Quarterly tax developments

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

Updated through 31 December 2024

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The better the answer.
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Welcome to our December 2024 Quarterly tax developments *publication, which focuses on income tax developments that could affect US GAAP accounting. This edition is updated for certain developments identified from 12 December through 31 December 2024. New developments are designated by an asterisk (*) after the state or country name.*

Here we describe certain tax developments previously summarized in Tax Alerts *or other EY publications or identified by EY tax professionals and EY foreign member firms. These developments may affect your income 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.

We list EY publications that you can access through our ***EY Tax News Update website****, if you are registered. Anyone interested in registering should contact Amy Herlihy at* ***amy.herlihy@ey.com****.*

See our ***previous editions*** *for additional tax developments.*

Tax developments

Legislation enacted in the fourth quarter for US GAAP purposes

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 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 enacted. If an interim change is significant, temporary differences may need to be estimated as of the enactment.

Federal, state and territories

Louisiana — On 4 December 2024, Louisiana enacted legislation significantly modifying its corporate income tax, among other things. Changes include:

- Replacing the graduated corporate income tax rates of 3.5%, 5.5% and 7.5% with a flat rate of 5.5%
- Allowing businesses to elect to deduct the entire costs of qualified property, qualified improvement property and research and experimental expenses as permitted under IRC Sections 168(k) and (e)(6) and 174
- Eliminating preferential apportionment treatment for companies with sales and inventory in foreign trade zones
- Repealing the inventory tax credit for corporations for tax periods beginning on 1 July 2026 and repealing its refundability for tax periods beginning on or after 1 January 2025
- Repealing the deduction for expenses disallowed by IRC Section 280C
- Repealing various tax credits, such as the new markets tax credit, the brownfields investor tax credit and the solar energy tax credit
- Capping available funding for the research and development (R&D) credit at $12 million for each fiscal year beginning 1 July 2025, and allowing credit claims on a "first-come, first-served" basis

The changes are generally effective 1 January 2025, unless otherwise noted. See **Tax Alert 2024-2266**, dated 11 December 2024.

International

Chile — On 25 October 2024, Chile enacted legislation that, among other things, determines whether a Chilean tax resident owns 5% or more of a company in a tax haven jurisdiction for purposes of Chile's indirect transfer rules by looking at the entire ownership chain of the foreign entity being transferred to identify the ultimate beneficial owners. The legislation also includes changes for complying with Chile's international tax regime including its General Anti-Avoidance Rules, rules for qualifying controlled foreign corporations, transfer pricing regulations and reformulation of tax-free reorganizations. The legislation is generally effective 1 November 2024. See **Tax Alert 2024-1968**, dated 25 October 2024.

Italy[1] — On 16 December 2024, Italy enacted legislation that significantly modifies the corporate income tax. The changes include:

- Resolving mismatches between tax and accounting asset values deriving from multiple cases - including the first adoption of international accounting standards, as well as shifts and variations in the application of accounting principles — by replacing various elective regimes in the Italian tax law system with a unified and simplified system
- Replacing the progressive rates for substitute corporate and local taxes with flat rates of 18% and 3%, respectively, and repealing the 16% substitute tax for goodwill, trademarks and other intangibles

[1] A Tax Alert was not published on the law's enactment. For discussion of the draft legislation, see **Tax Alert 2024-2166**, dated 27 November 2024.

- Simplifying the use of tax losses and other tax attribute carryforwards for reorganizations occurring between members of the same corporate group
- Amending the requirements for preserving net operating losses (NOLs) and other tax attributes following a change-of-control and merger/demerger transactions, so it is generally easier to preserve the losses and other tax attributes
- Introducing a new type of downstream demerger that qualifies as a tax-free reorganization

The changes have varying effectives dates, with some effective upon enactment and others retroactively effective beginning 1 January 2024.

