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Global Tax Alert

The Latest on BEPS and Beyond

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EY Tax News Update

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Highlights

The first wave of Pillar Two filings has drawn to a close, and the past few weeks have tested stakeholders across the compliance chain. For taxpayers, the exercise confirmed what many had anticipated but few had experienced in practice: Pillar Two requires coordination among multiple functions across the organization, access to and control over substantial volumes of data, and the ability to translate into reliable figures that can be incorporated in the tightly constrained fields of the required reporting form. These capabilities are now the baseline for compliance, subject to the need to be ready to adjust given that the Pillar Two rules remain subject to change.

Tax administrations encountered challenges of their own. Several were unable to bring their filing portals online in time for the 30 June filing deadline. Additionally, some taxpayers faced validation errors and other technical obstacles that, in some cases, prevented returns from being submitted. Several jurisdictions responded pragmatically, either by providing formal extensions or by confirming that penalties would not apply if returns were filed by a later date. The experience underscores that successful implementation depends not only on taxpayers' readiness, but also on the capacity of tax administrations and filing systems to support a complex new compliance framework.

Shape the future with confidence

The next filing cycle will introduce a further layer of complexity as the Undertaxed Profits Rule (UTPR) becomes relevant, as 2025 is the first year the UTPR is in effect in any jurisdiction. Depending on a group's footprint and tax profile, the UTPR may materially increase the compliance burden and heighten the value of early scenario planning. Groups can be better positioned for the next cycle if they treat the first round of filings not as a one-off exercise, but as the foundation of a repeatable, technology-enabled and well-governed compliance process.

The Organisation for Economic Co-operation and Development (OECD)'s recently released economic analyses of Pilar Two provided updated estimates of the potential impact of the minimum tax rules. The OECD Secretariat's analysis of 2024 financial statement data suggests that Pillar Two has modestly increased effective tax rates on average for multinational enterprise groups (MNE Groups) in scope of Pillar Two. Also, based on the 2024 data, the researchers reported that they did not find evidence of adverse effects on investment or employment. These findings remain preliminary and the data used is limited, resulting in significant caveats regarding the analysis, but they will likely be part of the continuing policy debate as governments assess the effectiveness, economic impact and administrative cost of the global minimum tax regime.

While Pillar Two continued to capture the tax headlines, the OECD also advanced a quieter but no less significant workstream. As reported in our previous edition of The Latest on BEPS and Beyond, the OECD released a public consultation on revisions to Chapter VII of the OECD Transfer Pricing Guidelines (TPG), which addresses intra-group services. The proposed revisions seek to update existing guidance on the benefits test, duplicative and shareholder activities, cost allocation and the pricing of intra-group services. This is a timely opportunity for MNE Groups to engage with policy makers as they discuss potential revision of the TPG, while also considering whether their intercompany service arrangements and supporting documentation remain robust.

Policy makers will also be consulting with businesses on the proposals of the European Commission for a "Tax Omnibus" and the Directive on Administrative Cooperation (DAC) "recast." The Omnibus would amend six European Union (EU) direct tax directives, including by removing withholding taxes on qualifying intra-EU payments of dividends, interest and royalties, modifying interest limitation rules and introducing a carve-out from Controlled Foreign Company (CFC) rules for CFCs that are effectively subject to Pillar Two Top-Up Tax.

As highlighted in EY's webcast of 29 July (replay available), the proposals are expected to meet resistance from Member States, as they consider revenue impact and systemic impact on domestic tax law. For adoption, approval of all 27 Member States would be required. The proposals should therefore be viewed at this point as an important statement of potential policy direction rather than settled future law.

Taken together, these developments depict an international tax landscape in flux, with numerous policy strands advancing at both the OECD and EU levels. At the same time, businesses and tax administrations alike are still absorbing the lessons of the first Pillar Two compliance cycle. In this environment, it will be prudent for businesses to look ahead and do so holistically, considering these developments in concert rather than in isolation and continuing to strengthen governance, improve data processes and anticipate the next phase of international tax changes.

BEPS 2.0

OECD

OECD releases Economic Impact Assessment of the Global Minimum Tax

On 15 July 2026, the OECD released the 2026 Economic Impact Assessment of the Global Minimum Tax (GMT). The assessment provides updated estimates of the expected effects of the GMT and presents preliminary evidence from its first year of implementation. It builds on the OECD's 2024 assessment by incorporating more recent data, improved modeling, information on the current state of GMT implementation and the recently agreed side-by-side package.

On the same day, the OECD held a webinar presenting the findings of the assessment. The updated assessment estimates that the GMT could increase global corporate income tax revenues by 3.2%–5.4% annually, reduce profit shifting by 22.6%–44.6%, and narrow effective tax rate differences between jurisdictions.

Alongside the assessment, the OECD released the Taxation Working Paper "MNE Responses to the Global Minimum Tax," which provides an early empirical analysis of how MNE Groups have responded to the global minimum tax reform following its first year of implementation.

