Local Tax Weekly for January 5 and 12, 2024**.

South Carolina – The administrative law court confirmed that the South Carolina Department of Revenue could use combined unitary reporting to apportion a Tennessee retailer's income to South Carolina rather than separate entity reporting as required by statute. Citing the absence of a reliable transfer pricing study and improper shifting of the retailer's income to a related company in Texas, the court concluded that separate reporting did not accurately reflect the retailer's business activity in South Carolina. See **Tax Alert 2024-0244**, dated 22 January 2024.

Vietnam – In an official letter, the government clarified that treaty benefits will not apply to income from the transfers of shares in a Vietnamese company unless the nonresident claiming treaty benefits is the beneficial owner of the income. See **Tax Alert 2024-0535**, dated 6 March 2024.

[10] This development occurred in December 2023.

National, state and local governments regularly change tax laws and administrative guidance to achieve fiscal objectives. Companies should monitor these developments. This section summarizes some of these potential changes.

Things we have our eyes on

Gibraltar[1] –In draft legislation, the government proposed taxing the interest income of insurers and distributed ledger technology firms. The change would apply retroactively for tax years beginning on or after 1 February 2024.

Hong Kong – In its 2024/25 budget, the government proposed a new patent box regime that would allow tax eligible income from patents or patent-like intellectual property in Hong Kong to be taxed at a 5% rate. The new regime would comply with Action 5 of OECD's BEPS initiative.

Other proposals include:

- Allowing purchasers of industrial and commercial buildings and structures that have already been depreciated over 25 years to claim tax depreciation (i.e., capital allowances) on those purchases if certain conditions are met
- Allowing a tax deduction for expenses incurred in restoring leased premises to their original condition

See **Tax Alert 2024-0542**, dated 7 March 2024.

Japan[2] **–** The Diet is considering a bill that would introduce an innovation box regime for artificial intelligence (AI)-related software from in-house R&D. Under the regime, taxpayers could deduct 30% of qualified income from domestic transfers or domestic or international licensing of the software. The regime would apply to certain patent rights and copyrights for AI technology acquired or produced on or after 1 April 2024, and qualified income from 1 April 2025 to 31 March 2032.

The bill would also:

- Tax transfers of intangible property by a Japanese subsidiary to its foreign parent
- Extend the carry-forward period for excess interest under the earnings-stripping rules to 10 years from seven years

The bill will be enacted for US GAAP purposes upon passage by the Diet, which is expected by the end of March 2024.

Singapore – In its 2024 budget, the government proposed changes to existing tax incentives to give existing and prospective incentive recipients greater flexibility in choosing the appropriate incentive award. The changes include adding a new 15% rate to the possible rate options for various incentives (including the Development and Expansion Incentive and Intellectual Property Development Incentive). A new 10% rate would be added to the possible rate options for other incentives, such as the Finance and Treasury Centre Incentive. See **Tax Alert 2024-0447**, dated 22 February 2024.

United Kingdom – In its Spring budget, the government proposed extending the expiration date of the Energy (Oil and Gas) Profits Levy (EPL) by one year to 31 March 2029 and providing additional tax relief for the creative sector (e.g., theater and film industries). It also promised to allow full expensing for leased assets when the government has reached a certain funding level. See **Tax Alert 2024-0541**, dated 7 March 2024.

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1 A Tax Alert has not been published on the publication of the draft legislation. For discussion of the proposals before legislation was published, see **Tax Alert 2024-0277**, dated 26 January 2024.

2 A Tax Alert has not been published on the bill's introduction into the Diet. For discussion of the tax reform outline on which the bill is based, see **Tax Alert 2024-0357**, dated 7 February 2024.

United States: federal, state and territories

Corporate tax – The Biden administration released its fiscal year 2025 budget and explanation of its revenue proposals (the Green Book). Proposed changes to US corporate income tax rules include:

- Increasing the corporate alternative minimum tax to 21% from 15%
- Raising the corporate income tax rate to 28%, and together with other changes to the global intangible low-taxed income (GILTI) regime, raising the effective rate on GILTI to 21%
- Eliminating a corporation's ability to transfer property to its shareholders without the transfer qualifying as a dividend
- Changing the requirements for tax-free divisive reorganizations
- Ending corporate deductions for the compensation costs for any employee (not just top executives) of more than $1 million per year
- Modifying the GILTI regime to align with the global minimum tax rules under Pillar Two
- Replacing the Base Erosion and Anti-avoidance Tax with an undertaxed-profits rule and introducing a domestic minimum top-up tax similar to the OECD's Pillar Two Model Rules but allowing taxpayers to continue benefiting from tax credits and incentives that promote US jobs and investment, including clean energy tax provisions enacted in the Inflation Reduction Act
- Repealing the tax benefit for foreign-derived intangible income and replacing it with unspecified R&D benefits
- Providing a new general business credit for businesses that bring back jobs to the US
- Eliminating tax preferences for fossil fuels