On 31 December 2024, Italy*[2] enacted legislation decreasing its corporate income tax rate to 20% from 24% for eligible companies that use their profits to acquire certain business assets from 1 January 2025 through 31 October 2026 (for calendar-year companies). The law also eliminates a partial exemption for gains from the disposal of crypto assets, allowing those gains to be taxed in full. Other changes include:

- Increasing the substitute tax on gains from disposing of crypto assets to 33% from 26% (effective 1 January 2026)
- Extending by three years, through 2027, the expiration of the increased deduction for hiring new permanent employees
- Extending by three years, through 2027, the tax credit for advisory expenses incurred by certain small and mid-sized companies

The changes are effective 1 January 2025, unless otherwise indicated.

Korea*[3] – On 10 December 2024, Korea modified its global minimum tax rules to align with recent guidance from the Organization for Economic Co-operation and Development (OECD). Other changes include:

- Extending the expiration date of the current 20%–50% research and development tax credit by three years to 31 December 2027 for seven categories of national strategic technologies and 14 categories of new growth/original technologies
- Extending the expiration date of the current 15% to 25% current integrated investment tax credits (excluding 4% additional credits) by three years to 31 December 2027 for national strategic technologies

The changes are effective 1 January 2025.

Luxembourg*[4] – On 24 December 2024, Luxembourg enacted legislation decreasing its top corporate income tax rate to 16% from 17%. The new law also clarifies how the limitation on interest expense deductions applies to companies that are not part of a consolidated group but are also not considered standalone companies. Other changes include:

- Allowing companies to waive, under certain circumstances, the application of income tax exemptions for dividends and capital gains
- Extending by two years the income tax credit for hiring unemployed persons through 2026 for eligible companies

The changes are generally effective 1 January 2025.

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[2] A Tax Alert on this development is forthcoming.

[3] A Tax Alert was not published on the law's enactment. For discussion of the draft legislation, see **Tax Alert 2024-1518**, dated 7 August 2024.

[4] A Tax Alert was not published on the law's enactment. For discussion of the draft legislation, see **Tax 2024-2300**, dated 16 December 2024.

Spain*[5] – On 21 December 2024, Spain enacted legislation reinstating certain limits on the use of NOL carryforwards, foreign tax credits and losses belonging to an individual member of a consolidated group. The prior limits were declared unconstitutional on procedural grounds in January 2024.

The new law limits usage of NOL carryforwards by large companies to 25% or 50% of taxable income, depending on the company's revenue. Similarly, foreign tax credit usage by large companies is limited to 50% of the tax due. The changes apply from tax year 2024 onward.

Under the new law, a consolidated group may only use 50% of an individual member's losses over the following 10 years when calculating the group's consolidated taxable income. The limits on NOL carryforwards will not apply to unused member losses. Consolidated groups that disband or terminate may claim the outstanding losses in their last fiscal year. The limit applies for tax years 2023, 2024 and 2025 only and will expire unless extended.

Legislation effective in the fourth quarter

International

Japan[6] – Effective 1 October 2024, corporate income tax applies to transfers of intangible property by a Japanese subsidiary to its foreign parent. The change was enacted on 30 March 2024.

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 the tax treaty (for instance, reduced rates may apply to certain categories of investors and capital gains from immovable property or property-rich companies may be taxable). The following tax treaty changes were effective in the fourth calendar quarter, except where indicated.

Countries involved		Summary of changes
Paraguay	Spain	Provides general withholding tax rates of 10% on dividends and 5% on interest and royalties; exempts capital gains from tax (effective either 14 October 2024 or 1 January 2025, depending on type of tax)

[5] A Tax Alert is forthcoming.

[6] A Tax Alert was not published on the law's enactment. For discussion of the tax reform outline on which the law is based, see Tax Alert 2024-0357, dated 7 February 2024.

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 also may affect your current or deferred tax accounting.

Federal, state and territories

Federal — In final regulations under Internal Revenue Code (IRC) Section 367D, Treasury and the IRS included a taxpayer-favorable rule allowing companies to forgo any remaining gain inclusions from previously "outbounded" intangible property upon repatriation to the US, provided certain conditions are met. The final regulations apply to intangible property repatriations occurring on or after 10 October 2024. See **Tax Alert 2024-1885**, 14 October 2024.