The paper includes an ex-post analysis based on 2024 financial data and examines the effects of the GMT on effective tax rates, investment and employment among in-scope MNE Groups.

Applying the estimate increase in effective tax rates to the global profits of in-scope MNEs, the paper estimates that the GMT generated between €79b and €109b of additional corporate income tax revenue in 2024, equivalent to approximately 2.4% to 3.4% of global corporate income tax revenues based on 2023 values.

The paper finds that the implementation of the GMT resulted in an increase in the effective tax rates of in-scope MNE Groups, estimated at approximately one to two percentage points. The strongest effects were observed among groups operating in the sectors associated with higher tax planning intensity and among MNEs with relatively high or with higher profit-to-substance ratios. At the same time, the analysis found no statistically significant evidence that the GMT has had an adverse effect on investment or employment during the first year of application. The paper notes, however, that the analysis is based solely on 2024 and captures only the initial period of implementation. The results should therefore be interpreted with caution given the short observation period and the continuing evolution of the GMT framework.

OECD updates list of MCAA GIR new signatories

On 3 July 2026, the OECD released an updated list of jurisdictions that have signed the Multilateral Competent Authority Agreement on the Exchange of Global Anti-Base Erosion (GloBE) Information Returns (GIR MCAA). The GIR MCAA provides the legal framework for the automatic exchange of GIR information.

According to the update, Guernsey and Türkiye recently signed the agreement, bringing the total number of signatories to 38.

OECD updates common understanding on GIR central filing

On 25 June 2026, the OECD updated the common understanding addressing practical compliance and coordination challenges arising in connection with the first filings under the Global Minimum Tax under Pillar Two.

The update reflects that the Bahamas joined the common understanding and that Greece expanded its participation to all jurisdictions listed in the Annex (previously limited to Member States of the European Union). The Slovak Republic also joined, in respect of all jurisdictions in the Annex except those that do not have an activated exchange relationship with the Slovak Republic.

Following this development, on 6 July 2026, the OECD further revised the common understanding to reflect that North Macedonia had joined.

OECD releases guidance on use of the GIR XML Schema

On 8 June 2026, the OECD released guidance on the use of the GIR XML Schema and associated validation rules for the first round of GIR filings and exchanges.

The guidance addresses 14 technical issues identified in the current GIR XML Schema and its validation rules. These issues relate to matters such as the treatment of substitute elements, the use of placeholder values, the application of percentage limits and the disapplication of certain validation rules. The guidance is intended to provide taxpayers and tax administrations with a consistent approach to completing, validating and exchanging GIR filings, while avoiding disruption to the 2026 filing timetable.

Country developments

Belgium extends Pillar Two compliance deadlines

On 12 June 2026, the Belgian Tax Authorities announced that the GIR notification portal will open on 1 July 2026, and the GIR notification deadline has been extended to 30 September 2026.

The extension applies to the notification identifying which entity will file the GIR for in-scope multinational and large domestic groups under the Belgian Pillar Two rules, and aligns with the extended 30 September 2026 filing deadlines for the Belgian Qualified Domestic Minimum Top-up Tax and Income Inclusion Rule returns.

The GIR filing deadline itself remains unchanged and generally continues to be due 15 months after the end of the fiscal year, with the first filing deadline remaining 18 months after the end of the 2024 fiscal year-end.

See EY Global Tax Alert, *Belgian Pillar Two filing framework now operational as filing forms and administrative guidance become available*, dated 15 July 2026.

Brazil amends QDMTT legislation

On 18 June 2026, the Brazilian Federal Revenue Service (RFB) published Normative Instruction (NI) No. 2,329/2026, introducing amendments to the Additional Social Contribution on Net Profit (CSLL) regulations. In Brazil, the Additional CSLL introduced a Qualified Domestic Minimum Top-up Tax (QDMTT) aligned with the OECD's GloBE rules.

The amendments focus primarily on procedural and compliance matters, including the exercise of elections, fiscal-year alignment, centralized payment mechanisms and reporting obligations for MNE Groups.

See EY Global Tax Alert, *Brazil publishes amendments to QDMTT legislation*, dated 19 June 2026.

Cyprus issues Pillar Two Decree incorporating Administrative Guidance and the side-by-side package

On 26 June 2026, Cyprus issued decree no. 272/2026, which incorporates into domestic law the OECD's January 2025 Administrative Guidance, GIR, consolidated commentary and January 2026 side-by-side package.

Introduction of the side-by-side package makes some key changes under which the Substance Based Tax Incentives Safe Harbor, Side-by-Side Safe Harbor and UPE Safe Harbor will apply to fiscal years beginning on or after 1 January 2026. The Simplified Effective Tax Rate (ETR) Safe Harbor will apply to fiscal years beginning on or after 31 December 2025. The Transitional Country-by-Country Reporting (CbCR) Safe Harbor will be extended to fiscal years beginning on or before 31 December 2027 and will exclude fiscal years ending after 30 June 2029.

