

The Latest on BEPS and Beyond

September 2025

EY Tax News Update

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Highlights

As we have entered September, discussions surrounding revisions to the Pillar Two Global Anti-Base Erosion (GLoBE) framework are gaining traction, with expectations for heightened negotiations in the coming weeks. As also reported in our [previous edition](#), this renewed focus is a direct response to the recent [G7 Statement](#) and the G20/Organisation for Economic Co-operation and Development (OECD) Inclusive Framework (IF), which is actively considering several pivotal aspects.

Key topics on the agenda include (i) the development of a [potential side-by-side system](#); (ii) ongoing efforts to create a permanent [simplification](#) Safe Harbor and (iii) revisions to the treatment of [substance-based nonrefundable tax credits](#).

Although there is limited time to reach consensus on the side-by-side system, several fundamental questions remain unresolved. Negotiators will be particularly keen to understand how the United States (US) tax system's effective tax rate for US-parented groups' outcomes align with GloBE. They also need to consider whether regimes from other jurisdictions may be eligible for the system too, how to address potential arbitration and what the scope of the carve-out should be. In this regard, it is relevant whether the carve-out would merely apply to multinational enterprise (MNE) groups headquartered in jurisdictions with an existing qualifying regime or could also apply to sub-groups with an intermediate parent entity. Additionally, clarity on future reporting requirements is essential.



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Although the G7 Statement has temporarily alleviated the immediate threat of reintroducing Internal Revenue Code Section 899, US trading partners remain vigilant. [Recent reports](#) suggest that the US Treasury may support US Congress in reviving retaliatory measures if negotiations do not yield satisfactory results. This backdrop emphasizes the urgency for a resolution. However, the tight timeline raises concerns over whether a comprehensive deal will be reached or merely an interim solution.

The complexity of the negotiations is further compounded by the introduction of the other two topics - material simplifications and the treatment of substance-based tax incentives - which may reopen discussions on the GLoBE framework as each IF member presents its additional requests. All these discussions will intensify in the coming weeks as technical meetings within the IF are ongoing, alongside discussions at higher levels, including the [IF Steering Group](#) and [within the European Union](#) (EU).

For businesses, the anticipated changes contribute to uncertainty, especially because many jurisdictions have implemented the existing rules while respecting the temporary safe harbors. As these will expire soon, businesses will have to start preparing for full introduction of the rules and provisioning for financial reporting purposes as if these rules are here to stay, unless a let-out is created. This will trigger significant start-up costs, even though these rules are not intended to remain in place.

An additional challenge for businesses is that other significant Base Erosion and Profit Shifting (BEPS) initiatives may experience delays while Pillar Two negotiations continue to dominate the tax policy agenda.

For example, in the EU, the European Commission is asked to work a “decluttering” or simplification initiative, including a review of the Anti-Tax Avoidance Directives. While this remains a priority for Member States that [asked](#) for a “roadmap” by the end of September 2025, there are concerns regarding the ambition and prioritization of these efforts.

Additionally, in countries such as [Poland](#) and [Slovakia](#), focus is growing on the taxation of the digital economy. US President Trump [reiterated his concerns](#) regarding other countries’ digital services regulations. The European Commission recently [repeated](#) that digital taxation remains a priority and calls for a multilateral approach, but noted that Pillar One negotiations will only proceed once an agreement on Pillar Two is reached. As mentioned, it remains uncertain when this will occur.

The BEPS environment is constantly evolving, so it is important to stay updated on the latest changes. The monthly updates provided in the Latest on BEPS and Beyond should provide a good starting point.

In two upcoming webcasts, EY experts will discuss these developments further.

- ▶ On 24 September, a panel will discuss the ongoing Pillar Two developments, upcoming registration and compliance obligations, and how groups should prepare. Register [here](#).
- ▶ On 16 October, a new edition of EY’s European Tax Policy Matters webcast discusses the European perspective and the outlook for tax policy in the EU. Register [here](#).

BEPS 2.0

OECD

OECD releases compilation of additional Pillar Two reporting requirements

On 20 August 2025, the OECD [published](#) a compilation of additional reporting requirements introduced by IF member jurisdictions that have implemented the GloBE rules, namely the Income Inclusion Rule (IIR), the Under-Taxed Profits Rule (UTPR) and/or a Qualified Domestic Minimum Top-up Tax (QDMTT). The compilation lists registration, notification and domestic tax-return filing obligations jurisdictions have introduced in addition to the standard GloBE Information Return (GIR) and related exchange notifications, focusing on obligations with first due dates on or before 30 June 2026.