See Tax Alerts 2024-0578, dated 11 March 2024, 2024-0612, dated 15 March 2024; 2024-0615, dated 15 March 2024; 2024-0618, dated 15 March 2024; **2024-0619,** dated 15 March 2024.

Tax incentives — The U.S. House of Representatives passed the Tax Relief for American Families and Workers Act of 2024 (H.R. 7024), which would restore IRC Section 174 expensing for domestic R&D and the prior parameters around interest expense deductibility under IRC Section 163(j). The changes would be retroactive to 2022 (with elections) and extended through 2025. Other proposals include extending 100% bonus depreciation. The bill is with the Senate awaiting consideration. See Tax Alerts **2024-0325**, dated 1 February 2024, and **2024-0403**, dated 14 February 2024.

California — In the 2024-25 state budget, the governor proposed conforming to federal rules that limit usage of carryforward NOLs to 80% of taxable income. Other proposals include eliminating the immediate deduction for intangible drilling costs, percentage depletion rules for fossil fuels and credit for enhanced oil recovery costs. The changes would be retroactively effective to 1 January 2024. See **Tax Alert 2024-0534**, dated 6 March 2024.

Illinois — In the FY2025 state budget, the governor proposed extending the expiration date for the limitation on corporate net loss deductions, which is set to expire at the end of 2024. The budget also contains a proposal to increase the cap on allowable corporate losses to $500,000 from $100,000. See **Tax Alert 2024-0534**, dated 6 March 2024.

New Hampshire — The Department of Revenue Administration proposed regulations that would permit businesses to deduct their disallowed interest expense under IRC Section 163(j) over three consecutive years, provided certain conditions were met. Other changes include modifying the apportionment formula to effectively increase how much income an out-of-state financial institution apportions to New Hampshire. See the **State and Local Tax Weekly for 16 February 2024 and 23 February 2024**.

New Jersey — The governor proposed reinstating the 2.5% corporate surtax on top of the current 9% corporation business tax for corporations with income over $10 million. See **Tax Alert 2024-0534**, dated 6 March 2024.

Rhode Island — In the FY 2025 budget, the government proposed extending the carryforward period for NOLs to 20 years from five years, beginning with losses in tax year 2025. Other changes include decreasing the corporate minimum tax to $350 from $400 a year. See **Tax Alert 2024-0534**, dated 6 March 2024.

Vermont — The Department of Taxes proposed amendments to rules on allocating and apportioning corporate net income to Vermont so they align with the state's previously-enacted change from a three-factor (property, payroll and double weighted-sales) apportionment formula to single sales factor apportionment. Proposed changes also would reflect:

- Repeal of the throwback rule, which assigns a sale to Vermont when the shipment originated in Vermont and the company is not taxable in the destination state
- Repeal of special rules for the property factor in the former three-factor apportionment formula

Conforming changes would also be made to the rules on unitary combined reporting to reflect the repeal of Vermont's so-called 80/20 provisions, reflect a change to the definition of a unitary business, a change to how a group calculates its combined net income, and the repeal of NOL carryforwards and carrybacks under the rules on attributes of a separate corporation, among other things. See the **State and Local Tax Weekly for 19 January 2024 and 26 January 2024.**

IASB update

Overview of new pronouncements issued as of 15 March 2024

The table below provides an overview of the pronouncement issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) effective 15 March 2024.

New pronouncement	Effective date
IFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023
International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12	Note 1
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024
Lack of exchangeability – Amendments to IAS 21	1 January 2025

Note 1 – The amendments are effective immediately upon issuance. Certain disclosure requirements are effective for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023.

More details on the above pronouncements can be found in our publication *IFRS Core Tools – IFRS Update of standards and interpretations in issue at 30 September 2023*.

Overview of the key requirements of new income tax pronouncements, interpretations and agenda decisions

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

For simplicity, the basis for the amendments is explained using leases as an example. This explanation applies equally to similar transactions and events, such as decommissioning obligations.