Cyprus clarifies central filing mechanism, notification requirement and compliance deadlines for Pillar Two

On 15 June 2026, the Cyprus Tax Department (CTD) issued an announcement clarifying the central filing mechanism, notification requirements and compliance deadlines for the first reporting fiscal year under Cyprus Pillar Two legislation, in addition to waiving administrative penalties for filings and payments made by 30 September 2026 in respect of notifications or returns or payments that are due before 30 September 2026.

In-scope MNE Groups within scope may elect central filing for fiscal years beginning between 31 December 2023 to 31 December 2024, allowing a single Top-Up Tax Information Return (TTIR) to satisfy local filing obligations if filed in Cyprus or another qualifying jurisdiction, subject to notification requirements.

Key deadlines include submission of the TTIR and related notifications within 18 months from fiscal year-end or by 30 June 2026 (whichever is later), with Income Inclusion Rule top-up tax returns and payments due within 30 days thereafter; revised returns are permitted within specified timeframes.

France extends GIR filing deadline

On 8 July 2026, the French Ministry of Economy and Finance extended from 30 June to 1 September 2026 the deadline for filing GloBE Information Return (GIR) and paying any associated top-up taxes for MNE Groups with fiscal years ending on 31 December 2024 to 1 September 2026.

Liechtenstein submits proposal to Parliament to introduce the side-by-side package

On 7 July 2026, the Government of Liechtenstein approved and submitted to Parliament its report and proposal regarding amendments to the domestic Pillar Two legislation. These amendments incorporate into Liechtenstein law the OECD's side-by-side package, among other measures.

The proposed changes would introduce a Side-by-Side Safe Harbor, a Simplified ETR Safe Harbor, and a Substance-Based Tax Incentive Safe Harbor. Subject to approval by Parliament and provided that,following parliamentary approval, no referendum is initiated during the statutory referendum period, the amendments are expected to enter into force on 1 January 2027.

Further, the Transitional CbCR Safe Harbor would also be extended by a year.

United Arab Emirates incorporates the side-by-side package

On 22 June 2026, the Ministry of Finance of the United Arab Emirates (UAE) published Ministerial Decision no. 96 of 2026 which incorporates into domestic law the OECD's January 2026 Administrative Guidance on the side-by-side package, the 2026 consolidated commentary to the GloBE rules and the January 2025 guidance on the GIR.

This decision is effective from the date of its issuance and applies to fiscal years beginning on or after 1 January 2025. It also repeals Ministerial Decision no. 88 of 2025 which incorporated some of the OECD's previous announcements into domestic law.

Other developments

OECD

G7 leaders and partner countries reaffirm support for domestic resource mobilization

From 15–17 June 2026, the G7 Summit took place in Évian, France. The summit resulted in nine statements and declarations covering a range of global economic, geopolitical and development priorities. As a new feature of the French Presidency, partner countries Brazil, Egypt, India, Kenya and South Korea participated throughout the discussions.

While none of the summit statements or declarations addressed international taxation as directly as the G7 Finance Ministers' and Central Bank Governors' Communiqué of 19 May 2026, the Declaration on Mutually Beneficial International Partnerships states that the G7 will "continue to support partner countries, including through strengthening domestic resource mobilization and developing capacities for tax administration" and welcomes "the commitment to strengthen collaboration on domestic resource mobilization made by the Platform for Collaboration on Tax at the conference held in Tokyo in March 2026."

OECD publishes Tax Co-operation for Development Progress Report 2025 outlining priorities for 2026

On 9 July 2026, the OECD released Tax Cooperation for Development Progress Report 2025, which provides an overview of the OECD's tax and development activities during 2025 and sets out priorities for 2026. The report highlights the OECD's continued support for developing countries in strengthening domestic resource mobilization, improving tax administration, and implementing international tax standards.

The report notes sustained engagement by developing countries in international tax co-operation initiatives, including the Inclusive Framework on Base Erosion and Profit Shifting (BEPS) and the Global Forum on Transparency and Exchange of Information for Tax Purposes. Demand for support remains particularly strong in relation to international tax reforms, with developing countries showing strong interest in technical work on Amount B and the GMT, as well as assistance with tax incentive reform and assessing the economic impact of GMT implementation. The OECD also reports ongoing efforts to provide policymakers with data, analytical tools and technical expertise to support tax policy and tax administration reforms.

Looking ahead, the OECD identifies several priorities for 2026 and beyond. These include continued support for developing countries in assessing the impact of the GMT, reviewing tax incentives, and evaluation policy options in light of the side-by-side package, greater participation of developing countries in new Inclusive Framework workstreams, including the project on global mobility, inequality and growth and continued support for the implementation of international tax transparency standards, including exchange of information. The report also highlights plans to strengthen tax capacity building through expanded training and educational initiatives, including the development of the OECD Academy taxation learning pathway.

OECD Global Forum publishes Tax Transparency in Africa 2026 Progress Report

From 30 June to 2 July 2026, the 19th meeting of the Africa Initiative of the Global Forum on Transparency and Exchange of Information for Tax Purposes took place in Cotonou, Benin. At the meeting the Global Forum on Transparency and Exchange of Information for Tax Purposes launched the eighth edition of Tax Transparency in Africa 2026: Africa Initiative Progress Report. At the conclusion of the meeting, the Global Forum published a press release and the meeting's Statement of Outcomes.

