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Global Tax Alert

The Latest on BEPS and Beyond

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Highlights

The early months of 2025 are marked by policy announcements following super-election year 2024, including by the new federal administration in the United States (US) and the European Commission in the European Union (EU). These announcements foreshadow significant shifts in national, regional and global tax policies and may also have major implications for the two Pillars of the Base Erosion and Profit Shifting (BEPS) 2.0 project.

As also reported in our previous edition, the US Administration issued an Executive Order stating 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 the Congress adopting the relevant provisions." The Executive Order of 20 January 2025 also directs the US Treasury Secretary and the US Trade Representative to assess the impact of foreign tax policies on US businesses, with findings expected by 1 April 2025. At this stage, it remains unclear what the specific US actions will be, but the forthcoming US Treasury report may provide insight into potential protective measures or other actions in response to extraterritorial or discriminatory taxation.

These announcements may also prompt other jurisdictions to reassess their position on the policies underlying the two Pillars of the BEPS 2.0 project. For many policymakers, the issues underlying Amount A also remain a relevant

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concern. For example, the new Belgian federal government, inaugurated on 3 February 2025, pledged to implement a 3% Digital Services Tax (DST) by 2027 if global or EU negotiations fail.

On 11 February 2025, the European Commission adopted its Work Programme for 2025, outlining key initiatives for the first year of its term, alongside a "Communication on Implementation and Simplification." These releases align with the priorities announced in the "Competitiveness Compass" (Compass) on 29 January 2025. Enhancing the EU's competitiveness is a top priority for the EU, and the Compass should guide new EU policies in the next five years, including those related to tax. For example, to introduce a "Savings and Investments Union," tax obstacles in the EU need to be removed, and specific legal frameworks for innovative businesses will be developed. Accordingly, the new strategic priorities will lead the EU to contemplate tax reform and critically evaluate the existing tax rules within the Union, including the Minimum Tax Directive.

Meanwhile, in New York, the United Nations (UN) has continued its efforts to enhance its role in shaping global tax policy. At the first meeting of the Intergovernmental Negotiating Committee on the UN Framework Convention on International Tax Cooperation, held from 3 to 6 February 2025, key milestones were achieved. The meeting resulted in choosing "dispute prevention and resolution" as the topic of an "early protocol" to be developed by 2027. In parallel, a protocol on taxation of digital cross-border services is to be developed. Additionally, participants decided on the decision-making processes for matters of substance within the negotiation framework. At the end of the meeting, EU countries expressed their concerns, reconfirming their position that decisions on tax matters should be made by consensus. The US delegation had already announced the termination of its participation in the negotiation process.

As these developments continue to unfold, recognizing how tax policy intersects with trade, investment and corporate planning becomes crucial. Stakeholders who acknowledge this shift and adopt a forward-thinking approach will be best positioned to navigate the evolving geopolitical landscape. This new edition of our Latest on BEPS and Beyond highlights these latest transformations.

BEPS 2.0

OECD

OECD hosts Amount B webinar

On 11 February 2025, the Organisation for Economic Co-operation and Development (OECD) hosted a technical webinar on Amount B. During the session, the OECD team reviewed key aspects of Amount B, including scoping and pricing features, and demonstrated the recently released Pricing Automation Tool. The demonstration included practical examples, highlighting how the tool operates and the mechanisms available when data are unavailable or insufficient in a given jurisdiction.

Furthermore, during the webinar, the OECD announced plans to release a consolidated report on Amount B within the ensuing two weeks. This report will not introduce any substantive changes but will compile all documents published by the Inclusive Framework over the past year into a single document for ease of reference. Additionally, the OECD will update the Transfer Pricing country profiles on its website in 2025 to ensure the information remains current.

Country developments

France releases Pillar Two notification

On 27 January 2025, the French tax authorities (FTA) introduced new form No. 2065-INT-SD, which must be submitted as part of corporate income tax (CIT) returns filed by companies that are part of a MNE group subject to country-by-country reporting (CbCR), as well as by entities belonging to an MNE or national group that falls within the scope of the global minimum tax for large groups.

