

## The Latest on BEPS and Beyond

January 2025

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### Highlights

In the first weeks of this new year, it seems the implementation of Pillar Two has been accelerating, with the rules moving closer to the compliance phase. At the same time, the inauguration of United States (US) President Trump is bringing a change in the US administration's position on the Base Erosion and Profit Shifting (BEPS) project, impacting the course of the Organisation for Economic Co-operation and Development's (OECD's) work.

At the international level, significant progress has been made on the Global Information Reporting (GIR) framework. The European Union (EU) is expected to finalize its negotiations on the ninth iteration of the Directive on Administrative Cooperation (DAC9), following the European Commission's proposal to translate the reporting format into EU law and introduce the "dissemination approach" developed at the Inclusive Framework. During the week beginning 13 January, as we are reporting in this edition of The Latest on BEPS and Beyond, the Inclusive Framework published the updated GIR, an XML schema and a multilateral exchange agreement that implementing jurisdictions are expected to sign.

Also in mid-January, the Inclusive Framework released a document that includes a Central Record of Legislation with Transitional Qualified Status for the Income Inclusion Rule (IIR) and domestic minimum taxes. Although the list does not reflect the outcomes of a formal peer review process, the administrations of the members of the Inclusive Framework are expected to take account of these lists. It is a dynamic list, so additions may be made later.



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The Inclusive Framework also released new Pillar Two guidance on the treatment of certain deferred tax assets under Article 9.1 of the Global Anti-Base Erosion (GloBE) Model Rules. The new guidance will likely prompt legislative changes in several countries and may revive discussion regarding compatibility between the EU Minimum Tax Directive and later guidance. Legislators and administrations are still catching up with the implementation of earlier guidance, highlighting the ongoing complexity of the GloBE rules.

Meanwhile, the Inclusive Framework had remained quiet for a while on Pillar One, even though it had planned a signing ceremony for Amount A in mid-2024. On 13 January, the co-chairs of the Inclusive Framework provided an update. Although it is stated that the text of Amount A is “stable,” this is apparently not enough to formally adopt the text. A formally adopted text would enable countries to complete domestic procedures for signature, but it appears that Amount A will not be agreed upon without Amount B being agreed upon, and the co-chairs report that there are a few important outstanding points.

On 20 January 2025, it became clear that the inauguration of US President Trump may trigger a new phase in the BEPS project. A [White House Memorandum](#) to the Secretary of the Treasury, the US Trade Representative and the Permanent Representative of the US to the OECD, stated that any commitments made by the prior administration on behalf of the US with respect to the Global Tax Deal have no force or effect within the US, absent an act by Congress adopting the relevant provisions. The memorandum also calls for an investigation into whether any foreign countries are not in compliance with tax treaties with the US or have tax rules that are extraterritorial or disproportionately affect US companies, which may include Digital Services Taxes (DSTs). This development could have a major impact on the BEPS project.

While the limelight is now on Paris and Washington, it remains important to keep an eye on developments in New York. On 24 December 2024, the United Nations (UN) General Assembly adopted the Terms of Reference (ToR) for the development of a UN Framework Convention on International Tax Cooperation. One of the “early protocols” will address the fundamental topic of taxation of cross-border services. The inaugural procedural meeting will be held from 3 to 6 February 2025, followed by multiple rounds of negotiations over the next three years, with the aim to adopt the text of the Framework Convention and protocols by the end of 2028.

The future of the BEPS project has become less predictable after this week's developments. Concurrently, the formal start of the UN negotiations adds to the uncertainty surrounding international tax standard setting. The Latest on BEPS and Beyond will continue to provide you with timely updates and insights on these critical issues, as we navigate these complex and rapidly changing developments.

## BEPS 2.0

### OECD

#### **OECD releases new documents on GloBE rules and on qualified jurisdiction status**

On 15 January 2025, the OECD released new [Administrative Guidance](#) on the application of Article 9.1 of the GloBE Model Rules (the 9.1 AG), focusing on deferred tax assets (DTAs) arising from certain tax benefits provided by General Government (i.e., all levels of federal, state, regional, local government) or following the introduction of a new corporate income tax after 30 November 2021.

The 9.1 AG applies to DTAs arising from governmental arrangements as well as from elections and choices regarding tax treatment that have retroactive effects. The tax expense resulting from the reversal of such DTAs will be excluded from Covered Taxes for purposes of the application of the GloBE rules and from Simplified Covered Taxes for purposes of the application of the Transitional Country-by-Country Reporting (CbCR) Safe Harbour rules. It also introduces a two-year Grace Period during which a capped amount of that tax expense can be included for both such purposes.

