

## The Latest on BEPS and Beyond

December 2025

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### EY Tax News Update

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### Highlights

As the end of 2025 approaches, it is evident that the tax landscape has been significantly shaped by geopolitics. The positions taken by the incoming United States (US) administration have strongly influenced the development of trade and tax policies. Among other developments, the US has stopped participating in negotiations on the United Nations (UN) Framework Convention on International Tax Cooperation and has requested a "side-by-side" approach to implementing Pillar Two at the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework. Under this proposed approach, US-parented groups, which are subject to the US corporate tax system including the US minimum tax regimes, would be exempted from elements of the Pillar Two taxes but would remain subject to Qualified Domestic Minimum Top-Up Taxes (QDMTT).

At the time of publication, it is not clear whether the "side-by-side" system, as well as new simplified compliance rules and new rules related to the treatment of non-refundable tax credits, will be agreed by the OECD/G20 Inclusive Framework by year-end, as has been anticipated. While a package has been developed in the Inclusive Framework, press coverage from the Financial Times indicates that consensus has not yet been reached, with China, Czech Republic, Estonia and Poland expressing concerns. Because the Inclusive Framework operates by consensus, discussions will continue among the jurisdictions that have objections to the package and the approximately 140 jurisdictions that have not raised objections, with the aim of getting everybody on board in the short timeframe that is left before the end of the year.



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We will soon know whether it has been possible to reach resolution before the December holiday break or if negotiations continue into the beginning of 2026. If the package is agreed, companies will need to focus on the implications of any new rules that could be effective as early as January 2026. Conversely, if the package is not agreed, all eyes will be on the US response and whether there might be renewed legislative activity with respect to the Internal Revenue Code Section 899 provision that was removed from the “One Big Beautiful Bill” prior to enactment.

This time of year also marks the publication of the [EY 2026 Geostrategic Outlook](#). This year’s Geostrategic Outlook indicates that geopolitical factors will continue to significantly impact the political and economic landscape in 2026. To quote part of the executive summary:

Looking across all of the expected changes, we identify three core themes that we expect will define the geopolitical environment in the year ahead.

First, new rules and norms for doing business are expected to emerge – as old rules and norms are discarded. Policymakers will continue to deepen their efforts to direct economic activity, both within their borders and in terms of their cross-border economic relationships. This will be a continuation of the economic sovereignty trend in 2025, with the state playing a bigger role in markets. The degree to which this theme plays out will vary across sectors and countries, but one important through line that is expected is a focus on the artificial intelligence (AI) value chain and developing sovereign AI capabilities.

Second, the geopolitics of scarcity is likely to solidify. Geopolitical competition to control or access scarce resources will intensify in 2026, building on geo-energy [and] commodity competition.... Geopolitics of scarcity marks a fundamental shift from the post-Cold War era of geopolitics in which countries and companies optimized supply chains for cost and efficiency. Now, optimization [focuses on] geopolitical de-risking and resilience. To achieve those goals, governments and industries will likely compete for control of or access to critical minerals, fresh water and capital (among other things).

The third theme is a recognition that there will be four key regions in which these geopolitical dynamics play out in 2026 ... – North America, Asia-Pacific and Europe [as well as] the Middle East. For both economic

and security reasons, [the Middle East] is expected to be a significant arena in which great powers continue to compete for influence. There will be significant geopolitical developments in other regions as well, including at least seven national elections in Latin America and the rising geopolitical and geoeconomic importance of both Latin America and Africa as critical minerals producers, and in countries around the world, domestic resilience and legitimacy challenges may arise due to polarization, protests and misinformation.

These three geopolitical themes will interact in various ways throughout the year. They impact other trends that are unfolding around the world, with reverberating implications across geographies and sectors.

As tax design reflects the political and economic environment of the societies it serves, the above predictions suggest that international tax policy development in 2026 will continue to present challenges, twists and opportunities. Monitoring these developments will therefore also be crucial in 2026. We are very much looking forward to accompanying you on this journey, helping you find the way in the complex landscape of international tax policy developments. For now, we would like to wish you happy end-of-the-year festivities and a very good start of the New Year.