The Pillar Two section of the form (Section II) requires reporting certain information with the filing of CIT return related to financial year (FY) ending on or after 31 December 2024, including: (i) whether the company is within the scope of the global minimum tax for large groups; and (ii) whether the company will submit, for the relevant FY, the Global Anti-Base Erosion (GloBE) Information Return for the top-up tax or, if not, indicate the Constituent Entity designated to do so and in which country it is located.

The new form No. 2065-INT-SD is due by 19 May 2025 for calendar year taxpayers.

See EY Global Tax Alert, *France publishes the new declaration form for CbCR and Pillar Two notification*, dated 5 February 2025.

Indonesia implements Pillar Two

On 31 December 2024, the Indonesian government approved the Pillar Two legislation. The legislation is generally aligned to the OECD's model rules. It includes a Domestic Minimum Top-up Tax (DMTT) and an Income Inclusion Rule (IIR) applicable for fiscal years starting on or after 1 January 2025 as well as the Undertaxed Profits Rule (UTPR) for fiscal years starting on or after 1 January 2026.

The legislation also outlines safe harbors and compliance requirements, and specifies a notification requirement that is generally due within 15 months after the end of the ultimate parent entity's (UPE's) fiscal year, with some exceptions.

See EY Global Tax Alert, *Indonesia's Ministry of Finance issues regulation to implement BEPS 2.0 Pillar Two*, dated 28 January 2025.

Liechtenstein introduces Pillar Two registration

On 13 December 2024, Liechtenstein published a new notification requirement under its GloBE regulations. The requirement applies to all Liechtenstein entities falling within the scope of the GloBE regulations, regardless of their qualification as a UPE, constituent entity or excluded entity.

The notification must be submitted within six months after the end of the fiscal year and needs to be filed on a specific form published by the Liechtenstein tax administration. The Liechtenstein GloBE regulation, including the notification requirement, applies for the first time to fiscal years starting on or after 1 January 2024.

See EY Global Tax Alert, *Liechtenstein introduces new GloBE notification requirement*, dated 28 January 2025.

North Macedonia introduces Pillar Two legislation

On 27 December 2024, the Parliament of North Macedonia approved the Pillar Two legislation. The legislation is generally in line with the OECD Model Rules and the EU Minimum Tax Directive. It includes a DMT and an IIR applicable for fiscal years starting on or after 1 January 2024, as well as the UTPR for fiscal years starting on or after 1 January 2025.

It is expected that regulations will be released at a later date to provide more details on the operation of the rules.

United Arab Emirates releases QDMTT legislation

On 11 February 2025, the Ministry of Finance of the United Arab Emirates (UAE) released Cabinet Decision No. 142 of 2024 on the Imposition of Top-Up Tax on Multinational Enterprises (Cabinet Decision). The Cabinet decision introduces a DMTT which will apply to fiscal years starting on or after 1 January 2025.

The Cabinet Decision includes Transitional CbCR Safe Harbors (TCSH) to help ease compliance for MNE Groups. The top-up tax will be reduced to zero for MNE Groups in their initial phase of international activity for a period of up to five years, provided that UAE Constituent Entities are not owned by a Parent Entity subject to a Qualified IIR in another jurisdiction, and the Group has entities in no more than six jurisdictions with total tangible assets outside the Reference Jurisdiction not exceeding €50m.

Regarding compliance, members of an MNE that is in the scope of DMTT must submit a DMTT return within 15 months after the last day of the reporting period. During the transition year, MNEs are able to submit a DMTT return within 18 months after the last day of the reporting period. Further, the registration and deregistration procedures will be defined by the Federal Tax Authority, including the form, manner, and timeline for compliance. The Cabinet Decision does not introduce an IIR or the UTPR.

See EY Global Tax Alert, *UAE issues domestic minimum top-up tax*, dated 18 February 2025.

BEPS and other developments

OECD

OECD releases 2024 update on peer reviews under BEPS Action 5 on harmful tax practices

On 5 February 2025, the OECD released an update on the results of the peer reviews of jurisdictions' domestic laws under Action 5 (harmful tax practices) of the OECD/G20 BEPS Project. The Forum on Harmful Tax Practices (FHTP) provided updated conclusions for eight preferential tax regimes and concluded its fourth annual monitoring process for the effectiveness of substantial activities requirements in no or only nominal tax jurisdictions. The Inclusive Framework on BEPS approved the results on 31 January 2024.