Tax benefits described in the 9.1 AG will constitute a benefit related to a jurisdiction's rules (a Related Benefit) to the extent they are provided in a jurisdiction that has implemented a Domestic Minimum Tax (DMT) and does not exclude the associated deferred tax expenses. A DMT in a jurisdiction that provides a Related Benefit will not have qualified status as a Qualified Domestic Minimum Top-up Tax (QDMTT) or for purposes of the QDMTT Safe Harbour.

Also on 15 January, the OECD released new Administrative Guidance ([Central Record of Legislation](#)) on the qualified status of jurisdictions' legislation, which includes the Central Record of Legislation with Transitional Qualified Status listing the jurisdictions with legislation that has completed the transitional qualification mechanism process for the IIR, the DMT or the QDMTT Safe Harbour, together with explanatory information. The list of jurisdictions is included in [Annex B](#) to the Commentary to the GloBE Model Rules.

The OECD also released an updated document containing [Questions and Answers](#) on the Qualified Status under the Global Minimum Tax, which reflects the release of the Central Record.

See EY Global Tax Alert, [OECD releases new documents on GloBE rules and on qualified jurisdiction status](#), dated 17 January 2025.

## OECD releases new documents on GloBE Information Return

On 15 January 2025, the OECD released an updated template [GloBE Information Return](#) document and [accompanying Administrative Guidance](#) (the GIR Guidance).

The OECD also released a document containing the [Multilateral Competent Authority Agreement](#) on the Exchange of GloBE Information (the GIR MCAA) and related Commentary. In addition, the OECD released the [XML Schema](#) for automatic exchange of GIR information, together with a User Guide for tax administrations.

### Updated GIR and supporting guidance

The updated GIR reflects feedback from stakeholders, incorporating simplifications and additional clarifications to enhance its usability. The revisions address cases in which no jurisdictions have taxing rights under the GloBE Rules and provide detailed instructions on completing specific sections of the return. A new annex provides a notification template that jurisdictions can use to request confirmation from multinational enterprise (MNE) Groups regarding their receipt of the GIR through an exchange of information.

The Administrative Guidance on Article 8.1.4 and 8.1.5 outlines the required data and procedural steps for Groups filing the GIR, emphasizing compliance with the latest GloBE requirements.

## GIR MCAA and supporting materials

The GIR MCAA establishes the framework for the automatic exchange of GIR data under the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. To support its implementation, the GIR MCAA is accompanied by detailed commentary that explains its provisions and application.

Now that the GIR MCAA has been released, the next step is for jurisdictions to sign the agreement. Once a signing ceremony takes place, the OECD Secretariat will maintain a list on its website of the jurisdictions that have signed the GIR MCAA and the active exchange relationships between them.

Furthermore, the GIR XML Schema facilitates the submission of GIR data. This standardized electronic format supports both cross-border exchanges and domestic compliance. Jurisdictions may use the XML Schema for domestic GIR filings to the extent permitted under the domestic laws of the relevant jurisdiction. The User Guide complements this by offering practical technical guidance for implementing and using the XML Schema effectively.

See EY Global Tax Alert, [OECD releases new documents on GloBE Information Return](#), dated 21 January 2025.

## Pillar One Update from Co-chairs of Inclusive Framework on BEPS

On 13 January 2025, the OECD issues a [statement](#) by the Co-Chairs of the Inclusive Framework on BEPS providing an update on Pillar One of the Two-Pillar Solution to address the tax challenges arising from the digitalization of the economy.

Concerning the Amount A multilateral Convention (MLC), the statement indicates that negotiations during the first half of 2024 resolved some issues that had prevented the Inclusive Framework's final adoption of the MLC text, such as modifications to the Marketing and Distribution Safe Harbour. The statement also notes that when the revised MLC text was submitted to the Inclusive Framework in June 2024 for adoption, one Inclusive Framework member jurisdiction objected, because consensus had not been reached on the Amount B framework and because another Inclusive Framework member jurisdiction's agreement to adoption was subject to a reservation indicating it was not in a position to support certain aspects of the MLC. Furthermore, the statement mentions that the MLC text has remained stable in recent months, with negotiations concentrating on addressing the outstanding issues related to the Amount B framework.