In other final regulations, Treasury and the IRS implemented the advanced manufacturing investment credit under IRC Section 48D, which was enacted in 2022 to incentivize semiconductor and semiconductor equipment manufacturing in the US. The final regulations adopt the proposed regulations published in 2023 with certain taxpayer-favorable modifications, such as extending the credit to semiconductor wafer (including solar wafer) producers. They are effective 23 December 2024 but generally apply to property that is placed in service after 31 December 2022 and during a tax year ending on or after 23 October 2024. See **Tax Alert 2024-2023**, dated 5 November 2024.

Separately, the Treasury and IRS finalized regulations on the IRC Section 45X advanced manufacturing production credit, which is intended to incentivize the domestic production of solar and wind components, inverters, battery components and applicable critical minerals. The final regulations largely adopt the proposed regulations with some clarifications. They are effective 27 December 2024 and apply to eligible components for which production is completed and sales occur after 31 December 2022 and during tax years ending on or after 28 October 2024. See **Tax Alert 2024-2057**, dated 8 November 2024.

Treasury and the IRS also finalized regulations under IRC Section 987 on determining income and currency gain or loss for a qualified business unit (an IRC Section 987 QBU). The final regulations generally apply to C corporations (including financial service entities) for tax years beginning after 31 December 2024, but retain special, retroactive applicability date for terminating QBUs.

The Final Regulations generally maintain the structure of the proposed regulations released in 2023, including the foreign exchange exposure pool (FEEP) method, current rate election and annual recognition election. Other highlights of the final regulations include:

- Providing additional guidance on eligible pretransition methods
- Permitting taxpayers that make a current rate election to use certain elements of the earnings and capital method (as described in the 1991 Proposed Regulations) to simplify the computation of unrecognized IRC Section 987 gains or losses
- Expanding the loss-to-the-extent-of-gain rule via new lookback period
- Generally, assign IRC Section 987 gains and losses to the same subpart F income group generated by the IRC Section 987 QBU's assets

See **Tax Alert 2024-2298**, dated 13 December 2024. See the "Things we have our eyes on" section of this publication for discussion of the accompanying proposed regulations. Companies with a policy for recording deferred taxes for unrecognized IRC Section 987 gains or losses should closely evaluate the impact of these regulations on their existing deferred taxes and any related valuation allowances and carefully consider the intraperiod allocation of any related tax expense/benefit in the current reporting period. Companies with a policy for recording deferred taxes for unrecognized IRC Section 987 gains or losses should closely evaluate the impact of these regulations on their existing deferred taxes and any related valuation allowances and carefully consider the intraperiod allocation of any related tax expense/benefit in the current reporting period.

Lastly, Treasury and the IRS finalized the regulations on the types of energy properties eligible for the IRC Section 48 investment tax credit. The final regulations adopt most of the proposed regulations with some modifications. The changes most helpful to taxpayers include modifying the definitions of qualified biogas property and how to determine when multiple units of energy property are considered a single project for purposes of complying with prevailing wage and apprenticeship requirements.

The final regulations are effective 12 December 2024, and apply to projects that begin construction before 1 January 2025, and are placed in service during a tax year beginning after the effective date. Taxpayers may choose to apply the final regulations to eligible energy projects placed in service after 31 December 2022. Clean energy projects beginning construction after 31 December 2024, may be eligible for a credit under IRC Section 48E until 2033 based on greenhouse gas emissions (tech-neutral) of the generation technology. See **Tax Alert 2024-2290**, dated 12 December 2024.

Florida — In a tax information publication, the Department of Revenue reminded businesses of IRC provisions from which Florida law continues to decouple, including:

- Bonus depreciation
- Depreciation for qualified improvement property place in service on or after 1 January 2018
- Deductions for business meal expenses and film, television and live theatrical production expenses
- Certain federal tax credits

Florida permits deductions for wages and salaries paid in Florida when the federal deduction for wages and salaries is disallowed under IRC Section 280C(a). See the **State and Local Tax Weekly for 1 November 2024 and 8 November 2024**.

Iowa — The Department of Revenue said the corporate income tax rate for 2025 will remain the same as 2024 because the net corporate income tax receipts for fiscal year 2024 did not reach the $700 million threshold required to reduce the rate. Accordingly, the 2025 tax rate is 5.5% on the first $100,000 and 7.1% on all income over $100,000. See the **State and Local Tax Weekly for 18 October 2024 and 25 October 2024**.