According to the press release, a total of 332 tax regimes have been reviewed by the FHTP, and more than 40% of those are either abolished or in the process of being abolished. The latest review shows that the regimes in Barbados, Croatia, Fiji and Hong Kong (China) are considered non-harmful. However, the original income communication technology business investment incentives regime in Fiji and the digital tax incentives regime in Malaysia are under review by the FHTP. In addition, in Trinidad and Tobago, the free trade zones have been abolished, while the special economic zones have been classified as partly non-harmful (non-IP part) and partly (IP part) not operational.

Additionally, the OECD released updated conclusions on the review of the substantial activities factor for "no or only nominal tax jurisdictions" in connection with the domestic laws of the 11 jurisdictions identified by the FHTP as being a "no or only nominal tax jurisdiction." For seven out of the 11 jurisdictions, no issues were identified, while for the remaining four (Anguilla, the Bahamas, British Virgin Islands, and the Turks and Caicos Islands), the FHTP identified areas for focused monitoring. Furthermore, for Anguilla, recommendations were made to substantially improve the exchanges of information by the next annual monitoring.

OECD updates main documentation package for MNEs participating in ICAP risk assessments

On 29 January 2025, the OECD Forum on Tax Administration updated its website to publish additional information regarding the Main Documentation Package for participation in ICAP, which is to be submitted following the end of the selection stage and before the commencement of the risk assessment stage. The OECD's website now includes templates for the Main Documentation Package, which consist of a checklist and a Covered Transactions Schedule.

Furthermore, the requirement to prepare a CbCR self-assessment as part of the Main Documentation Package has been eliminated.

See EY Global Tax Alert, *OECD updates main documentation package for MNEs participating in ICAP risk assessments*, dated 11 February 2025.

European Union

EU Ministers adopt Council Conclusions on EU List of noncooperative jurisdictions

On 18 February 2025, the Council of the EU (the Council) held an Economic and Financial Affairs Council (ECOFIN) meeting in which Finance Ministers approved the Council Conclusions on the EU list of noncooperative jurisdictions for tax purposes set out in Annex I (EU List).

In this update, no changes were made to the EU List, which continues to include the following 11 jurisdictions: American Samoa, Anguilla, Fiji, Guam, Palau, Panama, Russia, Samoa, Trinidad and Tobago, the US Virgin Islands and Vanuatu.

However, Brunei Darussalam has now been included in the state-of-play overview set out in Annex II, which reflects the jurisdictions that are monitored on their cooperation with the EU with respect to commitments taken by these cooperative jurisdictions to implement tax good governance principles. Brunei, which became part of the screening process following the geographical scope extension in December 2023, has committed to amending or abolishing a harmful foreign-source income exemption regime by 31 December 2025.

Additionally, Costa Rica and Curaçao have been removed from the state-of-play overview, as they fulfilled their commitments by amending a harmful tax regime.

As a result, the revised state-of-play overview comprises the following eight jurisdictions: Antigua and Barbuda, Belize, British Virgin Islands, Brunei Darussalam, Eswatini, Seychelles, Turkiye and Vietnam.

The Council will continue to review and update the EU List semiannually, with the next update due in October 2025.

European Commission opens public consultation on DAC7 Implementing Regulation

On 4 February 2025, the European Commission launched a public consultation on an Implementing Regulation (and accompanied Annexes) on the standard forms and computerized formats to be used in relation to the sixth update to Directive on Administrative Cooperation (exchange of information for digital platforms).

In particular, the Implementing Regulation requires Member States to submit statistical data in relation to information reported by digital platform operators electronically by 1 April each year.

The Annex accompanying the Implementing Regulation specifies the statistical data required for joint audits among Member States, and includes the following statistics to be provided by Member States:

- Number of joint audits which the Member State has initiated
- Number of joint audits in which the Member State has participated

This information is part of a broader set of statistics that also covers statistics on other forms of administrative cooperation, such as simultaneous controls, requests for notification and feedback.