## BEPS 2.0

### OECD

#### San Marino deposits instrument ratifying the STTR MLI

On 11 December 2025, San Marino became the first jurisdiction to [deposit](#) its instrument of ratification of the Subject to Tax Rule of the Multilateral Instrument (STTR MLI).

San Marino signed the STTR MLI on 19 September 2024, listing six tax treaties as Covered Tax Agreements (CTAs) and submitting preliminary STTR MLI positions. Upon depositing its instrument of ratification, San Marino confirmed those preliminary positions and the list of CTAs.

For the STTR MLI to enter into force, two signatories must deposit their instruments of ratification, acceptance or approval, and a three-calendar-month period must elapse.

## OECD updates list of MCAA GIR signatories

On 5 November 2025 the OECD published an [updated list](#) of jurisdictions that have signed the Multilateral Competent Authority Agreement on the Exchange of Global Anti-Base Erosion (GloBE) Information Returns (GIR MCAA), which provides the legal framework for the automatic exchange of GloBE Information Returns. According to the update, on 31 October 2025, Hungary signed the agreement, bringing the total number of signatories to 22.

## Country developments

### Australia releases transitional compliance approach for Pillar Two lodgment obligations

On 26 November 2025, the Australian Taxation Office (ATO) released the final [Practical Compliance Guideline \(PCG\) 2025/4](#) outlining the transitional compliance approach for Pillar Two lodgment obligations. The PCG provides penalty relief during a transitional period that applies to fiscal years starting on or before 31 December 2026 and ending on or before 30 June 2028.

Under this PCG, the ATO has adopted a “soft-landing” approach to penalties for Multinational Enterprise (MNE) Groups that can demonstrate good-faith efforts and reasonable steps to understand and comply with their lodgment obligations. The PCG also provides examples illustrating what constitutes reasonable measures to comply, including considerations relating to data availability, systems readiness and implementation planning.

The PCG applies retroactively from 1 January 2024.

### Austria amends Pillar Two legislation

On 18 November 2025, the Austrian government approved the draft [Tax Amendment Act 2025](#). The proposed legislation aims to incorporate into domestic law the OECD Administrative Guidance issued in December 2023, June 2024 and January 2025. It also proposes the transposition of the EU Directive on Administrative Cooperation (DAC9) to enable the exchange of GloBE Information Returns between European Union (EU) Member States.

The draft Act will now be presented to the Parliament and Federal Council for approval before it can be considered enacted.

## Finland updates Pillar Two guidance

On 25 November 2025, Finland published updated [guidance](#) on its Pillar Two legislation. The guidance aligns with the OECD’s Administrative Guidance issued in June 2024 and elaborates on the allocation of current and deferred taxes as well as the allocation of profits and taxes in structures including Flow-through Entities, Permanent Establishments and controlled foreign corporations (CFCs).

The guidance is expected to be updated in conjunction with the planned legislative updates to incorporate the OECD’s administrative guidance into domestic law.

## France updates Pillar Two guidance

On 3 December 2025, the French tax authorities published a second set of [guidance](#) on the application of France’s Pillar Two legislation. This additional guidance provides further detail on the transitional rules, with a particular focus on how deferred taxes and assets transferred before the transition year are taken into account.

It also clarifies the temporary exemption from the application of the Undertaxed Payments Rule (UTPR) and Income Inclusion Rule (IIR) for multinational groups in the initial phase of their international activities.

## Germany amends Pillar Two legislation

On 13 November 2025, the lower house of German Parliament approved [amendments](#) to the domestic Pillar Two legislation. These amendments align the local law with the latest OECD Administrative Guidance, incorporating updates issued in December 2023, June 2024 and January 2025.

They also transpose the EU Directive on Administrative Cooperation (DAC9) into local law, enabling the exchange of GloBE Information Returns 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 CbCR Safe Harbor shall apply to fiscal years starting on or after 31 December 2024.