Wisconsin — The Department of Revenue extended through 12 December 2024 an emergency administrative rule clarifying what income from certain commercial and agricultural loans qualifies for a tax exemption enacted in 2023. The emergency rule would have expired on 13 October 2024 without the extension. See the **State and Local Tax Weekly for 4 October 2024 and 11 October 2024**.

Tax amnesties

This table shows tax amnesties that were announced or went into effect in the fourth quarter of 2024.

Jurisdiction	Amnesty period	Taxes covered	Reference
Massachusetts	1 November 2024 through 30 December 2024	Corporate combined excise tax, corporate excise tax, financial institution excise tax, among others	**Tax Alert 2024-1819**

International

Bermuda — The government released four new frequently asked questions (FAQs) with guidance on aspects of the Corporate Income Tax Act (the Act). The government indicated in an FAQ that it intends to align the definition of "asymmetric foreign currency gain or losses" in the Act with the definition in the Global Anti-Base Erosion (GloBE) Model Rules. The change would apply retroactively, though companies could elect to apply the change prospectively for tax years beginning on or after 1 January 2025. The other FAQs address, among other things, adjustments to financial accounting net income or loss, fiscal transparency classifications and the taxable distribution method. See **Tax Alert 2024-2144**, dated 22 November 2024.

European Union — The EU Council removed Antigua and Barbuda 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. There are 11 countries on the Annex I list.

The Council added Antigua and Barbuda to Annex II and removed Armenia and Malaysia. Annex II identifies jurisdictions that are making progress on reforming their tax policies to meet EU standards but remain subject to close monitoring. There are nine countries on the Annex II list. See **Tax Alert 2024-1876**, dated 11 October 2024.

Italy — In a circular, the tax authority clarified aspects of the Investment Management Exemption (IME) regime, which allows eligible foreign investment vehicles and their direct or indirect subsidiaries to qualify for a presumption that they have no Italian permanent establishment (PE) even though an asset, investment manager or an advisor operate in Italy on their behalf or for their benefit.

Additionally, the tax authority outlined the transfer pricing methods that foreign investment management companies must use to demonstrate that remuneration paid to a related-party asset/investment manager (whether an Italian tax resident or the Italian PE of a foreign company) is at arm's length. Satisfaction of the arm's-length requirement may allow the foreign investment company to qualify for a presumption that it does not have a PE in Italy. See **Tax Alert 2024-2157**, dated 26 November 2024.

Kenya — The High Court declared as unconstitutional regulations implementing a 15% withholding tax on gains that nonresidents derived from financial derivatives. The High Court concluded that the regulations exceeded the scope of the Income Tax Act because they attempted to require resident payors to withhold tax based on losses they incurred from transactions with nonresidents, rather than providing a clear method of calculating the nonresidents' gains. See **Tax Alert 2024-1963**, dated 25 October 2024.

The Supreme Court declared Finance Act 2023 to be constitutional. Relying on a prior decision by Kenya's High Court, the Supreme Court concluded that the process leading to the law's enactment adhered to the constitution's requirements. See **Tax Alert 2024-2008**, dated 1 November 2024.

Poland — In a general ruling, the Minister of Finance outlined the criteria for qualifying for a withholding tax exemption for dividends paid by Polish companies to foreign companies. See **Tax Alert 2024-2156**, dated 25 November 2024.

Singapore — The Economic Development Board outlined the minimum requirements that companies must satisfy to claim the new 15% concessionary tax rate under the Development and Expansion Incentive. It also updated the requirements for claiming the existing 5% and 10% rates for other tax incentives. Common requirements for all three rates include:

- Performing at least one headquarter-related activity in Singapore
- Employing a certain number of additional skilled employees by set dates
- Meeting specified thresholds of spending in Singapore by set dates

See **Tax Alert 2024-2038**, dated 6 November 2024.