Stakeholders are invited to provide their input by 4 March 2025. The Implementing Regulation will enter into effect the day after its publication on the *Official Journal* of the EU.

United Nations

Intergovernmental Negotiating Committee on the UN Framework Convention on International Tax Cooperation holds organizational session

From 3 to 6 February 2025, the Intergovernmental Negotiating Committee (INC) on UN Framework Convention on International Tax Cooperation held its organizational session. The discussions reportedly were intense, with differing perspectives nearly leading to a stalemate, but ultimately, the outcomes outlined in the provisional agenda were achieved. Key outcomes of the meeting included the election of the Bureau, which consists of a Chair, 17 Vice-Chairs, and a Rapporteur, ensuring representation from various regions and promoting inclusivity.

The INC established a decision-making process that strives for consensus but will use a simple majority vote when consensus cannot be reached, with a two-thirds majority needed on matters of substance relating to a protocol to the convention. Additionally, the subject for the second protocol was selected, focusing on the prevention and resolution of tax disputes.

A detailed roadmap will be finalized by the end of February or March, which will include guidelines for the work streams, the selection of Vice-Chairs, and the frequency of virtual meetings. This roadmap will provide clarity on the road ahead towards a framework convention and the two early protocols over the next three years.

See EY Global Tax Alert, *UN intergovernmental negotiating committee on Tax Framework Convention on Tax Cooperation holds organizational session*, issued 17 February 2025.

African Tax Administration Forum

ATAF releases a revised suggested approach for drafting transfer pricing legislation

In January 2025, the African Tax Administration Forum (ATAF) released a revised suggested approach for drafting transfer pricing legislation, prepared in November 2024. This publication incorporates new sections aligned with the OECD Transfer Pricing Guidelines, focusing on key issues, such as simplified pricing for distribution activities, financial transactions and Advance Pricing Agreements. It aims to provide African countries with a structured framework for developing transfer pricing rules based on the arm's length principle.

The approach includes policy options to address information asymmetries between MNEs and tax administrations by shifting the burden of proof to taxpayers. Additionally, it offers simplification measures to help countries manage complex transactions, particularly those involving intangible assets.

The draft language is designed to be flexible, suitable for both primary and secondary legislation, allowing countries to adapt it to their specific needs and capacities.

Country developments

Australia issues specified jurisdictions for public CbCR regime

On 12 December 2024, the Australian government released the final legislative instrument that lists the specified jurisdictions for disaggregated reporting under Australia's public CbCR regime.

The list of jurisdictions largely remains unchanged from the February 2024 draft list, with only Liechtenstein removed and no additions made. The list contains the following 40 jurisdictions: Andorra, Anguilla, Antigua and Barbuda, Aruba, Barbados, Bahamas, Bahrain, Belize, Bermuda, British Virgin Islands, Cayman Islands, Cook Islands, Curacao, Dominica, Gibraltar, Grenada, Guernsey, Hong Kong, Isle of Man, Jersey, Liberia, Mauritius, Monaco, Montserrat, Nauru, Niue, Panama, Republic of Marshall Islands, Saint Kitts and Nevis, Saint Lucia, Saint Maarten (Dutch Part), Saint Vincent & the Grenadines, Samoa, San Marino, Seychelles, Singapore, Switzerland, Turks and Caicos Islands, US Virgin Islands, and Vanuatu.

The list of specified jurisdictions is important, as reporting under the regime is required on a disaggregated country-by-country (CbC) basis for those listed countries if the CbCR group operates in that jurisdiction, as well as for Australia. Reporting may be made on an aggregated basis for the rest of the world.

The legislative instrument is now operative but it is subject to disallowance, and the Minister may amend it by adding or deleting jurisdictions.

See EY Global Tax Alert, *Australia issues specified jurisdictions for public country-by-country reporting regime*, dated 19 December 2024.

Filing extension for CbC Notifications announced by the Barbados Revenue Authority

On 22 January 2025, the Barbados Revenue Authority announced the extension of the filing deadline for CbC Notifications.