Determining the tax base of assets and liabilities

An entity that applies IFRS 16 *Leases* recognizes a right-of-use asset (lease asset) and a lease liability at the commencement date of a lease. On initial recognition, the entity needs to assess the tax base of the lease asset and liability by identifying the amounts attributable to them for tax purposes. In a jurisdiction where an entity receives tax deductions when it makes lease payments, it applies judgment in determining whether those tax deductions are attributable to:

- The lease asset (and interest expense) because the deductions relate to the expenses (i.e., depreciation and interest expense) arising from the lease

  Or

- The lease liability (and interest expense) because the deductions relate to the repayment of the lease liability and interest expense

If the tax deductions are attributed to the lease asset, the tax bases of the lease asset and lease liability equal their carrying amounts, and no temporary differences arise on initial recognition. However, if the tax deductions are attributed to the lease liability, the tax bases of the lease asset and lease liability are nil, giving rise to taxable and deductible temporary differences in respect of the asset and the liability, respectively. If those gross temporary differences are equal, the amendments require that a deferred tax liability and a deferred tax asset are recognized.

The IASB decided not to provide application guidance to help entities assess whether tax deductions are attributable to the lease asset or lease liabilities, as the costs of doing so would outweigh the benefits. An entity will need to make a judgment, having considered the applicable tax law, whether tax deductions relate to the lease asset or lease liability.

Changes to the initial recognition exception

International Accounting Standard (IAS) 12 *Income Taxes* contains exceptions from recognizing the deferred tax effects of certain temporary differences arising on the initial recognition of some assets and liabilities, generally referred to as the "initial recognition exception" or "initial recognition exemption," sometimes abbreviated to "IRE." Exception is the more accurate description, since a reporting entity is required to apply it, rather than having the option to do so implicit in the term exemption.

Before the amendments were issued, views differed on whether (and to what extent) the IRE applied to transactions and events, such as leases, that lead to the recognition of an asset and a liability. To address this problem, the IASB decided to narrow the scope of the recognition exception so that it does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Only if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal, would the IRE be applied.

The amendments do not change the fact that the initial recognition exception applies only to temporary differences arising on initial recognition of an asset or liability. It does not apply to new temporary differences that arise on the same asset or liability after initial recognition. When the exception has been applied to the temporary difference arising on initial recognition of an asset or liability, and there is a different temporary difference associated with that asset or liability at a subsequent date, it is necessary to analyze the temporary difference at that date between:

- Any amount relating to the original temporary difference (on which no deferred tax is recognized)

  And

- The remainder, which has implicitly arisen after initial recognition of the asset or liability (on which deferred tax is recognized)

When the deferred tax asset and deferred tax liability are not equal

The amendments require entities to recognize a separate deferred tax asset (DTA) and deferred tax liability (DTL) when the temporary differences arising on the initial recognition of an asset and liability are equal. Nevertheless, it is possible that those DTAs and DTLs are not equal, for example, because:

- An entity may recognize a deferred tax liability but is unable to recognize an equal and offsetting deferred tax asset if it is unable to benefit from the tax deductions.

  Or

- Different tax rates may apply to the taxable and deductible temporary differences.

In the above scenarios, which the IASB expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.

Advance lease payments and initial direct costs

Having initially measured a lease liability at the present value of the lease payments not yet made at the commencement date and recognized a related component of the lease asset, entities will adjust the measurement of the lease asset for any advance lease payments or initial direct costs incurred. The IASB notes that these adjustments could result in additional taxable temporary differences associated with the lease asset, to which an entity would apply the relevant requirements in IAS 12.

Transition and effective date

An entity should apply the amendments for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted, but an entity should disclose that fact.

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also:

- Recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset
  - Recognizing the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The above transitional provisions also apply to first-time adopters at the date of their transition to IFRS.

EY publications

IFRS Developments Issue 191: *IASB clarifies deferred tax accounting for leases and decommissioning obligations* (May 2021) EYG No. 004619-21Gbl

How we see it

Entities are required to recognize deferred tax assets and liabilities for temporary differences, if any, arising from the initial recognition of a lease and subsequently. An entity would typically offset these deferred tax assets and liabilities in the statement of financial position, but the ability to do so should be confirmed by reference to the applicable tax law.

The amendments could, in some cases, lead to the recognition of unequal amounts of deferred tax assets and liabilities, despite the gross deductible and taxable temporary differences being equal. In such cases, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss. This outcome is much less complicated than the original capping proposals, which would have given rise to significant complexity in the application of IAS 12.