The bill will now be presented before the Federal Council for final approval.

## Hungary enacts amendments to Pillar Two legislation

On 19 November 2025, Hungary enacted [amendments](#) to its Pillar Two legislation. These amendments are primarily centered around the operation of the Transitional CbCR Safe Harbor (TCSH). They clarify the simplified effective tax rate calculation method and the scope of the simplified covered taxes while aligning their treatment with the OECD Model Rules. They also provide guidance on when a country-by-country (CbC) report qualifies for TCSH purposes and formally define “Qualified Financial Statements” in line with OECD Administrative Guidance.

The EU Directive on Administrative Cooperation (DAC9) was also enacted into domestic law at the same time. DAC9 provides for simplified compliance by enabling central filing of the GloBE Information Return, using a standardized form that will be applied consistently across the European Union.

## Italy releases Pillar Two compliance Decree

On 7 November 2025, the Italian Minister of Economy and Finance issued a [Ministerial Decree](#) clarifying local requirements for the annual return for top-up tax (TuT) within the Italian Global Minimum Tax (GMT) framework. The Decree clarifies the scope and details of the filing obligations. Entities liable for TuT under the IIR, UTPR or QDMTT must file the annual GMT return.

The Decree sets out comprehensive rules governing the annual reporting and payment of the TuT by multinational and domestic groups with Italian constituent entities. The Italian Revenue Agency is expected to release the official return template and filing instructions in the near future.

See EY Global Tax Alert, [Italy publishes decree on local compliance obligations related to Global Minimum Tax](#), dated 13 November 2025.

## Montenegro releases QDMTT draft legislation

On 26 November 2025, Montenegro released [draft legislation](#) to implement Pillar Two into domestic law. The proposal introduces a DMTT that closely aligns with the OECD’s Model Rules. It does not include the IIR or UTPR. The draft legislation incorporates safe harbor provisions and relevant OECD Administrative Guidance.

If enacted, the legislation would apply to fiscal years starting on or after 1 January 2026.

## Netherlands approves amendments to Pillar Two legislation

On 27 November 2025, the Dutch House of Representatives adopted amendments to the Pillar Two legislation. The amendments incorporate into domestic legislation the OECD’s Administrative Guidance issued in December 2023, June 2024 and January 2025, along with other technical amendments. If adopted, most amendments will apply retroactively to fiscal years starting on or after 31 December 2023. Certain provisions would only apply to fiscal years starting on or after 31 December 2025, for example the revised rules on deferred tax assets arising from tax benefits provided by general government.

The amendments also aim to implement the amendment of the EU Directive on Administrative Cooperation (also known as DAC9) into domestic legislation as of 1 January 2026. This will enable MNE groups to submit a single top-up tax information return for all EU jurisdictions in a single EU Member State. The EU Member State will automatically share the relevant parts of the return with other States for which the information is relevant, provided that there is a qualifying agreement between the States that provides for the automatic exchange of information.

The draft legislation has been submitted to the Senate for consideration and approval.

## Slovakia releases QDMTT return template

On 18 November 2025, Slovakia released its [QDMTT return template](#) to support compliance with the Pillar Two rules. The QDMTT return is due within 15 months after the end of the fiscal year, extended to 18 months for the transition year. The return consists of five sections, with the first three covering taxpayer details and the computation of the top-up tax.

The return must be filed electronically. Slovakia has also issued accompanying instructions to support taxpayers in preparing and submitting the form.

## Slovakia amends Pillar Two legislation

On 10 November 2025, Slovakia published amendments to its Pillar Two legislation. The amendments incorporate into domestic law the OECD Administrative Guidance issued in 2024 and 2025 and will enter into force after 31 December 2025.

The legislation also implements the EU Directive on Administrative Cooperation (DAC9). These provisions will generally apply from 1 January 2026, although the applicability of some clauses has been deferred to 1 January 2028.