Regarding the ongoing discussions on the Amount B framework, which would mandate that jurisdictions that are party to the MLC apply Amount B to local taxpayers performing baseline marketing and distribution activities covered by an income tax treaty with another MLC party, the statement outlines the few outstanding issues remaining among certain jurisdictions: (i) how to appropriately reflect the interdependence between the MLC and Amount B; (ii) the detailed terms of an agreed filter designed to screen out jurisdictions that account for a low number of disputes relating to transactions of the type that Amount B is intended to address; (iii) the terms of an optional qualitative test that certain jurisdictions have argued is needed, in addition to the existing filters; and (iv) how to address the concerns of certain jurisdictions that consider that the pricing matrix delivers inappropriate outcomes for taxpayers performing baseline marketing and distribution activities in their respective jurisdictions.

According to the statement, progress is being made on the first three issues, with discussions now focusing on procedural details and refining implementation frameworks. However, the fourth issue remains contentious. Proposed solutions include limiting the application of Amount B to distributors with revenues below a specified threshold, supplemented by a fast-track certainty mechanism for higher-revenue distributors. Although discussions have been constructive, a consensus has yet to be reached.

See EY Global Tax Alert, [Pillar One Update from Co-chairs of Inclusive Framework on BEPS](#), dated 15 January 2025.

## OECD releases fact sheet and automated tool for Amount B

On 20 December 2024, the OECD released a “[fact sheet](#)” detailing the application of Amount B, along with an automated tool developed by the OECD Secretariat. This tool is designed to assist in pricing the return on sales for baseline distribution activities under Amount B.

The fact sheet offers a concise, five-page illustrated summary of the [final report](#) on Pillar One Amount B, published in February 2024, presented in a step-by-step format. Step one provides guidance on applying both qualitative and quantitative criteria to determine potential eligibility for Amount B. Step two outlines the application

of the Amount B pricing framework. Each step is further divided into sub-steps, which illustrate the key details necessary for applying the Amount B rules when evaluating a specific potential in-scope distributor.

The automated tool, an Excel spreadsheet, serves as a basic input-output calculator tailored for assessing a specific individual potential in-scope distributor.

See EY Global Tax Alert, [OECD releases fact sheet and automated tool for Pillar One Amount B](#), dated 20 December 2024.

## Country developments

### Brazilian Congress approves QDMTT legislation

On 18 December 2024, the Brazilian Congress approved Bill of Law 3,817, which implements Pillar Two rules in the country. The Bill of Law introduces a QDMTT but does not include the IIR or the Undertaxed Profits Rule (UTPR).

The Brazilian QDMTT rules are largely aligned with the GloBE Model Rules and are scheduled to take effect for fiscal years starting on or after 1 January 2025. It remains unclear whether Brazil plans to implement the IIR or UTPR in the future.

See EY Global Tax Alert, [Brazilian Congress approves Bill of Law introducing OECD Pillar Two rules](#), dated 20 December 2024.

### Gibraltar implements Pillar Two legislation

On 23 December 2024, Gibraltar enacted [legislation](#) implementing a QDMTT aligned with the GloBE Model Rules, along with an IIR. The QDMTT will apply retroactively to fiscal years beginning on or after 31 December 2023, while the IIR will take effect for fiscal years starting on or after 31 December 2024.

The legislation does not include the UTPR and it remains unclear whether Gibraltar intends to introduce the UTPR in the future.

See EY Global Tax Alert, [Gibraltar's Pillar Two measures, including Qualified Domestic Top-up Tax, now enacted into legislation](#), dated 3 January 2025.

## Japan proposes to introduce DMTT and UTPR

On 27 December 2024, the Japanese Cabinet approved the outline of its 2025 tax reform package, which includes a Pillar Two implementation schedule.

According to the proposal, draft legislation for a DMTT and UTPR will be presented in 2025, with implementation planned for financial years beginning on or after April 2026.

The DMTT and UTPR are expected to broadly align with the OECD's model rules.

## Kenya implements a Domestic Minimum Top-up Tax

On 3 January 2025, Kenya published in the *Official Gazette* the [legislation](#) implementing Pillar Two, following Presidential Assent. The legislation introduces a DMTT, which will apply to fiscal years starting on or after 1 January 2025.

The legislation does not include an IIR or UTPR. It remains unclear whether Kenya will implement these rules at a later date.

## Kuwait introduces a Domestic Minimum Top-up Tax

On 31 December 2024, Kuwait issued [Decree-Law No. 157 of 2024](#), introducing the DMTT in line with the OECD Model Rules under Pillar Two. The DMTT will apply to fiscal years starting on or after 1 January 2025.