Switzerland — The Federal Supreme Court held that a Danish-resident special credit institution (the SCI) was the beneficial owner of interest payments from Swiss government bonds, even though it swapped the bonds' fixed-rate payment of interest in Swiss francs for a floating interest rate in US dollars. While the decision, in principle, meant that the SCI was entitled to a refund of Swiss taxes withheld on interest from the bonds, the Court remanded the question of whether to deny the SCI's request for a withholding tax refund based on treaty abuse under the Switzerland-Denmark income tax treaty. See **Tax Alert 2024-2089**, dated 14 November 2024.

Turkey — In a presidential decree, the government extended to 31 January 2025 from 31 October 2024 reduced rates of withholding tax that apply to various types of income, including interest, dividends and participation earnings on different types of accounts, as well as income from bonds, bills, lease certificates and securities. See **Tax Alert 2024-2116**, dated 19 November 2024.

Uruguay — In a decree, the Executive Power granted a corporate income tax exemption to telecommunication companies that investigate crime using electronic surveillance and invest in electronic data processing equipment and software from 31 October 2024 through 30 June 2025. The exemption is capped at 12 million Indexed Units (about $1.8 million). Eligible companies have three fiscal years to use the benefit. See **Tax Alert 2024-2122**, dated 19 November 2024.

Things we have our eyes on

National, state and local governments continue to seek to increase their revenues. Companies should continue to monitor developments in this area. Some of these potential tax law changes are summarized here.

Federal, state and territories

Previously taxed earnings and profits — Treasury and the IRS published comprehensive proposed regulations addressing previously taxed earnings and profits (PTEPs) of foreign corporations and related basis adjustments. The proposed regulations provide detailed guidance under IRC Sections 959 and 961, as well as related provisions, and would represent the first major update to the PTEP regulations since 1965. The proposed regulations address both longstanding issues and new complexities introduced by the Tax Cuts and Jobs Act of 2017. See **Tax Alert 2024-9006**, dated 2 December 2024.

Qualified business units — Treasury and the IRS proposed regulations under IRC Section 987 that would allow taxpayers to elect to translate a group of frequently recurring transfers between an IRC Section 987 QBU and its owner using the yearly average exchange rate (rather than the spot rate applicable on the date of each transfer). The proposed regulations would also simplify the computation of unrecognized IRC Section 987 gains or losses for taxpayers making this election. See **Tax Alert 2024-2298**, dated 13 December 2024. See the "Other considerations" section of this publication for discussion of the accompanying final regulations.

Massachusetts — The Department of Revenue proposed amending the rules on allocation and apportionment of income to Massachusetts by non-resident members of pass-through entities. Proposed changes include:

- Generally adopting a single sales factor apportionment formula for tax years beginning on or after 1 January 2025
- Adding new examples of how to apply the new apportionment formula
- Repealing the special apportionment rules for gain on the sale of an ownership interest in a partnership that holds real property in Massachusetts

See the **State and Local Tax Weekly for 1 November 2024 and 8 November 2024**.

International

France — In the draft Finance Bill for 2025, the government proposed a two-year corporate income tax surcharge that would apply to standalone companies or consolidated groups with at least EUR 1 billion of revenue realized in France, beginning in the two consecutive fiscal years ending on or after 31 December 2024.

The surcharge would be based on the corporate income tax and assessed before offsetting any deductions, tax credits or tax receivables. For the first fiscal year ending on or after 31 December 2024, the surcharge rate would be:

- 20.6% for standalone companies or tax-consolidated groups with revenue realized in France equal to or greater than EUR 1 billion, but less than EUR 3 billion
- 41.2% for standalone companies or tax-consolidated groups with revenue realized in France equal to or greater than EUR 3 billion

For the second fiscal year ending on or after 31 December 2024, the applicable rates would be 10.3% and 20.6%, respectively. Other proposals include treating partial demergers and certain simplified mergers as tax-neutral events. See **Tax Alert 2024-1892**, dated 15 October 2024.

G20 — In a communiqué, the G20 Finance Ministers reaffirmed their commitment to the swift implementation of the Base Erosion and Profit Shifting (BEPS) 2.0 project of the OECD by all interested jurisdictions. They also emphasized their commitment to working toward a fairer, more inclusive, stable and efficient international tax system. See **Tax Alert 2024-2000**, dated 31 October 2024.