## Switzerland approves amendments to Pillar Two legislation

On 26 November 2025, Switzerland approved [amendments](#) to its Pillar Two ordinance. These amendments lay out the procedure for the submission of the GloBE Information Return (GIR) to the Swiss Federal Tax Administration (SFTA). They also provide for the exchange of GIRs between the SFTA and the signatories of the GIR Multilateral Competent Authority Agreement (MCAA), as well as for its domestic use by the cantons.

The Ordinance has also been amended on the following points:

- Clarification on the procedure for the IIR if no Constituent Entities in foreign jurisdictions are subject to a Top-Up Tax
- Allocation of Top-up Tax if a Constituent Entity relocated to a different Canton during the fiscal year

These amendments will apply to fiscal years starting on or after 1 January 2026.

## Turkiye extends QDMTT filing deadline

On 1 December 2025, Türkiye [announced](#) that the filing deadline for the QDMTT return for the 2024 fiscal year, originally set for 31 December 2025, as well as the payment deadline for the taxes assessed under that return, has been extended to 15 January 2026.

See EY Global Tax Alert, [Türkiye extends Qualified Domestic Minimum Top-Up Tax filing and payment deadlines and releases QDMTT return format for testing](#), dated 2 December 2025.

## Uruguay approves QDMTT legislation

On 9 December 2025, the Uruguayan Parliament granted final [approval](#) to the National Budget for the 2025-2029 period. Among other items, the Budget Bill clarifies that the QDMTT will enter into force as of the enactment date of the law. Therefore, it should be expected that the QDMTT will apply for fiscal years ended on 31 December 2025 and onward, which has been the Executive Branch's intention.

With this decision, the legislative process is complete, and the text will now be sent to the Executive Branch for enactment and subsequent publication in the *Official Gazette*.

See EY Global Tax Alert, [Uruguayan Parliament approves the National Budget for 2025–2029](#), dated 10 December 2025.

## Other developments

### OECD

#### OECD announces commitments of 26 countries to exchange immovable property information

On 9 December 2025, the OECD [announced](#) that 26 jurisdictions have committed to implementing the [Framework](#) for the Automatic Exchange of Readily Available Information on Immovable Property for Tax Purposes. The framework is formalized through a Multilateral Competent Authority Agreement on the Exchange of Readily Available Information on Immovable Property (IPI MCAA), which is based on the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. It uses information already available to tax administrations or accessible from existing government registries and does not introduce new domestic reporting obligations.

The IPI MCAA uses a modular structure so that jurisdictions can tailor their arrangements with each partner. Module 1 covers information on holdings and acquisitions of immovable property through a one-off exchange of information on existing holdings and annual exchanges of information on new acquisitions. Module 2 covers information on income from immovable property through annual exchanges on disposals and income. Information is exchanged reciprocally on an “as-is” basis to the extent it is readily available in the sending jurisdiction.

According to a [joint statement](#), the 26 jurisdictions aim to join the IPI MCAA by 2029 or 2030, subject to domestic procedures, and encourage other jurisdictions to join this initiative. The OECD expects exchanges to commence in 2029.

#### OECD launches public consultation on global mobility of individuals

On 26 November 2025 the OECD [released a public consultation document](#) on the global mobility of individuals. The decision to explore global mobility was made at the Inclusive Framework Plenary in April 2025, which agreed a phased, evidence-based approach. This consultation forms part of the first phase, scoping and diagnosis, with the objective of collecting data and information to build an informed understanding of the issues before evaluating the scope and prioritization of any future work. In this context, global mobility refers to “changed ways of working, including through technology that facilitates remote and cross-border working.”

The consultation document identifies two primary areas of tax-related concern: personal income tax and corporate income tax. For individuals, key challenges include the risk of dual tax residency or, conversely, statelessness for tax purposes; complex rules for allocating employment income between jurisdictions; and significant administrative and compliance burdens for both employees and employers. For corporations, the physical presence of remote employees in foreign jurisdictions creates Permanent Establishment risks and can affect a company's tax residency. These scenarios also introduce complex profit attribution and transfer pricing issues.

Stakeholders are invited to submit written comments by 22 December 2025 and a public consultation meeting will be held in January 2026.