The Decree includes transitional CbCR safe harbor provisions and an exclusion for MNE Groups in the initial phase of their international activity and outlines compliance obligations.

The Decree does not include the IIR or the UTPR, and it is unclear whether these rules will be implemented in the future.

Further regulations providing details on the rules and implementation procedures will be issued separately by 30 June 2025.

## Netherlands publishes Amount B Decree

On 4 December 2024, the Dutch State Secretary of Finance published a [Decree](#) on the application of Amount B of Pillar One in the Netherlands (Decree). The Decree enters into force on 1 January 2025 and acknowledges that the Netherlands commits to accept the outcome of the application of Amount B by [covered jurisdictions](#) with which it has concluded a bilateral tax treaty.

This commitment applies to both legal entities and permanent establishments. Amount B is not introduced for Dutch taxpayers performing baseline marketing and distribution activities

See EY Global Tax Alert, [Netherlands publishes Amount B Decree](#), 17 December 2024.

## Oman implements Pillar Two legislation

On 31 December 2024, the Sultanate of Oman issued [Royal Decree No. 70/2024](#) implementing Pillar Two. This Decree introduces a DMTT and the IIR. The rules are generally in line with the OECD Model Rules.

The Chairman of the Oman Tax Authority shall issue Executive Regulations and necessary decisions for implementing the Law. Detailed regulations are expected to clarify the mechanism for calculating the supplementary tax, provisions related to safe harbors, treatment of certain PEs and other necessary rules and procedures.

The rules are effective for fiscal years starting on or after 1 January 2025.

See EY Global Tax Alert, [Oman issues Supplementary Tax Law for certain multinational enterprises](#), dated 6 January 2025.

## South Africa publishes Pillar Two legislation

On 24 December 2024, South Africa officially published [legislation](#) in the *Official Gazette* to implement Pillar Two.

This legislation introduces a Domestic Minimum Top-up Tax and an Income Inclusion Rule, both of which are broadly aligned with the GloBE Model Rules. However, it does not include the UTPR, and it remains uncertain whether South Africa will adopt this rule in the future.

The legislation is set to apply retroactively to financial years beginning on or after 1 January 2024.

## Spain enacts Pillar Two legislation

On 21 December 2024, Spain enacted [legislation](#) implementing Pillar Two into domestic law. The legislation closely follows the EU Minimum Taxation Directive and introduces a QDMTT and an IIR for reporting years starting on or after 31 December 2023.

It also introduces a UTPR for reporting years starting on or after 31 December 2024. Additionally, the legislation includes a Transitional CbCR Safe Harbor, a Safe Harbor for QDMTT and a Transitional UTPR Safe Harbor.



## Thailand implements Pillar Two

On 26 December 2024, the Thai government enacted the [Top-Up Tax Emergency Decree](#), as published in the Royal Gazette. The Decree introduces a Domestic Top-up Tax (DTT), an IIR and a UTPR. The rules are generally in line with the OECD Model Rules.

The Decree also outlines filing obligations such as notification of the in-scope MNE, the GIR and top-up tax return and top-up tax payments, if applicable.

The decree is effective for fiscal years starting on or after 1 January 2025.

See EY Global Tax Alert, [Thailand enacts Top-up Tax Emergency Decree to implement BEPS 2.0 Pillar Two](#), dated 3 January 2025.

## United States intends to implement Pillar One - Amount B

On 18 December 2024, in [Notice 2025-04](#) (Notice), the Treasury and IRS announced their intent to issue proposed regulations and other guidance on applying the simplified and streamlined approach (SSA) method of the OECD for pricing certain controlled transactions involving baseline marketing and distribution activities.

Taxpayers subject to US tax on in-scope transactions may rely on the Notice and elect to apply the SSA for tax years beginning on or after 1 January 2025.

The IRS invites comments to be submitted on the Notice by 7 March 2025.

See EY Global Tax Alert, [US taxpayers may elect OECD's simplified and streamlined approach to intercompany transactions beginning in 2025](#), dated 19 December 2024.

## BEPS and other developments

### OECD

#### MLI developments

On 10 January 2025, [Romania](#) notified the completion of its internal procedures for the entry into effect of the Multilateral Convention to Implement Tax Treaty Related Measures (MLI) to Prevent BEPS with respect to its covered tax agreements (CTAs) with Azerbaijan. In accordance with

Article 35(7)(a)(i) of the MLI, Romania has reserved the right to delay the entry into effect of the MLI provisions. Instead of the standard reference to "the latest of the dates on which this Convention enters into force for each of the Contracting Jurisdictions," Romania has opted for a date 30 days after the Depositary receives notifications from each Contracting Jurisdiction confirming the completion of their internal procedures. Consequently, the MLI shall enter into effect for its CTA with Azerbaijan 30 days after 10 January 2025, as Azerbaijan has not made a similar reservation.