This timing aligns with the expectation that the first GIRs and related notifications will be due on 30 June 2026. The OECD table provides jurisdiction-level detail, including the name of the requirement, first due date, filing frequency, links to national guidance and explanatory comments (e.g., transition-year rules or variations by fiscal year) and is intended to help stakeholders identify potential national obligations.

The compilation is indicative and based on voluntary submissions from jurisdictions, produced as part of structured collaboration between tax administrations to promote coordination and share best practice. Because submissions are voluntary and national requirements may be enacted or amended after the cut-off, the table might not capture every applicable or draft obligation and does not include payment obligations. Stakeholders should consult domestic guidance for authoritative and up-to-date requirements. The OECD intends to update the compilation periodically. The information is current as of 22 July 2025 and covers 33 jurisdictions.

OECD updates Central Record of legislation with transitional qualified status

On 18 August 2025, the OECD released an [update](#) to the Administrative Guidance on the Central Record of Legislation with Transitional Qualified Status. The Central Record Administrative Guidance was first published on 15 January 2025 and updated on 31 March 2025.

The August 2025 update adds the legislation of 13 jurisdictions to the list of Qualified IIRs (for example, Singapore and Switzerland) and 13 jurisdictions to the list of QDMTTs and the QDMTT Safe Harbor (for example, Brazil and Japan), with effective dates ranging from 1 January 2024 to 1 April 2026. The update also identifies jurisdictions in which IIRs and DMTTs are elective for 2024.

Recognition of qualified status is important for determining the order in which global minimum tax rules apply and the jurisdictions in which MNE groups must report. For example, if an MNE group qualifies for a QDMTT Safe Harbor and meets the safe harbor conditions, other jurisdictions' GloBE rules will generally be prevented from applying a top-up because the safe harbor treats the top-up tax payable elsewhere as zero for GloBE purposes.

See EY Global Tax Alert, [OECD releases update of Pillar Two Administrative Guidance on the Central Record of Legislation with Transitional Qualified Status](#), dated 22 August 2025.

OECD publishes list of GIR MCAA signatories

On 6 August 2025, the OECD [published](#) the initial list of jurisdictions that had signed the Multilateral Competent Authority Agreement (MCAA) on the Exchange of GIR. As of that initial publication, 14 jurisdictions had signed: Austria, Belgium, Denmark, France, Ireland, Italy, Japan, Korea, Luxembourg, New Zealand, Portugal, Slovak Republic, Spain and the United Kingdom. On 4 September 2025, the OECD updated the list to add the Netherlands and Switzerland, which signed after the initial publication.

The GIR MCAA is a Qualifying Competent Authority Agreement (based on Article 6 of the Convention on Mutual Administrative Assistance in Tax Matters) that sets out the detailed operational and technical provisions for automatic exchanges of GIRs. These provisions cover, among other things, the content of the returns (a General Section and one or more Jurisdictional Sections), the timing of exchanges, the XML exchange format and use of the OECD Common Transmission System, errorhandling and correction procedures, confidentiality and data safeguards, and consultation and amendment mechanisms. The agreement also implements the Dissemination Approach, which is the multilaterally agreed rule that determines which parts of a GIR (general and/or jurisdictional sections) are relevant for, and should be provided to, each jurisdiction based on an MNE group's structure and the rule order under the GloBE Rules.

Signing the agreement is only the first step. For automatic exchanges to become operational, signatories must notify the Coordinating Body Secretariat whether they intend to send and/or receive GIRs and must complete any required domestic legislative and operational steps. An “active exchange relationship” between two signatories exists only if both competent authorities have submitted reciprocal notifications listing each other. The Coordinating Body Secretariat will maintain and publish on the OECD website both the list of signatories and, separately, which pairs of signatories have active exchange relationships.

OECD releases GIR Status Message XML Schema: User Guide for tax administrations

On 30 July 2025, the OECD released the [*GloBE Information Return \(GIR\) Status Message Extensible Markup Language \(XML\) Schema: User Guide for Tax Administrations*](#). The GIR Status Message XML Schema is a format designed to support the automatic exchange of GIR data as part of the Global Minimum Tax implementation. Because transmitted data may contain errors arising from incorrect file preparation or incomplete/inaccurate records, the OECD developed a common Status Message XML Schema to enable Competent Authorities to report file-level and record-level errors in a structured manner. First exchanges under the GIR framework are scheduled for 2026, and jurisdictions are now implementing the required legislative, operational and IT frameworks.

The guide outlines the structure of the GIR Status Message XML Schema and provides practical implementation instructions. It explains that the Schema allows a receiving Competent Authority to report whether an incoming GIR file contains file errors, severe record errors or other record errors, and whether the received file is accepted or rejected. The document also clarifies that, in addition to inter-authority exchanges, the Status Message Schema can be used domestically to provide status information to a Competent Authority’s constituent entities. At the same time, the Schema is not intended for substantive follow-up requests or detailed qualitative feedback, for which usual bilateral communication channels should be used.