The Progress Report shows that African countries identified €417m in additional tax revenue in 2025 through exchange of information and related voluntary disclosure programs. Since 2009, African countries have collectively identified €4.6b in additional revenue through exchange-of-information measures. The report notes continued progress in tax transparency and international co-operation, with more than 3,500 exchange relationships in force across the continent by the end of 2025, approximately 85% of which are established under the Convention on Mutual Administrative Assistance in Tax Matters. The implementation of the Common Reporting Standard (CRS) also continued to advance, with eight African countries exchanging information automatically by the end of 2025 and additional jurisdictions committed to commence exchanges in the coming years. Six countries (Kenya, Mauritius, Nigeria, Seychelles, South Africa and Uganda) have committed to implement the Crypto-Asset Reporting Framework (CARF), with first automatic exchanges expected in 2027 or 2028 and targeted capacity-building activities under way.

The Statement of Outcomes highlights the continued strengthening of exchange of information frameworks across Africa, including record use of exchange of information on request, growing participation in automatic exchange under the CRS and ongoing efforts to enhance the measurement and effective use of exchange-of-information tools. Delegates also discussed beneficial ownership transparency, practical challenges in using exchanged information in tax audits, and capacity-building initiatives to support implementation of international tax transparency standards. Delegates agreed to meet again to take stock of progress made on the implementation of the Africa Initiative 2026 Action Plan.

OECD launches two new interactive dashboards on global revenue statistics and investment tax incentives

On 17–18 June 2026, during the OECD Tax and Development Days 2026, the OECD launched two new interactive dashboards covering global revenue statistics and investment tax incentives. Both tools are designed to support tax analysis, policy design, and monitoring of progress in domestic resource mobilization, and complement the OECD's April 2026 publication A Practical Guide to Investment Tax Incentives, which sets out design and administration recommendations for policymakers.

The Global Revenue Statistics Dashboard draws on the OECD's global and regional Revenue Statistics databases (Africa, Asia and the Pacific, Latin America and the Caribbean, and OECD countries). It presents harmonized data on tax and non-tax revenues from 1990 onwards, covering 63 tax categories across all levels of government and more than 140 economies, together with four regional averages. The dashboard enables cross-country and cross-regional comparisons of tax-to-gross domestic product (GDP) ratios, tax structures and revenue trends, and includes a dedicated section on trade taxes. Illustrative findings indicate that OECD countries derive a larger share of revenue from labor taxes (i.e., social security contributions and personal income tax), while economies in Africa, Asia and the Pacific, and Latin America and the Caribbean rely more heavily on taxes on goods and services and corporate income taxes.

The Investment Tax Incentives Dashboard, based on the OECD Investment Tax Incentives Database (ITID), covers more than 70 predominantly emerging and developing economies and includes aggregate statistics, country profiles and a comparison tool. The dashboard provides insights into six dimensions of incentive policy: (1) tax instruments, (2) incentive duration, (3) targeted expenditures, (4) legal basis, (5) eligibility conditions and (6) links to sustainable development objectives. The data show that corporate income tax exemptions are the most widely used incentive instrument across almost all regions. Income-based incentives, such as exemptions and reduced tax rates, tend to be permanent or long-lasting and are generally found to provide limited value for money, whereas expenditure-based incentives are more commonly targeted at capital expenditure and are generally considered more cost-effective. The dashboard also shows that most countries govern tax incentives through multiple pieces of legislation rather than consolidating them within tax law, and that approximately one-third of all incentives are linked to one of six sustainable development areas, including employment, exports and environmental objectives.

Both dashboards will be updated automatically as new data becomes available through the underlying databases.

United Nations

UN releases report of 32nd Session of the Committee of Experts on International Cooperation in Tax Matters

On 26 June 2026, the United Nations (UN) Financing for Development Office released the official Report on the 32nd Session of the Committee of Experts on International Cooperation in Tax Matters, which took place in New York (United States) from 23 to 26 March 2026.

The report summarizes the Committee's discussions and decisions taken on the items set out in the provisional agenda. During the meeting, the Committee reviewed and approved the work plans of its subcommittees and the Ad Hoc Group on Dispute Avoidance and Resolution for the 2025–2029 membership period.

The Committee will reconvene for its 33rd session from 20 to 23 October 2026 in Geneva (Switzerland) when Subcommittee Co-Coordinators are expected to report on progress and present initial outputs or draft materials for discussion.

For a detailed overview of the substantive outcomes of the Session, see EY Global Talks Alert, *UN Tax Committee's 32nd Session sets technical work program for 2025-2029 – key highlights*, dated 7 April 2026.