On 8 January 2025, [Kenya](#) deposited its instrument of ratification of the MLI with the OECD. When depositing the instrument of ratification, jurisdictions must confirm their MLI positions. Accordingly, Kenya amended its preliminary positions by adding Germany, Iran, Korea, and Zambia to the list of its CTAs and removing the Netherlands. In addition, Kenya withdrew its reservation under Article 8 (Dividend Transfer Transactions) and Article 35 (Entry into Effect). The MLI will enter into force for Kenya on 1 May 2025.

On 20 December 2024, the OECD published the updated Arbitration Profiles of [New Zealand](#) and [Singapore](#), which contain information regarding their position with respect to applying Part VI (mandatory binding arbitration) of the MLI. Arbitration profiles include references to: the jurisdictions' MLI position; Mutual Agreement Procedure (MAP) profiles; synthesized texts obtainable from the MLI Matching Database; hyperlinks to the competent authority agreements concluded in respect to the Arbitration clause of the MLI; and the type of arbitration process. New Zealand and Singapore have updated their competent authority agreements section, reciprocally including each other on their respective lists for mandatory binding arbitration.

## OECD releases sixth-annual peer report on Action 5

On 16 December 2024, the OECD released the [eighth-annual peer review report](#) on compliance by members of the Inclusive Framework on BEPS with the minimum standard on BEPS Action 5 for the compulsory spontaneous exchange of certain tax rulings (the transparency framework).

The report covers 136 of the [147 current Inclusive Framework jurisdictions](#), including all jurisdictions that joined prior to 30 June 2023, and Jurisdictions of Relevance (jurisdictions outside the Inclusive Framework but deemed of interest for transparency purposes) identified prior to 30 June 2023.

Of these 136 jurisdictions, 29 cannot legally or practically issue rulings within the scope of the transparency framework, and therefore no separate peer review report is included for them. Seven other members of the Inclusive Framework were not assessed because they do not impose any corporate income tax and cannot legally issue rulings within the scope of the transparency framework, nor do Inclusive Framework members exchange information on rulings with them.

The report covers the steps jurisdictions have taken to implement the transparency framework during the calendar year 2023. Notably, 104 jurisdictions did not receive any recommendations, having met all the terms of reference. Nine jurisdictions received only one recommendation. Overall, 56 recommendations for improvement have been made for the year in review. Additionally, the report indicates that, as of 31 December 2023, more than 1,900 tax rulings within the scope of the transparency framework were issued in 2023 by the jurisdictions reviewed, and approximately 4,000 exchanges of information took place in 2023, contributing to a cumulative total of more than 58,000 exchanges.

### **Platform for Collaboration on Tax launches public consultation on Tax Incentives Principles**

On 10 December 2024, the Platform for Collaboration on Tax (PCT) opened a [public consultation](#) regarding Tax Incentives Principles. The PCT, a joint initiative launched in April 2016 by the International Monetary Fund, OECD, UN, and World Bank Group, aims to strengthen collaboration on domestic resource mobilization to help developing and emerging countries build stronger tax systems.

Tax incentives are widely used to encourage specific activities and behaviors but can also erode tax revenue and create governance challenges. Therefore, to support policy makers in navigating these complexities, the PCT provides a set of high-level principles and detailed remarks to guide policy, legislative, and administrative decisions. These principles build on the 2015 PCT report, “Options for Low Income Countries’ Effective and Efficient Use of Tax Incentives for Investment” ([Main Report](#) and [Background Paper](#)), and are particularly focused on the needs of developing countries.

Specifically, six broad principles, each with sub-principles, span the life cycle of a tax incentive: Justification, Design, International Considerations, Legislation, Implementation, and Evaluation. Accompanying remarks further elaborate on the principles and suggest guidance material that may be useful in moving toward their fuller realization.

To maximize the usefulness of the principles and remarks, the consultation includes a set of questions. The deadline for submitting feedback is 11 February 2025. Input can be provided in an open format via email, and all responses will be made public.