The User Guide is organized into four parts. Parts one to three describe the XML Schema and provide user guidance (covering the message header and body, a schema diagram and a glossary of namespaces and terms). Part four lists the agreed file and record validation rules and the error codes to be used. The validation rules include practical conventions such as numeric rounding to up to four decimals and a tolerated margin of error of 1% before a calculated validation is treated as erroneous.

OECD updates Transfer Pricing Country Profiles including a new section on Amount B

On 22 July 2025, the OECD [*published*](#) an update to its [*Transfer Pricing \(TP\) Country Profiles*](#) publication, focusing on 12 jurisdictions: Austria, Belgium, Canada, Ireland, Latvia, Lithuania, Mexico, the Netherlands, New Zealand, Singapore, South Africa and Spain.

The update introduces new information on how each jurisdiction approaches the simplified and streamlined method for baseline marketing and distribution activities (Amount B of Pillar Two), as well as on the transfer pricing treatment of hard-to-value intangibles.

Belgium and Mexico have signaled their intention to implement Amount B but have not yet enacted legislation. Austria, Canada, Ireland, Latvia, the Netherlands, New Zealand and Spain confirmed that their domestic TP rules do not currently permit application of Amount B. However, consistent with the Inclusive Framework’s political commitment, they will respect Amount B outcomes if applied by a covered jurisdiction. Lithuania, Singapore and South Africa are still reviewing the approach and have not yet reached a decision on implementation.

Updates to the TP Country Profiles will be rolled out in batches throughout 2025. With this second batch, following the initial update in May, the total number of countries and jurisdictions included has now reached 78.

European Union

European Commission adopts Implementing Regulation for automatic exchange of information under DAC9

On 17 July 2025, an [Implementing Regulation](#) (IR) was published in the *Official Journal of the EU* to provide the technical format for the automatic exchange of the top-up tax information return (TTIR) between Member States under the Directive on Administrative Cooperation (DAC9), supporting the Minimum Tax Directive.

The new IR lays down a common IT schema that is based on one developed by the OECD with regard to the GIR. The IR is designed to facilitate seamless reporting between DAC9 and the OECD minimum tax reporting framework. The IR provides an XML schema for exchanging TTIR under DAC9 defining the data types, constraints and structures of messages, based on the OECD's GloBE Information Return XML Schema.

The IR is introduced as an amendment to Implementing Regulation 2015/2378 as regards the standard forms and computerized formats to be used for the mandatory automatic exchange of information under DAC. Paragraph 4 is added to Article 2 to clarify that a computerized format to be used should comply with the newly introduced Annex XVII.

Country developments

Australia releases draft guidance on Pillar Two

On 16 July 2025, the Australian Taxation Office (ATO) released a draft [Practical Compliance Guideline \(PCG\)](#) regarding the transitional compliance approach to Pillar Two lodgment obligations. This includes penalty relief during the transitional period, covering fiscal years beginning on or before 31 December 2026 and ending on or before 30 June 2028.

The ATO is adopting a "soft-landing" approach to penalties in which MNE groups can demonstrate that they have acted in good faith and taken reasonable measures to understand and comply with their lodgment obligations. The ATO will not be providing a blanket penalty concession to all MNE groups during the Transition Period, as the onus is on MNE groups to demonstrate that they have taken reasonable measures.

The PCG sets out examples of when taxpayers have taken reasonable measures to comply, including data and system related considerations. Additionally, the ATO has updated its guidance on private rulings, clarifying when the Commissioner can exercise discretion to decline rulings on complex Pillar Two interpretative matters. This applies in scenarios in which interpretation falls under the OECD's purview or involves the ATO interpreting another jurisdiction's domestic tax laws.

Consultation on these documents closed on 29 August 2025.

Brazil opens public consultation to amend QDMTT regulations

On 2 September 2025, Brazil's Federal Revenue Service opened a [public consultation](#) on proposed amendments to the Brazilian QDMTT regulations. The changes aim to incorporate into the domestic Pillar Two rules the OECD Advisory Group issued through July 2025.

Key topics under consultation include the treatment of hybrid and reverse hybrid entities, rules for constituent entities with non-aligned fiscal years and provisions on business combinations.

Stakeholders were able to submit comments until 14 September 2025.

Canada releases amendments to Pillar Two legislation

On 13 August 2025, the Government of Canada released [draft legislative proposals](#) to amend the Global Minimum Tax Act (GMTA), introducing a series of technical updates. These proposals incorporate elements from the OECD Advisory Group issued in June 2024 and January 2025.