International Tax Reform — Pillar Two Model Rules — Amendments to IAS 12

Temporary exception from recognition and disclosure of deferred taxes

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as Pillar Two legislation and Pillar Two income taxes, respectively.

The amendments introduce a mandatory exception in IAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The IASB did not expand the scope of the temporary exception to include the measurement of deferred taxes recognized under domestic tax regimes, as an entity would not remeasure such deferred taxes to reflect Pillar Two income taxes it expects to pay when recovering or settling a related asset or liability.

The amendments note that the temporary exception provides entities with relief from accounting for deferred taxes in relation to this complex new tax legislation, allowing stakeholders time to assess the implications. It also avoids entities developing diverse interpretations of IAS 12 that could result in inconsistent application of the standard.

The IASB did not include a sunset date for the temporary exception but will monitor the implementation of the Pillar Two Model Rules to determine when to undertake further work.

Disclosure of application of the exception

The amendments require an entity to disclose that it has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Disclosure of current tax

An entity is required to separately disclose its current tax expense (income) related to Pillar Two income taxes, in the periods when the legislation is effective, as this helps users of financial statements understand the relative level of those taxes.

The IASB did not provide further clarifications on when a Pillar Two top-up tax is considered to be an income tax in the scope of IAS 12, nor to require entities to treat all top-up taxes as if they were income taxes. An entity is required to apply judgment in determining which top-up taxes it considers to be income taxes in the entity's circumstances.

Disclosure in periods before legislation is in effect

The amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. For example, an entity could disclose the following information to meet these requirements:

- Qualitative information, such as how an entity is affected by Pillar Two legislation and the main jurisdictions in which exposures to Pillar Two income taxes might exist
- Quantitative information, such as either:
  - An indication of the proportion of an entity's profits that risks being subject to Pillar Two income taxes and the average effective tax rate applicable to those profits
  - An indication of how the entity's overall effective tax rate would have changed if Pillar Two legislation had been effective

The above information does not need to reflect all the specific requirements of the legislation and could be provided in the form of an indicative range. The IASB notes in the Basis for Conclusions "… that an entity would not have to disclose information about possible future transactions and other possible future events (forward-looking information) to meet this requirement. For example, an entity would not be required to forecast future profits, reflect mitigation actions it expects to take in future periods, or consider possible future changes in tax legislation."

The IASB observed that legislation in some jurisdictions was expected to be effective as early as 1 January 2024. Therefore, it expects many entities to have some information about their exposure available to them by the time the disclosure requirements are applicable. However, to the extent information is not known or reasonably estimable, an entity is instead required to disclose a statement to that effect and information about its progress in assessing its exposure.

Transition and effective date

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments.

The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023.

Entities that need to prepare annual or interim financial statements before the amendments are endorsed for use in their jurisdiction should refer to our IFRS Developments 214, *Accounting for BEPS Pillar Two income taxes before IAS 12 is amended*, for guidance on how to use judgment in developing and applying an accounting policy that results in information that is relevant and reliable.

EY publications

Applying IFRS — *International Tax Reform — Pillar Two Disclosures* (November 2023) EYG No. 011096-23Gbl

IFRS Developments Issue 218: *Amendments to IAS 12: International Tax Reform Pillar Two Model Rules* (May 2023) EYG No. 005193-23Gbl

IFRS Developments Issue 214: *Accounting for Pillar Two income taxes before IAS 12 is amended* (April 2023) EYG No. 03721-23Gbl

How we see it

Entities need to get ready to provide the additional disclosures required by the amendments, which require that an entity discloses known or reasonably estimable information that helps users of financial statements understand the entity's exposure to Pillar Two income taxes. Furthermore, entities should be prepared to provide qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. To the extent that information is not known or estimable, entities will be required to make a statement to that effect and describe their progress in assessing their exposure.

Entities need to monitor the developments around the implementation and (substantive) enactment of the Pillar Two Model Rules in the relevant jurisdictions and, if appropriate, engage with advisors to determine the impact of Pillar Two Model Rules on their financial statements, audit and tax filings. We encourage entities to start considering whether they have established appropriate processes and procedures to obtain the information necessary to present the disclosures required by the amendments in a timely manner.

Appendix I

GloBE minimum tax implementation around the world

The following table summarizes the enactment status of Pillar Two legislation in various jurisdictions. This information is complete through 19 March 2024.[3]

For up-to-date information on Pillar Two developments, please see our **Pillar Two tracker**, which is updated weekly.