The Barbados Revenue Authority has extended to 31 January 2025 the deadline for MNE Groups with fiscal years that ended between 1 October and 31 December 2024 to submit their CbC Notifications.

All inquiries regarding this guidance should be directed to the Global Relations Unit of the Barbados Revenue Authority.

Danish Ministry of Finance launches public consultations on amendments to several tax laws

On 3 February 2025, the Ministry of Finance of Denmark launched a public consultation on a bill proposing amendments to several tax laws.

Regarding Pillar Two, the bill aims to implement the OECD Administrative Guidelines from June 2024 and January 2025, along with amendments to the Minimum Taxation Act and the Corporation Tax Act. These changes are designed to prevent unintended tax consequences arising from the interaction between these rules related to international joint taxation.

Furthermore, the bill proposes rules to align with the "Amount B Report" from February 2024 of the BEPS Project, which simplifies the determination of arm's-length prices for certain distribution transactions. Specifically, it suggests that when a Danish company engages in controlled transactions with a qualified distributor in countries that have a double taxation agreement with Denmark and have opted for the simplified approach, a deviation from the general arm's-length principle will be allowed.

Additionally, the bill includes provisions for implementing relief measures concerning the taxable entities required to prepare Transfer Pricing (TP) documentation and the scope of controlled transactions that necessitate such documentation.

The bill proposes that TP documentation will not be required for controlled transactions if the total amount of taxpayer-controlled transactions subject to documentation is less than five million Danish krone (DKK5m) in the income year. However, this exemption will not apply to transactions involving intangible assets or those with affiliated parties residing or located in a foreign state that does not exchange tax information with Denmark.

TP documentation will also not be required for controlled transactions involving dividends and contributions, provided these are made in cash. Additionally, it will not be necessary for certain investments made through tax-transparent entities.

The bill proposes adjustments to the Corporation Tax Act on reclassification of transparent entities to prevent the misuse of these entities to exploit differences in classification between jurisdictions, known as hybrid mismatches, which can allow these entities to have their income either fully or partially exempt from taxation.

Finally, to reflect the most recent update of the EU list of noncooperative jurisdictions, the bill proposes an amendment to the list of countries subject to the rules on defensive measures.

The proposed amendments are to take effect on 1 July 2025. Interested parties are invited to provide feedback by 3 March 2025.

Dominican Republic publishes resolution including updates on transfer pricing rules and list of tax-compliant jurisdictions

On 15 January 2025, the General Directorate of Internal Taxes (DGII) of the Dominican Republic published a resolution including updates regarding transfer pricing regulations and the list of tax-compliant jurisdictions.

For fiscal year 2025, the transfer pricing reporting threshold has been raised to 15,269,284 Dominican pesos (DOP) for transactions with related parties, exempting smaller taxpayers from reporting obligations for the year. Transactions exceeding this threshold will require detailed documentation and compliance with the arm's-length principle. The resolution specifies the detailed documentation requirements including maintaining comprehensive records of pricing methodologies, market analyses and financial data relevant to intercompany transactions.

Additionally, the resolution presents an updated list of countries that are not classified as having preferential tax regimes, low or zero taxation or as tax havens. The revised list includes Ecuador, Greenland, Ireland, Malta and Nauru, while Tunisia has been added as a jurisdiction with preferential tax regimes.

Ecuador clarifies guidelines for identifying tax havens, preferential tax regimes and jurisdictions of lower taxation

On 21 January 2025, Ecuador's Internal Revenue Service (SRI) issued Circular NAC-DGECCGC25-00000002 clarifying the guidelines for identifying tax havens, preferential tax regimes and jurisdictions of lower taxation. This update supersedes prior guidance provided under Circular NAC-DGECCGC12-00013 published in the *Official Gazette* on 30 July 2012.