A previous legislative draft included a proposal to introduce the UTPR. Following the resignation of the previous government, this draft was withdrawn. The new proposal does not include UTPR legislation.

If enacted, the amendments would apply to fiscal years starting on or after 31 December 2023.

Czech Republic amends Pillar Two legislation

On 23 July 2025, the Czech Senate approved a bill amending the local Pillar Two legislation. These amendments align the domestic Pillar Two legislation with the various administrative guidance issued by the OECD. The due date for filing local DMTT returns has been extended from 10 months to 22 months after the end of the fiscal year.

The timeline for filing local information returns has also been extended to 15 months after the end of the tax period, or 18 months for the first reporting year.

The bill will be considered enacted when it is signed by the President and published in the *Official Gazette*. Once enacted, it will apply retroactively to tax periods beginning on or after 31 December 2023.

Germany issues draft amendments to Pillar Two legislation

On 8 August 2025, Germany's Ministry of Finance released an updated [draft bill](#) to amend the existing Minimum Tax Act. Building on earlier discussion drafts from August and December 2024, the proposal aims to fully align German law with the latest OECD AG, incorporating updates issued in December 2023, June 2024 and January 2025.

The draft bill also transposes the DAC9, enabling the exchange of GIRs among EU Member States.

If enacted, the amendments would generally apply to fiscal years starting on or after 31 December 2023, while the rules on the anti-arbitrage arrangements under the Transitional Country-by-Country Reporting (CbCR) Safe Harbor will apply to fiscal years starting on or after 31 December 2024.

Ireland launches Pillar Two Hub and registration platform to facilitate compliance with Pillar Two

On 14 August 2025, the Irish tax authorities (Irish Revenue) launched their [Pillar Two Hub](#) (the website for updates and guidance in relation to Pillar Two rules in Ireland) and registration platform.

Entities located in Ireland that are within the scope of the rules must register for the relevant Pillar Two taxes (i.e., IIR, UTPR, QDTT) within 12 months from the end of the first fiscal year for which the entity is subject to the relevant tax.

Details must also be provided as to whether the registering entity is electing to become a member of a QDTT Group and/or a UTPR Group and, if so, whether it is appointed as the QDTT/UTPR Group Filer.

Entities must also notify Irish Revenue as to whether a Top-up Tax Information Return will be filed in Ireland or whether the obligation will be met by a designated filing entity in another jurisdiction.

Entities that qualify for the OECD's Transitional CbCR Safe Harbour are also required to register for Pillar Two taxes. Failure to register could lead to a penalty of €10,000.

See EY Global Tax Alert, [Ireland's Pillar Two Hub and registration platform is live](#), dated 18 August 2025.

Luxembourg issued draft amendments to update Pillar Two legislation

On 24 July 2025, the Luxembourg government issued [draft amendments](#) to its Pillar Two legislation. These amendments aim to incorporate the OECD's January 2025 administrative guidance and the EU DAC9 into local law. The amendments also include the transitional simplified jurisdictional reporting framework, which allows information to be reported in the GIR at a jurisdictional level instead of on an entity-by-entity basis.

If approved, the amendments relating to the January 2025 administrative guidance will apply retroactively to fiscal years beginning on or after 31 December 2023. The other amendments will come into effect from 1 January 2026.

A draft regulation covering the format of the GIR was also issued.

Mauritius introduces a QDMTT

On 9 August 2025, Mauritius published the [Finance Act 2025](#) in its *Official Gazette*, introducing a QDMTT as part of its alignment with the OECD's GloBE Model Rules under Pillar Two. The new rules apply to large multinational groups and are designed to ensure that in-scope entities in Mauritius are subject to an effective tax rate of at least 15%. The legislation does not introduce the IIR or the UTPR at this stage.

Under the compliance requirements:

- ▶ A notification must be submitted to the Mauritius Revenue Authority (MRA) no later than six months from the end of the fiscal year, identifying the designated local entity responsible for QDMTT filings.
- ▶ The designated entity must file the QDMTT return and pay any top-up tax due, if applicable, 15 months from the end of the fiscal year.

Certain aspects, such as the computation of GloBE Income and adjustments to covered taxes, will be defined through regulations. The commencement date is the year of assessment 2025/2026.

Portugal releases Pillar Two registration form

On 2 September 2025, the Portuguese Ministry of Finance approved [Order No. 290/2025/1](#), introducing the registration form to comply with the EU Minimum Tax Directive, effective for fiscal years starting from 2024.

Constituent entities of MNE groups in Portugal must submit the registration form within nine months after the end of the relevant fiscal year, with three-month extension provided for the first year.