### **United Nations**

#### **UN Committee of Experts on International Cooperation in Tax Matters publishes Report on the 29th session**

On 5 December 2024, the UN published the [report on the 29th session](#) of the Committee of Experts on International Cooperation in Tax Matters, held on 15-18 October 2024. The report provides a summary of the items discussed and decisions made during the session, covering a wide array of topics including tax transparency, transfer pricing, dispute avoidance and resolution, wealth and solidarity taxes, taxation of crypto assets and digitalization.

The Committee discussed several updates to the UN Model Double Taxation Convention. These included a subject-to-tax rule and the treatment of computer software, which had already been completed. Proposed changes to Article 6, addressing the definition of immovable property, were discussed, with some members expressing concerns about the potential for increased uncertainty. The Committee agreed that the Subcommittee on Updating the United Nations Model Double Taxation Convention would review the drafting to ensure clarity. A new Article 12C for cross-border insurance was approved, subject to clarification of the commentary on technical issues raised. Revisions to Article 8 on international traffic income were reviewed, with the Committee approving the approach of maintaining two alternatives for shared and exclusive taxing rights. A new Article 5A for natural resource taxation was also approved, covering both renewable and non-renewable resources.

The Subcommittee on Increasing Tax Transparency presented its report, emphasizing its commitment to raising awareness among jurisdictions new to tax transparency and exchange of information. A draft paper, initially presented at the 28th session, has evolved into a comprehensive four-part document covering an introduction to tax transparency, challenges and limitations, proposed solutions, and practical guidelines for new jurisdictions. The Subcommittee aims to integrate feedback from the 29th session for finalization and approval at the 30th session.

The Subcommittee on Taxation Issues related to the Digitalized and Globalized Economy presented its progress in three workstreams. For workstream A, this Subcommittee recommended that the Economic and Social Council review and adopt a draft decision on a fast-track instrument (FTI) to provide for the streamlined amendment of bilateral double taxation treaties. The FTI invites Member States to facilitate the implementation of specific provisions of the UN Model Double Taxation Convention through a multilateral instrument. A minority of Committee members opposed the FTI. For workstream B, the Subcommittee considered introducing a new article (Article xx) to replace Articles 12A and 14. Revised versions of Article XX and its commentary were presented, with members raising concerns about its scope and suggesting options for gross-based or net-based taxation. Ultimately, Article XX and its commentary were approved for inclusion in the next Model Convention. For workstream C, the Subcommittee proposed incorporating an alternative provision into the commentary on Article 15 (dependent personal services). The Committee decided to continue work on this commentary and revisit the issue at the 30th session.

The 30th session of the Committee will be held on 24-27 March 2025.

## UN General Assembly approves ToR for Framework Convention on International Tax Cooperation

On 24 December 2024, the UN General Assembly adopted [Resolution 79/235](#) on the promotion of inclusive and effective international tax cooperation at the UN. With this resolution, the UN General Assembly adopted the ToR for the development of a UN Framework Convention on International Tax Cooperation (Framework Convention). This decision follows the approval of the ToR by the UN Second Committee (Economic and Financial) on 27 November

2024. The ToR outline the structure and objectives of the Framework Convention, including the development of two early protocols addressing key tax issues.

The next steps involve establishing an intergovernmental negotiating committee that will draft the Framework Convention and the two early protocols over the next three years. During the organizational session of the committee, scheduled for February 2025, key decisions will be made regarding the committee's structure and the subject of the second early protocol.

See EY Global Tax Alert, [UN General Assembly approves Terms of Reference for Framework Convention on International Tax Cooperation](#), dated 2 January 2025.

## Country developments

### Belgium introduces amendments to DAC6 and DAC7 penalties regime

On 20 December 2024, Belgium published in its *Official Gazette* a [Decree](#) that introduces several amendments to the Income Tax Code of 1992, including on DAC6 (mandatory disclosure rules) and DAC7 (reporting obligations for digital platform operators) compliance.

The amendments stipulate that financial institutions, intermediaries and platform operators will face enhanced penalties for failing to meet their reporting duties. Specifically, the law replaces mandatory penalties with discretionary penalties, allowing the competent authority to impose fines based on the severity of the noncompliance.

Additionally, the Belgian competent authority is empowered to suspend information exchanges with affected Member States in the event of significant noncompliance and impose penalties.

### Belgium issues administrative guidance on CFC amended rules

On 13 December 2024, the Belgian Tax Authorities issued additional guidance on the application of the Controlled Foreign Company (CFC) rules, providing two new Circular Letters (nr. 2024/C/82 and nr. 2024/C/83). The first Circular Letter provides guidance on the application and computation rules, while the second Circular Letter discusses some specific procedural aspects, in addition to covering recent amendments to other anti-abuse rules.