In a declaration following their November 2024 meeting, the G20 leaders echoed their Finance Ministers by reiterating their commitment to swift implementation of Pillar One and Two by all interested jurisdictions. See **Tax Alert 2024-2143**, dated 22 November 2024.

Ireland — In Budget 2025, the government proposed a corporate income tax exemption for qualifying dividends, effective 1 January 2025. It also proposed a 20% corporate tax credit for expenses on unscripted productions, up to a maximum expenditure of EUR 15 million per project and subject to a cultural test. An increased tax credit of up to 40% would apply for qualifying expenditures on small- and medium-sized productions, with a maximum expenditure of EUR 20 million per project. Other proposals include relief for initial public offering expense deductibility up to a maximum expenditure of EUR 1 million per listing. See **Tax Alert 2024-1830**, dated 4 October 2024.

OECD — In a report to the G20 Finance Ministers, the OECD noted that 45 jurisdictions have enacted or introduced legislation to implement the global minimum tax under the GloBE rules, with an additional 16 jurisdictions taking concrete steps toward implementation. The OECD projects that approximately 60% of large multinational enterprises will fall within the scope of the global minimum tax by the end of 2024, with 90% in-scope by 2025. Other updates include:

- Progress on the Subject-to-Tax-Rule component of Pillar Two
- Near full consensus among members of the Inclusive Framework on the multilateral convention implementing Amount A under Pillar One
- Continuing work on a framework for Amount B of Pillar One, including a list of countries applying Amount B

See **Tax Alert 2024-2000**, dated 31 October 2024.

United Kingdom — In the Autumn Budget, the Chancellor of the Exchequer reconfirmed the proposal to cap the corporation tax rate at 25% for the duration of the current Parliament. The Chancellor also proposed:

- Retaining full expensing for plant and machinery expenditure, the GBP 1 million annual investment allowance and the current rates for R&D relief
- Examining the tax treatment of predevelopment costs
- Modernizing and simplifying the rules on transfer pricing, PEs and the diverted profits tax
- Continuing to align the UK's Pillar Two legislation with the GloBE rules
- Introducing the undertaxed profits rule in Finance Bill 2024-2025
- Repealing rules governing taxation of income from intangible property (i.e., the rules for Offshore Receipts in Respect of Intangible Property)
- Increasing the energy (oil and gas) profits levy to 38% from 35% and extending the levy's expiration date to March 2030
- Eliminating the deduction for certain qualifying capital expenditures (i.e., the 29% investment allowance)
- Allowing film and high-end television companies to claim an enhanced 39% rate of audio-visual expenditure credit on their UK visual effects costs incurred after 1 January 2025 (and excepting these costs from 80% cap on qualifying expenditures)

See **Tax Alert 2024-1998**, dated 31 October 2024.

Vietnam — In a draft decree, the Ministry of Finance outlined guidance for implementing Vietnam's new qualified domestic minimum top-up tax (QDMTT) and income inclusion rule. The implementation rules would largely align with the GloBE rules, while also providing guidance on QDMTT exclusions, applicable accounting standards and administrative and compliance requirements, among other things. The decree would apply retroactively to fiscal years beginning in or after December 2023. See **Tax Alert 2024-2126**, dated 20 November 2024.