The Order and the filing instructions indicate that groups may elect to submit a single registration form, through a designated local entity, covering all the Constituent Entities located in Portugal. The other Constituent Entities must provide an electronic confirmation via a new functionality on the Portuguese Tax Authorities' official website. The declaration is considered submitted on the date of the last confirmation by the Constituent Entities.

Furthermore, the registration form requires providing the identity of the Ultimate Parent Entity (UPE) or a designated reporting entity located in a jurisdiction with a qualified information exchange agreement, which will centrally submit the GIR for the group. This includes providing the tax identification number (or equivalent) used in the GIR, the Portuguese tax identification number (if any), jurisdiction, entity name and address for either the UPE or a designated entity.

See EY Global Tax Alert, [Portugal's Pillar Two initial registration form now available](#), dated 8 September 2025.

South Korea proposes to adopt a QDMTT

On 31 July 2025, the Ministry of Economy and Finance of Korea announced the 2025 tax reform proposal (the 2025 Proposals). Among other items, the 2025 Proposals introduce a QDMTT. The filing and payment deadlines for the QDMTT will be 18 months following the last day of the reporting fiscal year for the transitional year, and 15 months following the last day of the reporting fiscal year for non-transitional years.

The QDMTT will apply to fiscal years starting on or after 1 January 2026.

United Kingdom proposes amendments to the Pillar Two legislation

On 21 July 2025, the United Kingdom (UK) Government published [draft legislation](#), explanatory notes and a policy paper with proposed amendments to UK's Multinational Top-up Tax and Domestic Top-up Tax. The proposed amendments update existing UK legislation in line with administrative guidance published by the OECD in January 2025. Also included are amendments identified from stakeholder consultations and those necessary to ensure the UK's legislation remains consistent with the commentary and administrative guidance to the GloBE rules agreed by the UK and other members of the OECD IF.

If approved, the amendments will largely be effective for accounting periods beginning on or after 31 December 2025, with an option for eligible taxpayers to apply some provisions from an earlier date.

The changes to the treatment of pre-regime deferred tax assets will be effective from 21 July 2025, with provisions governing straddle periods if this date falls during an accounting period.

The draft legislation is open for consultation until 15 September 2025. The clauses are expected to be included in Finance Bill 2025-26, which would normally be published shortly after the Autumn Budget, expected in October or November.

Vietnam publishes Decree on Pillar Two

On 29 August 2025, the Government of Vietnam issued Decree No. 236/2025/ND-CP (Decree), providing detailed guidance for implementing some articles of Resolution No.107/2023/QH15 on Pillar Two.

The Decree outlines rules that are mainly structured in accordance with the GloBE Rules and provides further guidance on various topics, including the scope of application, safe harbor provisions, applicable accounting standards, fiscal year, top-up tax calculation, reporting and compliance requirements, and the related forms.

The Decree takes effect on 15 October 2025 and applies from fiscal year 2024 onward.

See EY Global Tax Alert, [Vietnam publishes Decree guiding implementation of top-up Corporate Income Tax](#), dated 8 September 2025.

Other developments

OECD

OECD published revised BEPS Action 5 Transparency Framework on Tax Rulings

On 8 September 2025, the OECD released the report "[Revised BEPS Action 5 Transparency Framework on Tax Rulings](#)" on the spontaneous exchange of information on tax rulings. The report reflects the Inclusive Framework's completion of an effectiveness review as part of its ongoing peer review of the Action 5 minimum standard. The changes agreed by the OECD IF are intended to enhance the effectiveness of the transparency framework, including modifications to the scope of rulings covered; revised terms of reference and an updated assessment methodology for peer reviews; and a revised Exchange on Tax Rulings (ETR) XML Schema and User Guide.

See EY Global Tax Alert, [OECD publishes 'Revised BEPS Action 5 Transparency Framework on Tax Rulings'](#), dated 16 September 2025.

OECD releases data exchange formats for crypto reporting, and issues updated FAQs

On 30 July 2025, the OECD [released](#) the [XML Schema and associated User Guide](#) to support the reporting and exchange of information under the Crypto-Asset Reporting Framework (CARF).

The revised XML Schema includes a technical update to the user guide for the XML schema that facilitates the automatic exchange of information under the CARF. It features technical adjustments based on the previous user guide approved in 2024.

The OECD has also issued a new set of frequently asked questions (FAQs) to provide interpretative guidance on the CARF and the amended Common Reporting Standard (CRS). The [updated FAQs](#) on the CARF address four questions related to due diligence procedures for Entity Crypto-Asset Users, the definition of Reporting Crypto-Asset Service Providers (CASPs), due diligence for Financial Institutions, and the classification of Non-Fungible Tokens (NFTs). On the other hand, the [revised FAQs](#) on the amended CRS address two new inquiries related to reporting requirements for valid self-certifications and the scope of interests in Relevant Crypto-Assets under the definition of Financial Asset.