No.	Jurisdiction	QDMTT Adopted	QDMTT Entry into effect	IIR Adopted	IIR Entry into effect	UTPR Adopted	UTPR Entry into effect	IFRS substantively enacted as of 20 February 2024	US GAAP enacted as of 20 February 2024	IAS 12 IFRS adapted local country endorsement
1	Austria	✓	31-Dec-23	✓	31-Dec-23	✓	31-Dec-24	✓	✓	✓
2	Belgium	✓	31-Dec-23	✓	31-Dec-23	✓	31-Dec-24	✓	✓	✓
3	Bulgaria	✓	31-Dec-23	✓	31-Dec-23	✓	31-Dec-24	✓	✓	✓
4	Croatia	✓	31-Dec-23	✓	31-Dec-23	✓	31-Dec-24	✓	✓	✓
5	Czech Republic	✓	31-Dec-23	✓	31-Dec-23	✓	31-Dec-24	✓	✓	✓
6	Denmark	✓	31-Dec-23	✓	31-Dec-23	✓	31-Dec-24	✓	✓	✓
7	Finland	✓	31-Dec-23	✓	31-Dec-23	✓	31-Dec-24	✓	✓	✓
8	France	✓	31-Dec-23	✓	31-Dec-23	✓	31-Dec-24	✓	✓	✓
9	Germany	✓	31-Dec-23	✓	31-Dec-23	✓	31-Dec-24	✓	✓	✓
10	Hungary	✓	31-Dec-23	✓	31-Dec-23	✓	31-Dec-24	✓	✓	✓
11	Ireland	✓	31-Dec-23	✓	31-Dec-23	✓	31-Dec-24	✓	✓	✓
12	Italy	✓	31-Dec-23	✓	31-Dec-23	✓	31-Dec-24	✓	✓	✓
13	Japan	✗	Not applicable	✓	1-Apr-24	✗	Not applicable	✓	✓	✗
14	Liechtenstein	✓	1-Jan-24	✓	1-Jan-24	✓	1-Jan-25	✓	✓	✓
15	Luxembourg	✓	31-Dec-23	✓	31-Dec-23	✓	31-Dec-24	✓	✓	✓
16	Malaysia	✓	1-Jan-25	✓	1-Jan-25	✗	Not applicable	✓	✓	✓
17	Malta	✗	Delayed	✗	Delayed	✗	Delayed	✓	✓	·
18	Netherlands	✓	31-Dec-23	✓	31-Dec-23	✓	31-Dec-24	✓	✓	✓
19	Norway	✓	12-Jan-24	✓	12-Jan-24	✗	Not applicable	✓	✓	✗
20	Romania	✓	31-Dec-23	✓	31-Dec-23	✗	31-Dec-24	✓	✓	✓
21	Slovakia	✓	31-Dec-23	✓	31-Dec-29		31-Dec-29	✓	✓	✓
22	Slovenia	✓	31-Dec-23	✓	31-Dec-23	✓	31-Dec-24	✓	✓	✓
23	South Korea	✗	Not applicable	✓	1-Jan-24	✓	1-Jan-25	✓	✓	✓
24	Sweden	✓	31-Dec-23	✓	31-Dec-23	✓	31-Dec-24	✓	✓	✓
25	Switzerland	✓	1-Jan-24	✗	Not applicable	✗	Not applicable	✓	✓	✓
26	United Kingdom	✓	31-Dec-23	✓	31-Dec-23	✗	Not applicable	✓	✓	✓
27	Vietnam	✓	1-Jan-24	✓	1-Jan-24	✗	Not applicable	✓	✓	✗

[3] Malaysia's QDMTT and IIR effective in 2025; Mauritius, Qatar and United Arab Emirates have legislated intent to adopt GloBE minimum tax rules.

Appendix II
Treaty changes

Tax treaties are agreements between countries that typically address withholding tax rates or exemptions on dividends, interest and royalties paid in multiple jurisdictions. Exceptions may apply based on tax treaty (for instance, reduced rates may apply to certain categories of investors, capital gains from immovable property or property-rich companies may be taxable). All of the following tax treaty changes were effective in the first calendar quarter, except where indicated.