See EY Global Tax Alert, [OECD 2025 Update to the OECD Model Tax Convention – key highlights](#), dated 5 December 2025.

## OECD releases seventh edition of Corporate Tax Statistics publication

On 25 November 2025, the OECD released the seventh edition of its annual Corporate Statistics publication (the [Corporate Tax Statistics Report](#)), along with an updated [Corporate Tax Statistics Database](#). The Report provides an overview of corporate tax data across more than 170 countries and jurisdictions, covering statutory and effective tax rates (ETRs), withholding taxes, corporate tax revenues, income-based tax incentives for research and development (R&D) and innovation, information on controlled foreign company (CFC) rules and interest limitation rules.

The updated database also includes anonymized and disaggregated (by MNE group size and jurisdiction) CbCR statistics based on 2022 data. It covers 54 headquarters jurisdictions that submitted 2022 statistics, plus five jurisdictions that reported they received zero CbC reports in 2022, and up to 217 affiliate jurisdictions for 2016-2022. Additionally, it includes information on 65 intellectual property regimes across 50 jurisdictions, provides withholding tax rate statistics for 146 jurisdictions, expands coverage of ETR data from 90 to 104 jurisdictions and introduces new information on BEPS Actions relating to hybrid mismatch arrangements and mandatory disclosure rules.

## G20 Leaders' Declaration reflects continued engagement to address Pillar Two concerns

On 22-23 November 2025, G20 Leaders met in Johannesburg, South Africa, under the South African G20 Presidency to address major global challenges and to promote solidarity, equality and sustainability as key pillars of inclusive growth. The meeting concluded with the release of the [Leaders' Declaration](#), which includes a section on international tax.

The declaration references continued constructive engagement to address concerns regarding Pillar Two global minimum taxes, with "the shared goal of finding a balanced and practical solution that is acceptable for all as soon as possible." These efforts are to be advanced in close cooperation across the membership of the OECD/G20 Inclusive Framework, preserving the tax sovereignty of all countries.

The declaration also notes ongoing negotiations to establish a UN Framework Convention on International Tax Cooperation, with the participating G20 members reaffirming the objective of reaching a broad consensus while building on existing achievements and avoiding unnecessary duplication of effort. It further addresses other international tax priorities, including global mobility, the interaction between tax policy, inequality and growth, and support for inclusive participation in BEPS and transparency initiatives. Finally, the declaration describes Domestic Resource Mobilisation (DRM) as a shared imperative.

In advance of the meeting, the OECD released the "[OECD Secretary-General's Tax Report to the G20 Leaders](#)," which provides an update on activities with respect to the G20's international tax agenda. The OECD also published the report "[Enhancing Simplicity to Foster Tax Certainty and Growth](#)," which was prepared for the G20 Finance Ministers and Central Bank Governors.

See EY Global Tax Alert, [G20 Leaders' Declaration reflects continued engagement to address Pillar Two concerns](#), dated 25 November 2025.

## OECD Forum on Tax Administration releases outcome statement after 18th Plenary meeting

On 20 November 2025 the OECD Forum on Tax Administration (FTA) issued a [statement of outcomes](#) following its 18th Plenary meeting in Cape Town, South Africa, which convened heads of 49 tax administrations from 18 to 20 November 2025 to address the theme of “tackling tax gaps and reducing compliance burdens.”

Noting that closing just 1% of the global tax gap could generate approximately €150b, the FTA set out a strategic vision that leans on international cooperation and digital innovation. Key outcomes include an intensified commitment to the Tax Administration 3.0 vision, which aims to embed compliance into taxpayer systems through technology. The FTA also endorsed a collaborative approach to implementing the Global Minimum Tax via the Amsterdam Dialogue, prioritized enhancing tax certainty to foster investment and trust, and agreed to scale up tax capacity-building efforts for developing countries. Further, the FTA tasked its Tax Gap experts with developing a holistic and strategic approach to assist countries in measuring and reducing tax gaps.