The circular ratifies that Ecuadorian taxpayers must consider the legal tax rule (stated in the Internal Tax Regime Law since September 8, 2017) to determine if a specific jurisdiction will be deemed a tax haven, preferential tax regime or jurisdiction of lower taxation since it meets at least two of the following three conditions: (i) it has an effective tax rate (ETR) below 60% of the rate applicable in Ecuador or if the ETR is unknown, (ii) it permits economic, financial, productive, or commercial activities to be conducted without substantial development within the jurisdiction, thereby allowing entities to exploit tax benefits specific to that jurisdiction, and/or (iii) it lacks effective information exchange in accordance with international transparency standards including the availability and access to information regarding company ownership (both legal and beneficial), reliable accounting records, bank account information, and mechanisms for effective information exchange

Greece publishes Circular updating the list of noncooperative jurisdictions for 2023

On 31 December 2024, Greece published in its *Official Gazette* (FEK B' 7298/31.12.2024) Decision A. 1198/2024 to update the domestic list of noncooperative jurisdictions for fiscal year 2023.

Compared to fiscal year 2022, Belize, Fiji, Sierra Leone, Zambia and Zimbabwe have been added, while Benin, Burkina Faso, Papua New Guinea, Sint Maarten and Viet Nam have been removed.

Mauritania, Rwanda and Thailand have also been removed because, in accordance with the list of fiscal year 2022, they were noncooperative only until 31 July 2022, 30 November 2022 and 31 March 2022, respectively.

The updated list includes the following 40 jurisdictions for the fiscal year 2023: Algeria, Anguilla, Angola, Antigua and Barbuda, Belarus, Belize, Botswana, British Virgin Islands, Cambodia, Chad, Republic of Congo, Cote d'Ivoire, Djibouti, Dominica, Fiji, Gabon, Ghana, Guatemala, Guinea, Guyana, Haiti, Honduras, Kazakhstan, Kingdom of Lesotho, Liberia, Madagascar, Mali, Nicaragua, Niger, Palau, Panama, Philippines, Seychelles, Sierra Leone, Tanzania, Togo, Trinidad and Tobago, Vanuatu, Zambia and Zimbabwe.

The update also includes a list of countries which were considered noncooperative for a specific period of 2023. These are Benin (1 January 2023 – 1 May 2023), Burkina Faso (1 January 2023 – 1 April 2023), Papua New Guinea (1 January 2023 – 1 December 2023), and Vietnam (1 January 2023 – 1 December 2023).

Ireland updates Tax and Duty Manual on CFC rules

On 24 January 2025, the Irish Revenue updated its guidance in the Tax and Duty Manual Part 35b-01-01. This revision reflects the updated EU list of noncooperative jurisdictions for tax purposes as of October 2024 and the defensive measures in respect of controlled foreign companies (CFCs) resident in jurisdictions listed on the EU list of noncooperative jurisdictions for tax purposes. It also reflects amendments to the Irish CFC rules in respect of Pillar Two and Ireland's newly introduction participation exemption for foreign sourced dividends.

The update incorporates amendments from the Finance Act 2024, clarifying the calculation of "undistributed income" for a CFC, defined as its distributable profits after deducting relevant distributions. This change arises from the introduction of the corporation tax exemption for certain foreign distributions under section 831B TCA 1997 (participation exemption). Notably, undistributed income cannot be reduced by distributions that have not incurred tax within the EU, including Ireland. Consequently, only if the participation exemption is not claimed on the distribution can it reduce undistributed income.

The Tax and Duty Manual has been updated to incorporate the Finance (No. 2) Act 2023's consequential amendments to the CFC rules, specifically regarding section 835S TCA 1997 (Creditable tax). Under these rules, the corporation tax chargeable is reduced by any creditable tax, allowing a credit against the corporation tax for double tax on chargeable income. The definition of a creditable tax has been updated to include a foreign qualified domestic top up tax (QDTT) For a foreign QDTT to be creditable, it must be payable or borne by the CFC. Note that a qualified IIR or a qualified UTPR are excluded from being a creditable tax. Additionally, section 835T TCA 1997 (ETR Exemption) contains an ETR test to assess whether profits have been shifted to low or no-tax jurisdictions. This requires comparing the tax paid by the CFC in its foreign residence, with the tax it would have owed in Ireland if it were resident there. The tax paid under the ETR Exemption has now been updated to include foreign QDTTs payable or borne by the CFC in their respective jurisdiction.