European Union

European Commission publishes proposals on Tax Omnibus and DAC recast

On 24 June 2026, the European Commission (the Commission or the EU Commission) released proposals for a Tax Omnibus Directive and a recast of the Directive on Administrative Cooperation (DAC), as part of the EU's broader simplification and competitiveness agenda. The proposals consolidate and amend several existing EU direct tax Directives and information-exchange rules, with the stated aim of reducing complexity, administrative costs and overlaps while preserving core anti-abuse and transparency safeguards.

The proposed Tax Omnibus introduces amendments across key EU direct tax Directives, most notably broadening access to withholding tax (WHT) relief on intra-EU interest and royalty payments and dividend distributions under the Interest and Royalty Directive (IRD) and Parent-Subsidiary Directive (PSD) by removing minimum participation thresholds and holding-period requirements, while adding safeguards against double non-taxation under the IRD and making related changes to Faster and Safer Tax Relief of Excess Withholding Taxes Directive (FASTER).

The proposal would also substantially revise the Anti-Tax Avoidance Directive (ATAD) interest limitation rule, add an EU-wide Research and Development (R&D) allowance, amend the General Anti-Abuse Rule (GAAR) provisions to expressly cover WHT and Pillar Two top-up taxes, simplify Controlled Foreign Company (CFC) rules and remove the imported hybrid mismatch rule. The proposal also aligns the Tax Merger Directive (TMD) with recent EU company law developments and enhances access to and operation of the EU dispute resolution framework.

The DAC recast aims to reduce reporting obligations under the Mandatory Disclosure Rules (MDR) by creating carve-outs for certain Pillar Two in-scope groups, reducing the list of hallmarks, extending reporting deadlines and updating legal professional privilege rules. Other changes would adjust DAC7 platform reporting, streamline DAC4/DAC9 notification obligations, update DAC1 and DAC5 information access rules and introduce a digital Tax Identification Number (TIN) verification tool.

Both proposals will require unanimous agreement among Member States in the Council for adoption. The final scope and timing of several measures may change during the legislative process.

See EY Global Tax Alert, *European Commission publishes proposals on Tax Omnibus and DAC recast*, dated 25 June 2026.

European Commission issues report on first review of Foreign Subsidies Regulation application

On 14 July 2026, the EU Commission published the results of its first review of the Foreign Subsidies Regulation (FSR), assessing the implementation and enforcement of the regime since its application began in 2023. The review, conducted pursuant to Article 52 of Regulation (EU) 2022/2560, is accompanied by a Staff Working Document and a Questions and Answers document setting out the Commission's findings and considerations for future simplification measures.

Under Article 52(2) of the FSR, the Commission is required to review the implementation and enforcement of the Regulation every three years and report its findings to the European Parliament and the Council. The review covers the FSR's notification requirements for concentrations and public procurement procedures, as well as the Commission's ex officio investigative powers.

According to the Commission, the review is based on a comprehensive assessment of the application of the FSR since its entry into force, including 103 contributions received through two stakeholder consultations and an independent study carried out by an external contractor.

The Commission concluded that the FSR remains an important tool for identifying and remedying distortions in the internal market arising from subsidies granted by third countries. At the same time, the review notes concerns raised by businesses and other stakeholders regarding the administrative burden associated with FSR compliance, particularly in relation to the collection, assessment, and reporting of Foreign Financial Contributions (FFCs).

In response, the Commission is considering a number of targeted adjustments to the FSR implementing framework aimed at simplifying compliance and reducing administrative burdens. These may include:

- **Concentrations**: Possible adjustments include changes to notification and reporting thresholds, simplified notification procedures for certain transactions, and additional exemptions from FFC reporting requirements.
- **Public procurement**: Potential measures include simplifying notification forms and declarations, revising waiver procedures, clarifying reporting obligations, and providing greater legal certainty regarding confidentiality and access-to-file rights.

The Commission has already initiated work on targeted adjustments to the FSR procedural framework for the concentration and public procurement regimes. A draft package of measures is expected to be published in autumn 2026, with adoption envisaged in 2027. The review also identifies a number of potential changes that may require amendments to the FSR itself, rather than the implementing framework. Although no legislative proposal has been announced, the Commission indicates that it will continue to assess the evidence gathered through the review process when considering future changes to the regime.

European Commission issues Annual Report on Taxation for 2026

On 9 July 2026, the EU Commission published the 2026 edition of its Annual Report on Taxation providing an overview of recent tax and tax-related developments across the EU Member States.

The report places taxation within the broader economic and geopolitical context, including inflation, developments in the energy markets and longer-term economic and demographical challenges. It reviews recent developments in the EU tax mix, including trends in labor, consumption and capital taxation, and summarizes recent tax policy initiatives at both EU and Member State level.

In addition, the report analyzes how tax systems are being used to support a range of policy objectives, including the green transition, labor market participation, competitiveness and investment. It also includes a dedicated assessment of the factors influencing taxpayer compliance and noncompliance.

European Commission releases July infringement package launching PSD infringement procedures and advancing DAC9 enforcement

On 8 July 2026, the Commission published its July Infringement Package. In the area of taxation, the Commission launched new infringement procedures and issued reasoned opinions.