The OECD maintains and regularly updates these FAQs, which include questions submitted by business and government delegates.

G20 Finance Ministers meeting communiqué includes international tax section

On 17 and 18 July 2025, the G20 Finance Ministers and Central Bank Governors met in Durban, South Africa. The [communiqué](#) released at the conclusion of the meeting includes a brief section on international tax matters.

The communiqué references efforts being advanced in the OECD/G20 Inclusive Framework to address concerns about the Pillar Two global minimum tax, with the shared goal of finding a balanced and practical solution that is acceptable to all. It also notes the ongoing negotiations on a United Nations (UN) Framework Convention on International Tax Cooperation.

In advance of the meeting, the OECD released its customary [Secretary-General Tax Report](#) to the G20 Finance Ministers. The Report outlines ongoing work on tax matters, providing updates

on Pillars One and Two, implementation of the BEPS minimum standards and other tax work. The OECD also released, as Annex A to the Report, a detailed report regarding [progress on tax transparency](#) since the inception of the G20.

See EY Global Tax Alert, [G20 Finance Ministers meeting communiqué includes international tax section](#), dated 28 July 2025.

European Union

European Commission releases new 'own resources' package including lump-sum contributions by large companies

On 16 July 2025, the Commission published a proposal package for the 2028 to 2034 EU budget. The package consists of a [Communication](#), a [proposal for a Council Regulation](#) laying out a multiannual financial framework for the years 2028 to 2034, a [proposal for an Interinstitutional Agreement](#) and a [proposal for a Council Decision](#) on the system of own resources.

The Commission's Own Resources Decision (ORD) introduces five new own resources for the EU. In addition to own resources linked to revenues from the Emissions Trading System (ETS) and the Carbon Border Adjustment Mechanism (CBAM), the ORD suggests new own resources based on the amount of electrical and electronic equipment not collected (e-waste) and a Tobacco Excise Duty Own Resource.

The fifth new own resource, the Corporate Resource for Europe (CORE), targets companies that are tax resident in the EU with an annual net turnover exceeding €100m. The aim is to ensure that corporations operating in the EU single market contribute to the EU budget. Under CORE, companies are divided into four brackets based on their annual net turnover, and their contributions are structured as lump-sum payments ranging from €100k to €750k annually.

The ORD has now moved to negotiations between Member States. Adoption of the ORD requires unanimous approval by the Council (EU Member States) and consultation of the European Parliament. Following Council adoption, the decision must be ratified by all Member States in accordance with their constitutional requirements.

See EY Global Tax Alert, [EU Commission releases new 'own resources' package as part of its Multiannual Financial Framework, including lump-sum contributions by large companies](#), dated 23 July 2025.

United Nations

Intergovernmental Negotiating Committee on the UN Framework Convention on International Tax Cooperation holds first and second substantive sessions

From 4 to 8 August 2025 and 11 to 15 August 2025, the Intergovernmental Negotiating Committee (INC) on the UN Framework Convention on International Tax Cooperation held its first and second substantive sessions. Earlier, on 27 June 2025, [draft issue notes](#) were circulated and stakeholders and Member States were invited to provide input. The call generated over 140 contributions from Member States, international organizations, civil society groups, academics and the private sector.

In Workstream I, on the framework convention, sessions concentrated on drafting the core commitments that will anchor the Convention and its governance arrangements. Delegates focused on three priority commitments: (1) effective prevention and resolution of tax disputes, (2) fair allocation of taxing rights, and (3) aligning international tax cooperation with sustainable development and strengthened domestic resource mobilization. The issues note provided the basis for debate and remaining subjects, including crosscutting matters such as developing country access to information, will be folded into the November package.

In Workstream II, on taxation of services, participants explored barriers that prevent source jurisdictions, notably many developing countries, from taxing crossborder services under current treaty rules. Delegates noted the misalignment between domestic approaches - often gross basis withholding - and treaty rules tied to physical presence and discussed principles any new nexus should meet. These principles include supporting domestic resource mobilization, economic efficiency, tax neutrality, simplicity and administrability, and futureproofing for evolving business models. The session collected practical examples and questions to inform drafting options.

In Workstream III, on dispute prevention and resolution, the session used an issues overview as a diagnostic tool to map the main sources and causes of crossborder disputes, including transfer pricing, permanent establishments, residence, digital services and capital gains, and to identify potential responses ranging from prevention tools such as advance pricing agreements (APAs), joint audits and cooperative compliance to dispute resolution mechanisms where no treaty exists. Views differed on scope and on the

desirability of optionality, and participants emphasized the need for close coordination with Workstream I to ensure consistency between the Convention's commitments and the protocol's provisions.