Among other, the Circulars indicates that:

- ▶ For assessing the taxation condition of a foreign company's permanent establishment (PE), both the income tax due in the PE's location and the tax due in the foreign company's home country are considered.
- ▶ CFC rules apply only to first-tier subsidiaries, meaning lower-tier subsidiaries held by a CFC entity are not automatically considered CFCs.
- ▶ In tax consolidation, taxpayers can attribute foreign tax to a company or establishment using an allocation key or opt for a "stand-alone" approach.
- ▶ The earnings before interest, taxes, depreciation and amortization (EBITDA) rules require the CFC entity to be included in the group calculation, but a "stand-alone" principle can also be applied.
- ▶ Taxpayers must report on their tax returns when they hold a foreign company or establishment that qualifies as a CFC entity, including detailed information about the CFC and any applicable exemptions, which must be added as an annex to the tax return.

See EY Global Tax Alert, [Belgium issues administrative guidance on CFC amended rules](#), dated 15 January 2025.

### Colombia updates list of jurisdictions for information exchange for tax purposes

On 13 December 2024, the Ministry of Finance of Colombia issued [Decree 1490](#), updating Colombia's list of jurisdictions considered as noncooperative or having low or no taxation.

The updated list includes the following jurisdictions: Archipelago of Svalbard, Pierre and Miquelon, Kuwait, Qatar, Western Samoa, Qeshm Island, Pitcairn, Henderson, Ducie, and Oeno Islands, Solomon Islands, Labuan, Macao, Bahamas, Bahrain, Jordan, Guyana, Angola, Cape Verde, Marshall Islands, Liberia, Maldives, Nauru, Trinidad and Tobago, Vanuatu, Yemen, Saint Helena, Ascension, and Tristan da Cunha and the Sultanate of Oman.

The Decree will come into effect on 1 January 2025.

### Colombia adopts regime on digital platform operators to align with DPI MCAA

On 17 January 2025, the national tax authority of Colombia adopted [Administrative Regulation 199](#), detailing the content, technical specifications, and deadlines for digital platform operators to submit relevant information for tax years starting from 2025. This initiative aligns with the Multilateral Competent Authority Agreement on Automatic Exchange of Information on Income Derived through Digital Platforms (DPI MCAA).

The new rules provide definitions for terms such as digital platform and platform operator and specify the due diligence procedures that platform operators must undertake.

According to the rules, platform operators should report the necessary information to the national tax authority by the last business day of February of the year following the identification of a seller as a reportable vendor. The information must be submitted electronically in XML format, following the technical guidelines outlined in Annex I of the rules.

Noncompliance, including failure to provide information, late submissions, errors or discrepancies in the provided information will result in penalties. Furthermore, platform operators are required to update their national tax registry to include the obligation "Automatic exchange of information DPI." Failure to make this update will lead to penalties as well.

### Danish Ministry of Taxation launches public consultation on draft bill implementing DAC8 into domestic law

On 15 November 2024, the Ministry of Taxation of Denmark launched a [public consultation](#) on the [draft bill](#) implementing Directive on Administrative Cooperation implementing the OECD rules on reporting for crypto assets (DAC8) and the Crypto-Asset Reporting Framework (CARF).

According to the public consultation, the draft bill proposes to authorize the Minister of Taxation to set detailed rules by executive order implementing DAC8 regarding the reporting obligation for providers of crypto-asset services, as well as to implement the other changes to the directive on administrative cooperation in the field of taxation. Additionally, the draft bill proposes to authorize the Minister of Taxation to set rules implementing the OECD's model rules in this area.

Interested parties had the opportunity to submit their input by 13 December 2024.

## Egypt issues law reintroducing tax dispute resolution provisions

On 3 December 2024, the Egyptian Parliament issued [Law No. 160 of 2024](#) (Law), reintroducing the provisions and procedures outlined in Law No. 79 of 2016 (and its amendments) for handling tax disputes through the Dispute Resolution Committee (DRC).

Law No. 79 of 2016 (and its amendments) introduced a mechanism that allowed taxpayers to submit tax disputes to the DRC for the recommended resolution.

The new Law No. 160 of 2024 reintroduces the mechanism of the DRC to expedite dispute resolution and address the backlog within the stated period.