Appendix A

Overview of Pillar Two implementation across the world

Final legislation	
Jurisdiction	Rules covered
European Union	QDMTT, IIR, UTPR
Australia	QDMTT, IIR, UTPR
Austria	QDMTT, IIR, UTPR
Bahamas	QDMTT
Bahrain	QDMTT
Barbados	QDMTT
Belgium	QDMTT, IIR, UTPR
Bulgaria	QDMTT, IIR, UTPR
Canada	QDMTT, IIR
Croatia	QDMTT, IIR, UTPR
Czech Republic	QDMTT, IIR, UTPR
Denmark	QDMTT, IIR, UTPR
Estonia	Filing obligations
Finland	QDMTT, IIR, UTPR
France	QDMTT, IIR, UTPR
Germany	QDMTT, IIR, UTPR
Greece	QDMTT, IIR, UTPR
Guernsey	QDMTT, IIR
Hungary	QDMTT, IIR, UTPR
Ireland	QDMTT, IIR, UTPR
Isle of Man	QDMTT, IIR
Italy	QDMTT, IIR, UTPR
Japan	IIR
Jersey	IIR
Latvia	Filing obligations
Liechtenstein	QDMTT, IIR, UTPR
Lithuania	Filing obligations
Luxembourg	QDMTT, IIR, UTPR
Malaysia	QDMTT, IIR
Malta	Filing obligations
Mauritius*	QDMTT
Netherlands	QDMTT, IIR, UTPR
New Zealand	IIR, UTPR
Norway	QDMTT, IIR
Poland	QDMTT, IIR, UTPR
Portugal	QDMTT, IIR, UTPR
Qatar*	Unclear
Romania	QDMTT, IIR, UTPR
Singapore	QDMTT, IIR
Slovakia	QDMTT
Slovenia	QDMTT, IIR, UTPR
South Korea	IIR, UTPR
Sweden	QDMTT, IIR, UTPR
Switzerland	QDMTT
Turkey	QDMTT, IIR, UTPR
United Arab Emirates*	Unclear
United Kingdom	QDMTT, IIR
Vietnam	QDMTT, IIR

Draft legislation	
Jurisdiction	Rules covered
Brazil**	QDMTT
Canada	UTPR
Curaçao	QDMTT, IIR
Cyprus	QDMTT, IIR, UTPR
Gibraltar	QDMTT, IIR
Kenya	QDMTT
Lithuania	QDMTT, IIR, UTPR
Norway	UTPR
South Africa	QDMTT, IIR
Spain	QDMTT, IIR, UTPR
Switzerland	IIR, UTPR
United Kingdom	UTPR

Intention to implement Pillar Two
Hong Kong
Indonesia
Israel
Thailand

Indicates new in Q4

Acronyms: IIR (Income Inclusion Rule), UTPR (Undertaxed Profits Rule), QDMTT (Qualified Domestic Minimum Top-up Tax).

* Mauritius, Qatar and the United Arab Emirates have enacted a law incorporating an initial provision for the introduction of Pillar Two. Detailed provisions and regulations regarding how these countries will implement Pillar Two are expected to be developed in the future.

** The legislation in Brazil is currently in effect but must meet specific formalities to become fully enacted. If these formalities are not completed within the required timeframe, the Provisional Measures will expire.

*** The United States is not included in the implementation overview above since this jurisdiction does not yet have final or draft legislation and has not yet indicated an intention to implement Pillar Two into domestic law. Additionally, the OECD is not included as it does not possess legislative authority.

Source: EY BEPS Developments Tracker ***Base Erosion and Profit Shifting (BEPS) 2.0 | EY — Global***

Note: *Developments Tracker cut-off date — As of 11 December 2024*

Appendix B

FASB issues guidance requiring additional income tax disclosures

Overview

The Financial Accounting Standards Board (FASB or the Board) amended[1] Accounting Standards Codification (ASC) 740, *Income Taxes*, to enhance the transparency and decision-usefulness of income tax disclosures, particularly in the rate reconciliation table and disclosures about income taxes paid.

The amendments are intended to address investors' requests for income tax disclosures that provide more information to help them better understand an entity's exposure to potential changes in tax laws and the ensuing risks and opportunities and to assess income tax information that affects cash flow forecasts and capital allocation decisions.

The guidance also eliminates certain existing requirements related to uncertain tax positions and unrecognized deferred tax liabilities and replaces the term "public entity" with "public business entity" (PBE) in ASC 740. Because the Master Glossary definition of PBE is more expansive than that of public entity, more entities may be subject to certain disclosure requirements under ASU 2023-09 than under legacy guidance.

This publication has been updated to provide enhanced guidance related to the disclosure of rate reconciliation, income taxes paid and other items. It also enhances the illustration of the rate reconciliation disclosure that is included in the Appendix. To see the complete publication, **click here**.

[1] ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*.

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