New infringement procedures

The EU Commission opened new infringement procedures against Germany, France and Italy, issuing letters of formal notice concerning certain national rules on the taxation of dividends received from subsidiaries.

According to the Commission these rules may result in the taxation of dividends received from subsidiaries established in other Member States circumstances that are not consistent with the PSD. The Commission considers that such treatment may create barriers to cross-border investment and fragment the common corporate tax framework.

The three Member States have two months to respond. Following its assessment of the responses received, the Commission may decide to proceed to the next stage of the infringement procedure by issuing a reasoned opinion.

Reasoned opinions

The EU Commission issued reasoned opinions to Belgium, Bulgaria and Cyprus for failing to transpose DAC9 into national law.

According to the Commission, these Member States have not yet adopted or notified all measures required to enable the exchange of information on multinational groups within the scope of the Minimum Tax Directive. These exchanges were scheduled to commence in June 2026.

The EU Commission had previously issued letters of formal notice to the three Member States in January 2026. The Member States now have two months to take the necessary measures. Otherwise, the Commission may refer the cases to the Court of Justice of the European Union and request the imposition of financial sanctions.

Country developments

Australia and Japan sign memorandum on MLI arbitration procedures

On 10 July 2026, the Australian Taxation Office (ATO) published an update announcing that Australia and Japan have signed a memorandum of understanding (MoU) setting out the practical application of the arbitration process provided under Part VI (Arbitration) of the OECD Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS) (MLI).

The MoU relates to Article 27 of the Australia–Japan Income Tax Treaty (2008), as modified by the MLI provisions on the mutual agreement procedure (MAP) and mandatory binding arbitration. Its purpose is to establish the procedural framework for the operation of arbitration where issues arising in a Mutual Agreement Procedure (MAP) case remain unresolved, including the process for requesting arbitration, the information required from taxpayers, the formulation of the terms of reference, the appointment and independence of arbitrators, and the conduct of arbitration procedures. It also incorporates reservations that Australia and Japan made under Article 28(2)(a) of the MLI, which limits the scope of cases that may be submitted for arbitration.

Under the MoU, the provisions of Part VI (Arbitration) of the MLI can apply to cases presented to the competent authority of either Contracting State on or after 1 January 2019.

Canada and France sign Competent Authority Arrangement on MLI arbitration procedures

On 2 July 2026, the Canadian government published Competent Authority Arrangement (the arrangement) on the Implementation of part VI of the MLI together with France. The Arrangement was concluded by the competent authorities of the two jurisdictions under the tax treaty between Canada and France, as modified by the MLI, and establishes the practical framework for the application of mandatory binding arbitration between Canada and France.

The Arrangement sets out the procedural rules applicable if issues arising in a mutual agreement procedure (MAP) case remain unresolved and are submitted to arbitration. It includes provisions governing the submission of arbitration requests, the minimum information to be provided by taxpayers, the suspension of time limits during certain domestic appeal proceedings, the appointment and replacement of arbitrators, the conduct of arbitration proceedings, and the issuance and implementation of arbitration decisions.

The Arrangement also reflects the reservations and notifications that Canada and France made under Part VI of the MLI and clarifies how those positions will apply in the context of arbitration under the Canada–France tax treaty. In addition, it provides a common procedural framework for the competent authorities and taxpayers involved in the arbitration process.

Italy issues DAC8 guidance for crypto-asset service providers

On 22 June 2026, the Italian tax authorities issued guidance on the implementation of reporting obligations for crypto-asset service providers, following Italy's transposition of Directive (EU) 2023/2226 (DAC8). The guidance (i.e., "*Provvedimento Agenzia delle Entrate del 22 Giugno 2026*") was published under Protocol No. 186865/2026 together with an XML schema and technical filing instructions. It provides the operational framework for the reporting and due diligence obligations applicable to reporting crypto-asset service providers and crypto-asset operators under the new regime.

The guidance clarifies the notification procedure for providers that are exempt from Italian reporting obligations because they satisfy equivalent obligations in another EU Member State or qualified non-EU jurisdiction. It also sets out the registration requirements crypto-asset operators subject to reporting in Italy, including the issuance of an Individual Identification Number (IIN) and the transmission of registration information to the EU central register established under DAC8.

In addition, the guidance specifies the content, format and transmission procedures for DAC8 reports. DAC8 reports must be submitted annually by 30 June of the year following the relevant reporting period using the prescribed XML format. The first reporting deadline is 30 June 2027 for information relating to the 2026 calendar year.

Italy confirms qualification of cooperative companies for withholding tax exemption under Interest and Royalties Directive

On 25 June 2026, the Italian tax authorities issued a ruling confirming that an Italian cooperative company may qualify for the withholding tax exemption under the Interest and Royalties Directive (2003/49/EC). The case concerned a cooperative that held an 85% participation in a Spanish subsidiary and receiving payments under an intragroup agreement.