Italian penalty protection regime for tax hybrids becomes effective

On 20 December 2024, the decree implementing the penalty protection regime pertaining to hybrid mismatches (Implementing Decree) was published in Italy's *Official Gazette*.

The new regime allows taxpayers to prepare qualifying documentation (Documentation) that can protect them from administrative penalties. If a dispute arises involving hybrid-mismatch rules and leads to a higher tax being assessed, the penalty for an unfaithful tax return should not apply if, in the course of the field agent's activity, the taxpayer delivers Documentation that complies with the instructions contained in the Implementing Decree.

To serve as penalty protection, the Documentation must be prepared yearly in compliance with instructions set forth by the Implementing Decree. The penalty protection will apply only with respect to transactions duly described in the annual Documentation for which the taxpayer has truthfully and thoroughly disclosed any relevant element, in part by showing the survey criteria that was followed to ascertain the existence or exclusion of a hybrid transaction. As a partial exception to this detailed annual documentation procedure, the Implementing Decree provides that, with reference to any risk of "imported" hybrid mismatches, penalty protection may be achieved by adopting a substitute procedure represented by a general internal control framework aimed at detecting the existence of imported hybrids.

The documentation must be prepared in Italian and electronically signed with a timestamp showing a date not subsequent to that of the filing of the corporate income tax return for the fiscal year covered by the Documentation. For fiscal years prior to the fiscal year ongoing on 29 December 2023, the Documentation will need to be properly prepared by the sixth month after the date of approval of the Implementing Decree. The penalty protection regime is not available for transactions that tax authorities audited prior to 29 December 2023.

See EY Global Tax Alert, *Italian penalty protection regime for tax hybrids becomes effective*, dated 7 January 2024.

Kazakhstan introduces higher penalties for noncompliance with CbC notification requirements

On 10 of February 2025, Kazakhstan announced the introduction of stricter penalties for noncompliance with CbC notification requirements, effective from 13 March 2025.

Under the new rules, large taxpayers will incur fines of 1,966,000 Kazakhstani tenge (KZT), while medium-sized enterprises will face penalties of KZT 983,000 for failing to file or for submitting incomplete or inaccurate notifications. These fines are based on the Monthly Calculation Index (MCI) for 2025, which is set at KZT 3,932. Specifically, large taxpayers will be fined 500 times the MCI, resulting in KZT 1,966,000, while medium-sized enterprises will be fined 250 times the MCI, leading to KZT 983,000.

CbC notifications must be submitted by 1 September following the reporting fiscal year.

Netherlands updates list of low-tax and noncooperative jurisdictions

On 1 January 2025, the Ministry of Finance of the Netherlands updated the list of low-tax and noncooperative jurisdictions. Since 1 January 2019, the Netherlands has maintained this list, designating jurisdictions with a corporate income tax rate of less than 9% as "low-tax jurisdictions." It also includes jurisdictions identified as noncooperative under the EU list of noncooperative jurisdictions. The reference date for determining the 9% criterion is 1 October of each year.

If a jurisdiction is included on this list, the following measures may apply: (i) CFC rules; (ii) a 25.8% withholding tax on dividends, interest and/or royalty payments made to affiliated companies in these jurisdictions; and (iii) exclusion from the ability to obtain rulings for transactions with companies established in a listed jurisdiction.

For 2025, the low-tax jurisdictions are Anguilla, the Bahamas, Bahrain, Barbados, Bermuda, British Virgin Islands, Cayman Islands, Guernsey, Isle of Man, Jersey, Turkmenistan, Turks and Caicos Islands, and Vanuatu. The noncooperative jurisdictions identified include American Samoa, Anguilla, Fiji, Guam, Palau, Panama, Russia, Samoa, Trinidad and Tobago, US Virgin Islands, and Vanuatu. Compared to 2024, the list does not include Antigua and Barbuda, Belize, and Seychelles, as they were removed from the EU list of noncooperative jurisdictions. Despite the removal of the Bahamas and Turks and Caicos Islands from the EU list of noncooperative jurisdictions, these are still included in the Dutch updated list, because their corporate income tax rate is below 9%.

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