Building on the inputs from the August sessions, the INC will prepare initial drafting proposals for consideration at the [third substantive session](#) scheduled for 10 to 19 November 2025 in Nairobi, Kenya. The remaining commitment topics will be presented there as a single package to ensure coherence across the Framework Convention and the two early protocols. Additional guidance from the INC session in November will also inform the next steps in the negotiating process.

UN Secretary General appoints 25 experts to Tax Committee for 2025-2029 term

On 30 July 2025, the UN Secretary General António Guterres [appointed](#) 25 independent experts to the UN Committee of Experts on International Cooperation in Tax Matters (the Committee) for the 2025-2029 term. The details of these appointments are documented in UN document [E/2025/9/Add.14](#).

The Committee plays a crucial role in providing practical guidance to assist countries in designing tax policies that align with social, environmental and economic development objectives. It addresses contemporary challenges, including the digital economy, climate transition and wealth inequality.

Previous member of the Committee produced guidance, including frameworks for taxing cross-border digital services without physical presence, a Sample Net Wealth Tax Law, a comprehensive health taxes handbook and insights on tax, trade and investment agreements. The new members bring experience in areas such as treaty design, transfer pricing, extractive industries, tax administration modernization and emerging issues related to digital currencies and cryptocurrencies.

The new Committee will convene its inaugural session in Geneva from 21 to 24 October 2025. According to the provisional agenda outlined in document [E/C.18/2025/4](#), the Committee will engage in discussions on taxation in relation to the Sustainable Development Goals, issues pertaining to the UN Model Tax Convention, a review and potential update of the "UN Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries," procedural matters and the establishment of the Committee's future work program.

In addition, the Committee's guidance could inform the work of the INC in the ongoing UN intergovernmental process toward a Framework Convention on International Cooperation in Tax Matters.

Country developments

Australia and New Zealand sign Memorandum of Arrangement on Implementing the arbitration process under the MLI

On 2 September 2025, Australia and New Zealand signed a [Memorandum of Arrangement](#) to implement the arbitration process outlined in Part VI of the OECD Multilateral Convention (MLI) regarding BEPS establishing a framework for resolving disputes arising from the Mutual Agreement Procedure (MAP) under the Australia-New Zealand Income Tax Treaty.

The memorandum details the procedural aspects of arbitration, including the submission of cases, the appointment of arbitrators and communication protocols between the competent authorities. It mandates that unresolved issues be submitted in writing, accompanied by necessary documentation, and outlines the timeline for appointing arbitrators and communicating decisions. Notably, the arbitration decisions will not have precedential value, ensuring that each case is treated individually.

Ecuador announces Panama's exclusion from tax havens list

On 18 August 2025, the Tax Administration of Ecuador [announced](#) in its *Official Gazette* that Panama has been excluded from Ecuador's list of tax havens, low-tax jurisdictions and preferential regimes. This decision was driven by Panama's amendments related to transparency and compliance of Panama's regime with international standards, particularly in the context of BEPS.

Following the exclusion, Ecuador will cease the automatic application of anti-tax haven measures against Panama, which previously included higher withholding tax rates and the presumption that transactions with Panamanian entities were between related parties.

The resolution is effective since its publication on 18 August 2025.

Ecuador updated CFC rules in Bill addressing irregular capital flows

On 29 July 2025, the President of Ecuador presented a [bill](#) to Congress that includes new controlled foreign company (CFC) rules, targeting retained earnings that have not been distributed by Ecuadorian resident companies and permanent establishments (PEs).

Under the proposed legislation, retained earnings from prior years that remain undistributed by 31 July 2025 will be subject to progressive tax rates. The rates are structured as follows: no tax on retained earnings up to US\$100k, a 0.75% tax on amounts exceeding US\$100k up to US\$1m and increasing rates up to 2.50% for amounts exceeding US\$500m. This framework is designed to discourage the accumulation of untaxed profits in low-tax jurisdictions, thereby promoting tax compliance and ensuring that Ecuadorian entities contribute fairly to the national revenue.

The next steps involve congressional review, with a 30-day period for approval, amendment, or rejection of the bill. If no legislative action occurs, the CFC rules will automatically take effect.

Kazakhstan amends transfer pricing regime to align with OECD TPG

On 18 July 2025, the President of Kazakhstan signed [Law No. 215-VIII](#), which introduces amendments to the Law on TP aiming to further align Kazakhstan's transfer pricing framework with the OECD TP Guidelines.

Key provisions include the introduction of (1) the concept of accurate delineation of actual transactions based on the substance-over-form principle, (2) definitions of intangible assets and (3) the Development, Enhancement, Maintenance, Protection, and Exploitation (DEMPE) concept. Additionally, the amendments define the "risk-free interest rate" and establish its determination method.