The taxpayer requested confirmation that it met the Directive's eligibility requirements for benefiting from the exemption despite that cooperative companies are not expressly listed among the Italian legal forms included in Annex A of the Italian implementing legislation.

In its analysis, the tax authorities examined the scope of Annex A to Presidential Decree No. 600/1973, which mirrors the list of eligible entities contained in the Directive. The authorities noted that although cooperative companies are not specifically included among the listed corporate forms, the Annex covers public and private entities carrying on industrial or commercial activities.

The authorities concluded that an Italian cooperative company may fall within this residual category if it has legal personality, carries out business activities and is subject to Italian corporate income tax (IRES). Accordingly, eligibility for the Directive's benefits should be assessed by taking into consideration the nature of and activities carried on by the cooperative, rather than solely its legal form. As a result, cooperative companies engaged in industrial or commercial activities may qualify for the withholding tax exemption under the Interest and Royalties Directive.

Kuwait ratifies MLI

On 7 June 2026, Kuwait published Decree-Law No. 62 of 2026 in *Official Gazette* No. 1794, formally ratifying the MLI. The ratification completes Kuwait's domestic approval process nearly nine years after it signed the MLI on 7 June 2017 as one of the original signatories to the convention.

At the time of signature, Kuwait submitted its provisional MLI position, including reservations and notifications regarding the provisions it intends to apply. Kuwait identified 45 tax treaties that it wishes to designate as Covered Tax Agreements (CTA) under the MLI, allowing the convention's provisions to apply to treaties in which treaty partners make corresponding notifications and have also brought the MLI into effect.

Although the Decree has entered into force domestically, the MLI will begin modifying Kuwait's treaty network only after Kuwait deposits its instrument of ratification with the OECD and the relevant treaty partner has also ratified the MLI and designated the treaty as a CTA.

Lithuania State Tax Inspectorate launches public consultation on draft transfer pricing guidance

On 13 July 2026, the State Tax Inspectorate submitted for public consultation two draft transfer pricing publications titled "Constructing the Arm's-Length Range" and "Transfer Pricing Documentation for Controlled Transactions." The drafts have been issued in a question-and-answer format and are intended to provide practical guidance on the application of Lithuanian transfer pricing rules and the arm's-length principle. Stakeholders may submit comments until 14 August 2026.

The draft guidance on constructing the arm's-length range provides detailed explanations on the use of comparable data, statistical methods and transfer pricing ranges. Among other topics, it discusses: the use of three-year comparable data; the application of interquartile ranges, median values and statistical adjustments; and a clarification that all values within a properly constructed arm's-length range should generally be regarded as equally reliable. It also addresses benchmarking updates, the use of multiple transfer pricing methods and the circumstances in which tax authorities may apply the median when making transfer pricing adjustments.

The draft guidance on transfer pricing documentation explains the Lithuanian documentation framework, including documentation thresholds, exemptions, master file and local file requirements, documentation deadlines and record-retention obligations. It also provides practical examples, discusses common documentation deficiencies identified during tax audits and outlines the State Tax Inspectorate's expectations regarding functional analyses, benchmarking studies, transfer pricing methods and supporting evidence used to demonstrate compliance with the arm's-length principle.

Norway launches consultation on public CbCR schemes

On 17 June 2026, the Norwegian Ministry of Finance launched a public consultation on proposed legislation introducing public CbCR requirements for large MNEs. The proposal would implement EU Directive 2021/2101 on Public CbCR, which was incorporated into the European Economic Area (EEA) Agreement in June 2025 and requires legislative amendments to Norwegian law. Stakeholders may submit comments on the proposal until 17 September 2026.

The proposed rules would require MNE Groups and certain standalone undertakings with consolidated revenues exceeding €750m in each of the two preceding financial years to publicly disclose information on their activities and tax position. The reporting obligation would also apply to medium-sized and large Norwegian subsidiaries and branches of non-EEA parent companies, unless equivalent information has already been made publicly available within the EEA by the ultimate parent undertaking.

In-scope entities would be required to publicly disclose information relating to their activities and tax position, including revenues, profits or losses before tax, income taxes accrued and paid, number of employees, accumulated earnings and book equity. The information would generally be reported separately for each EEA jurisdiction and for jurisdictions included on the EU list of non-cooperative jurisdictions for tax purposes, while data relating to other jurisdictions could be represented on an aggregated basis.

Reports would be filed with the Register of Company Accounts and published on the company's website within 12 months after the balance sheet date. The information would need to remain publicly available for at least five years. The proposal also includes a safeguard clause allowing the temporary omission of certain commercially sensitive information for up to five years, subject to specific conditions. The exception would not apply to information relating to jurisdictions on the EU list of non-cooperative jurisdictions.

Peruvian tax administration updates GAAR catalogue with 11 additional tax avoidance schemes

On 30 June 2026, Peru's Tax Administration (PTA) published the fourth edition of its catalogue of arrangements that may be reviewed under the general anti-avoidance rule (GAAR) contained in the Tax Code. The new edition retains the 24 schemes included in the previous versions of the catalogue.