Countries involved		Summary of changes
Albania	Finland	Provides general withholding tax rates of 15% on dividends and 5% on interest and royalties; exempts capital gains from tax.
Algeria	Denmark	Provides general withholding tax rates of 15% on dividends, 8% on interest and 10% on royalties; exempts capital gains from tax.
Andorra	Croatia	Provides general withholding tax rates of 5% on dividends, interest and royalties; exempts capital gains from tax.
Andorra	Czech Republic	Provides general withholding tax rates of 10% on dividends and royalties; exempts interest and capital gains from tax.
Andorra	Monaco	Provides general withholding tax rates of 5% on royalties; exempts dividends, interest and capital gains from tax.
Armenia	Kyrgyzstan	Provides general withholding tax rates of 10% on dividends, interest and royalties; exempts capital gains from tax.
Australia	Iceland	Provides general withholding tax rates of 15% on dividends and 10% on interest and royalties; exempts capital gains from tax.
Azerbaijan	Japan	Provides general withholding tax rates of 7% on dividends, interest and royalties; exempts capital gains from tax.
Bangladesh	Iran	Provides general withholding tax rates of 15% on dividends,10% on interest and 7.5% on royalties and technical service fees; exempts capital gains from tax (effective as of 1 July 2023 for Bangladesh).
Brazil	Uruguay	Provides general withholding tax rates of 15% on dividends and interest, and 10% on royalties and technical services fees; exempts capital gains from tax.
Cambodia	Macau	Provides general withholding tax rates of 10% on dividends, interest, royalties and technical service fees; exempts capital gains from tax.
Cambodia	Türkiye	Provides general withholding tax rates of 10% on dividends, interest, royalties and technical service fees; exempts capital gains from tax.
Chile	United States	Provides general withholding tax rates of 15% on dividends, 10% on interest (15% for five years beginning 1 February 2024) and royalties, and 16% on capital gains.
Croatia	Cyprus	Provides general withholding tax rates of 5% on dividends, interest and royalties; exempts capital gains from tax.
Cyprus	Netherlands	Provides general withholding tax rates of 15% on dividends; exempts interest, royalties and capital gains from tax.
Czech Republic	Kosovo	Provides general withholding tax rates of 15% on dividends and 10% on royalties; exempts interest and capital gains from tax.
Democratic Republic of Congo	United Arab Emirates	An official English translation of the treaty text is not yet available.
Denmark	France	Provides general withholding tax rates of 15% on dividends; exempts interest, royalties and capital gains from tax.

Countries involved		Summary of changes
Ethiopia	Luxembourg	Provides general withholding tax rates of 10% on dividends, 5% on interest and royalties, and 7.5% on technical service fees; exempts capital gains from tax (effective as of 8 July 2024 for Ethiopia).
Ethiopia	Switzerland	Provides general withholding tax rates of 15% on dividends and 5% on interest and royalties; exempts capital gains from tax (effective as of 8 July 2024 for Ethiopia).
France	Greece	Provides general withholding tax rates of 15% on dividends and 5% on interest and royalties; exempts capital gains from tax.
Georgia	Kyrgyzstan	Provides general withholding tax rates of 10% on dividends and royalties, and 5% on interest; exempts capital gains from tax.
Georgia	Poland	Provides general withholding tax rates of 5% on dividends, interest and royalties; exempts capital gains from tax.
Korea	Taiwan	Provides general withholding tax rates of 10% on dividends, interest and royalties; exempts capital gains from tax.
Luxembourg	United Kingdom	Exempts dividends, interest, royalties and capital gains from tax (effective as of 6 April 2024 for capital gains in the United Kingdom).
Malaysia	Poland	Provides general withholding tax rates of 5% on dividends,10% on interest, and 8% on royalties and technical services fees; exempts capital gains from tax.
Oman	Russia	Provides general withholding tax rates of 15% on dividends and 10% on interest and royalties; exempts capital gains from tax.
Monaco	Montenegro	Provides general withholding tax rates of 10% on dividends, interest and royalties; exempts capital gains from tax.
San Marino	United Kingdom	Exempts dividends, interest, royalties and capital gains from tax (effective as of 6 April 2024 for capital gains in the United Kingdom).
Sri Lanka	Turkey	Provides general withholding tax rates of 10% on dividends, interest and royalties; exempts capital gains from tax (effective as of 1 April 2024 in Sri Lanka).
Barbados	Norway	The treaty is terminated.
Curacao	Norway	The treaty is terminated.
Denmark	Russia	The treaty is terminated.
Hungary	United States	The treaty is terminated.
Jamaica	Norway	The treaty is terminated.
Latvia	Russia	The treaty is terminated.
Norway	Sierra Leone	The treaty is terminated.
Norway	Trinidad and Tobago	The treaty is terminated.

EYG no. 002813-24Gbl

ED None