The amendments will take effect on 1 January 2026.

Kenya introduces Advance Pricing Agreements

On 27 June 2025, Kenya published in its *Official Gazette* Finance Act, 2025, introducing a formal APA framework in Kenya under Section 18G of the Income Tax Act (ITA), effective 1 January 2026. The regime allows taxpayers to agree in advance with the Kenya Revenue Authority (KRA) on the TP methodology for related-party transactions.

APAs will be valid for a maximum of five consecutive years, and the KRA can invalidate an agreement if there is a misrepresentation of facts, emphasizing the importance of accurate and transparent disclosures.

This reform aims to enhance tax certainty, reduce TP disputes and align Kenya with international standards under the OECD/G20 Inclusive Framework on BEPS, particularly Action 14 on Dispute Prevention and Resolution.

Detailed regulations are expected to be issued within six months of the effective date.

See EY Global Tax Alert, [Kenya introduces Advance Pricing Agreements](#), dated 23 August 2025.

Luxembourg submits bill to Parliament implementing DAC8 into domestic law

On 24 July 2025, the Luxembourg Government published [Draft Law 8592](#) (Draft Law), introducing national provisions to transpose EU [Directive 2023/2226](#) of 17 October 2023 (DAC8) into Luxembourg tax law.

In addition to introducing specific registration, due diligence and reporting duties on CASPs and Crypto-Asset Operators, the Draft Law expands the automatic and mandatory exchange of information on income derived from life insurance products and on certain advance cross-border rulings granted to individuals. To strengthen the fight against money laundering and the financing of terrorism, as well as for the establishment, administration and enforcement of Luxembourg custom duties, the Draft Law also broadens the allowed areas of use of exchanged tax information. Finally, the Draft Law would amend the domestic legislation on reportable cross-border arrangements (DAC6 Law), exchange of information reported by platform operators (DAC7 Law), the CRS Law and CbCR Law in line with the requirements of DAC8.

The Draft Law will now go through the legislative process, which involves analysis of the text by a dedicated parliamentary commission, the collection of opinions from different advisory bodies (most importantly, the Council of State), discussion of and vote on the text in a parliamentary session and finally its publication in the *Official Gazette* (Memorial). The Draft Law would take effect from 1 January 2026.

See EY Global Tax Alert, [Luxembourg to transpose DAC8, extending automatic information exchange on crypto assets, life insurance income, tax rulings for individuals and digital currencies](#), dated 19 August 2025.

Peru publishes MLI on its Official Gazette

On 23 August 2025, the OECD BEPS MLI was published in the *Official Gazette El Peruano*.

The provisions of the MLI will come into force for Peru on 1 October 2025, with practical effects beginning on 1 January 2026, affecting how Peru's double tax treaties are applied.

In particular, Peru's double tax treaties with Canada, Chile, Korea, Mexico and Portugal will be modified under the MLI. Conversely, the treaties with Brazil, Japan, the UK (signed but not yet applicable), Switzerland and the Andean Community will continue to apply in their original form, as they are not covered by the MLI.

Entities engaged in cross-border transactions should prepare for the upcoming changes in tax treaty provisions, as the MLI's implementation may affect withholding tax rates and other tax obligations under existing treaties.

See EY Global Tax Alert, [Peru | MLI practical effects begin on 1 January 2026](#), dated 26 August 2025.

Spain launches public consultation on draft bill implementing DAC8 into domestic law

On 28 July 2025, the Spanish Tax Agency launched a public consultation on a [draft Royal Decree](#) aimed at establishing due diligence rules and reporting obligations for certain CASPs. This regulation transposes the Amending Directive to the 2011 Directive on Administrative Cooperation (2023/2226) (DAC8) into Spanish law.

The draft Royal Decree mandates that CASPs must implement rigorous due diligence measures, including the collection of user tax residency information. Furthermore, CASPs are required to report comprehensive data on user transactions with the aim of assisting tax authorities to monitor and combat tax evasion.

In addition, the draft Royal Decree introduces new reporting obligations for CASPs, including those not authorized under the Markets in Crypto-Assets Regulation (MiCA) Regulation. It establishes a specific registry for these operators, ensuring that all relevant information is accessible to tax authorities across the EU. This regulatory framework aims to align Spain's tax practices with international standards set by the OECD, particularly concerning the CRS and the CARF.

The next steps involve finalizing the decree and implementing the necessary administrative processes to ensure compliance with these new obligations. Once approved, the regulation will take effect the day after publication and will be applicable from 1 January 2026. The consultation period closed on 16 September 2025.

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