Key elements of the Law include:

- ▶ Retention of the DRC's role: The DRC will continue to operate on pending cases and accept new dispute requests until 30 June 2025.
- ▶ Scope of disputes: Similar to Law No. 79 of 2016 (and its amendments), the Law covers tax and customs disputes arising at courts and appeal-committee levels between the Egyptian Tax Authority and the taxpayers.
- ▶ Enforcement date: The Law is effective from 4 December 2024.

Effective 4 December 2024, the Law provides that pending tax disputes will continue to be addressed, and taxpayers may submit new tax dispute requests to the DRC until 30 June 2025.

See EY Global Tax Alert, [Egypt issues law reintroducing tax dispute resolution provisions](#), dated 12 December 2024.

## German Federal Ministry of Finance publishes final decree regarding the application of anti-hybrid rules

On 5 December 2024, the German Ministry of Finance (MoF) published the final decree regarding the application of the German anti-hybrid rules. Although the [draft decree](#) issued in July 2023 did not provide detailed practical guidance and mostly covered basic structures, the final version clarifies a couple of open questions in terms of the relevance of a CFC regime and the application of the dual-inclusion exemption.

## Relevance of foreign CFC regimes

To qualify as deduction/non-inclusion mismatch, income corresponding to German expenses must not be included in any tax base. In this respect, the decree states that the level at which the income is subject to taxation is not determinative, indicating that inclusion of income in a CFC regime qualifies as actual taxation, and for EU member states CFC regimes implemented in accordance with the Anti-Tax Avoidance Directive 1 (ATAD1), this subject-to-tax exemption is assumed to always apply. However, the MoF asserts that CFC regimes using blending systems, which consolidate profits and losses cross-entity or cross-border, do not meet the subject-to-tax exemption criteria. In contrast, the decree states that the inclusion of expenses within a foreign CFC regime does not constitute a double deduction, even if based on a blending system.

## Dual-inclusion exemption

Under the dual-inclusion exemption, expenses remain deductible if they offset income that is subject to taxation in both Germany and the other jurisdiction. The MoF acknowledges scenarios in which income is taxed in Germany, but corresponding expenses are not recognized in the other jurisdiction due to the hybrid nature of the German entity. Although not explicitly mentioned in the wording of the German tax law, the MoF has included a relief possibility in the decree under which income from such mismatches would generally qualify as dual-included income for purposes of the exemption. In this respect, it should be noted that how the relief is applied is at the sole discretion of the German tax authorities and, therefore, not binding.

See EY Global Tax Alert, [German Federal Ministry of Finance publishes final decree regarding the application of anti-hybrid rules](#), dated 16 December 2024.

## Swedish government issues fact memorandum on DAC9

On 2 December 2024, the Swedish government issued a [fact memorandum](#) on the DAC9 proposal. A fact memorandum is a report from the government to the parliament (Riksdag) regarding a proposal from the European Commission, and it outlines the proposal's content, its potential impact on Swedish rules, and the government's stance on the proposal.

Currently, Swedish law does not provide for the exchange of supplementary tax reports, despite the implementation of the Minimum Taxation Directive into domestic legislation. The Swedish government preliminarily assesses that new legislation will be necessary to facilitate the automatic exchange of supplementary tax reports. This will likely involve amendments to existing laws, such as the Act on Mutual Assistance in Tax Matters and the Act on Administrative Cooperation within the EU in Tax Matters.

Furthermore, the government endorses proposals aimed at improving the efficiency of information exchange through the DAC framework. It believes that such measures would be beneficial for Member States, competent authorities and companies, provided they are consistent with corresponding multilateral agreements. According to the government, DAC9 should closely adhere to OECD rules to avoid complications, redundant reporting and unnecessary administrative burdens.

The government has committed to making necessary legislative adjustments to facilitate the automatic exchange of supplementary tax reports and endorses DAC9's timeline for implementation by 31 December 2025.

## Sweden launches public consultation on draft law implementing DAC8

On 20 December 2024, the Government of Sweden [announced](#) the release of draft law detailing proposals for the implementation of DAC8 into domestic law and initiated a public consultation.

The bill primarily focuses on the exchange of information related to crypto-assets, aligning DAC8 with the OECD's CARF. It also includes updates to the Common Reporting Standard (CRS). Additional provisions in DAC8 introduce more stringent requirements for reporting and sharing foreign tax identification numbers with other EU Member States, as well as new regulations for exchanging information on advance tax rulings exceeding €1.5m applicable to individuals.

The public consultation period for this law concludes on 28 March 2025, with the proposed measures set to take effect on 1 January 2026.

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