The 11 additional schemes include arrangements involving related-party structures lacking economic substance, disguised financing transactions, leveraged buyouts combined with reverse mergers, concealed share transfers, transfers of real estate through corporate reorganizations, and transactions designed to reduce tax liabilities through capitalization, leaseback, spin-off or joint venture structures.

The updated catalog serves as administrative guidance.

Romania introduces mandatory annual transfer pricing report submission for large taxpayers

On 2 July 2026, Romania's National Authority for Fiscal Administration (NAFA) published Order No. 828/2026 which officially replaces the transfer pricing documentation framework introduced a decade ago, with the aim of further aligning Romanian transfer pricing requirements with the OECD Transfer Pricing Guidelines.

The new rules apply to transactions carried out starting from 1 January 2026, while the procedural provisions will apply to tax administration procedures initiated after 1 January 2027.

Romanian large taxpayers are now required to electronically submit the transfer pricing report, signed by the legal representative, through the Private Virtual Space.

The new rules also revise the materiality thresholds for each category of taxpayers, substantially expand the content of the transfer pricing report and introduce a reporting Annex that must include disclosure of related-party transactions and year-end transfer pricing adjustments.

See EY Global Tax Alert, *Romania introduces mandatory annual transfer pricing report submission for large taxpayers*, dated 7 July 2026.

Romania adopts new rules for advance pricing agreements

On 2 July 2026, Romania's National Authority for Fiscal Administration (NAFA) published Order No. 828/2026 updating the Romanian advance pricing agreement (APA) framework, including new rules for issuing and amending APAs.

The new rules apply to APA applications submitted as of the date the Order enters into force, while applications filed before then remain subject to the rules in force at the filing date.

Taxpayers may request a preliminary discussion with NAFA before filing an APA application.

APAs may be issued for a maximum period of five years and, subject to specific similarity conditions, may also cover prior periods of up to five closed fiscal years.

The documentation requirements for APA applications are significantly expanded.

APA beneficiaries must submit an annual monitoring report on how they are complying with the APA terms electronically through the Private Virtual Space; failure to timely submit the report may lead to cancellation of the APA for subsequent periods.

See EY Global Tax Alert, *Romania adopts new rules for advance pricing agreements*, dated 7 July 2026.

Spain updates its list of non-cooperative jurisdictions and harmful tax regimes

On 21 June 2026, Spain's Ministry of Finance issued Order HAC/649/2026, amending Order HFP/115/2023, setting out the countries, territories and harmful tax regimes treated as non-cooperative jurisdictions for Spanish tax purposes.

The Order removes Barbados, Dominica, Gibraltar, Seychelles, Trinidad and Tobago, and Samoa (only regarding its offshore business regime), and adds Russia (regarding its international holding companies' regime). These changes affect all Spanish tax rules that reference non-cooperative jurisdictions and harmful tax regimes.

The changes take effect on two different dates: the removals apply from 28 June 2026 (the day after publication in the *Official Gazette*), while Russia's addition is deferred by six months, applying only from 28 December 2026. They apply to one-off taxes (i.e., taxes with no tax period) arising on or after the relevant date, and to taxes with a tax period beginning on or after it. Tax periods already ongoing on that date continue under the previous list until they end.

Sweden launches public consultation on EU DAC Recast proposal

On 6 July 2026, the Swedish Government launched a public consultation on the European Commission's Proposal for a Council Directive on administrative cooperation in the field of taxation (DAC Recast). The proposal seeks to recast and consolidate the existing framework on administrative cooperation in tax matters into a single legislative instrument. The consultation forms part of the national review process and stakeholders may submit comments to the Ministry of Finance until 6 October 2026.

The government's proposal directly refers to the text of the DAC Recast. Key measures include replacing entity-level notifications under DAC4/DAC9 with a single group-wide notification, introducing exemptions for certain entities subject to the Minimum Taxation Directive under DAC6, removing DAC6 Hallmark A and extending the reporting deadline to 90 days from the date arrangements take effect.

The proposal would also amend DAC7 by removing the activity threshold for reporting sales of goods and increasing the monetary threshold to €3k, while DAC1 would be expanded to allow the exchange of additional income and capital categories.

Sweden launches inquiry into advance tax rulings and appeal procedures

On 15 June 2026, the Swedish government announced an inquiry into the rules governing advance tax rulings and related appeal procedures. The inquiry will assess whether the current framework for obtaining advance tax rulings from the Council for Advance Tax Rulings continues to provide effective guidance before planned transactions or measures are implemented.

The review will evaluate whether existing provisions should be amended to reduce uncertainty and improve access to advance tax rulings. Key areas under consideration include clarifying or expanding the conditions for obtaining advance tax rulings, revising the process for review by the Supreme Administrative Court, broadening the appeal rights of the Swedish Tax Agency's general representative and allowing Swedish Customs to represent the public interest before the Supreme Administrative Court in relevant customs matters. The inquiry will also examine certain appeal mechanisms.

The inquiry is scheduled to be completed by 29 February 2028.

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