## OECD releases update to Model Tax Convention

On 19 November 2025, the OECD published the [2025 Update](#) to the OECD Model Tax Convention and its Commentary, the first comprehensive revision since 2017. The Update adds a new paragraph to Article 25 (Mutual Agreement Procedure) and makes substantive revisions to the Commentary with respect to multiple articles. It also reflects changes to the observations and reservations of OECD member countries and the positions of nonmember economies with respect to the OECD Model Tax Convention and its Commentary.

The most detailed changes relate to Article 5 (Permanent Establishment). The revised Commentary introduces an analytical framework that clarifies when use by an individual of a home or other relevant place, such as a second home, a holiday rental or the home of a friend or relative, in another country to carry out activities related to the business of an enterprise can amount to a fixed place of business permanent establishment of the enterprise. Under the framework, a “50 percent of total working time” reference point is used as a general benchmark. The framework focuses on whether the location is used regularly

and substantially rather than intermittently, whether the individual’s presence serves a business purpose such as servicing local customers or suppliers rather than personal convenience, and whether the enterprise in practice carries on business from the location even if it does not formally own or lease the premises. Five illustrative examples are included.

Other notable revisions in the 2025 Update include an optional time-based permanent establishment provision for extractive activities that contains model anti-contract-splitting language and a capital gains paragraph, as well as optional drafting approaches to extend source taxing rights over employment income tied to extractive activities. The 2025 Update revises the Commentary on Article 9 to address debt-versus-equity questions. It also addresses the distinction between allocating profits under Article 9 and the treatment under domestic law of profit allocation as determined. The Commentary states that the domestic law of each Contracting State should determine whether and how profits allocated under arm’s-length conditions should be taxed, as long as there is conformity with the requirements of other provisions of the Convention, such as the nondiscrimination provisions. In addition, revisions to the Commentary on Article 26 (Exchange of Information) to provide clarifications regarding permitted use and limited disclosure of exchanged information, including the treatment of material that is not taxpayer specific.

On 10 December 2025, the OECD held a webinar titled “Unpacking the 2025 Update to the OECD Model Tax Convention.” A replay of the webinar is available [here](#).

See EY Global Tax Alert, [OECD 2025 Update to the OECD Model Tax Convention – key highlights](#), dated 5 December 2025.

## United Nations (UN)

### UN releases submissions from consultation on Draft Framework Convention Template and Workstream III Concept Note

On 11 December 2025, the Intergovernmental Negotiating Committee (INC) on the UN Framework Convention on International Tax Cooperation published [submissions](#) to a public consultation held from 27 October to 5 December 2025. The consultation sought views on the Co-Leads’ Draft Framework Convention Template (Workstream I) and on a Concept Note (Workstream III) on the prevention and resolution of tax disputes.

The Secretariat received over 120 submissions from Member States, international organizations, civil society, academia and business. Of these, 80 addressed the Framework Convention Template (including 41 submissions from Member States) and 42 addressed the Workstream III Concept Note (including 26 submissions from Member States).

These inputs will be considered during the intersessional period ahead of the [INC's Fourth Session](#) in New York, scheduled for 2-3 and 5-13 February 2026.

## **European Union (EU)**

### **European Commission publishes Implementing Regulation for DAC8 standardized XML-schema in EU Official Journal**

On 26 November 2025, the Official Journal of the European Union published the European Commission [Implementing Regulation](#) update for the standardized XML-Schema related to the Directive on Administrative Cooperation in Direct Taxation (Council Directive 2011/16/EU) 8 (DAC8) .

This development signifies the expansion of the Directive's scope to include Crypto-Asset Service Providers (CASPs), which will now be required to collect data on reportable crypto-asset transactions involving EU residents starting from 1 January 2026. The automatic exchange of this information within the EU is set to commence in 2027.

The OECD developed the reporting framework known as the Crypto-Asset Reporting Framework (CARF), which is available for adoption by other jurisdictions. The new schema aligns closely with the OECD's CARF schema published on 2 October 2024.

### **European Commission issues evaluation report on Directive on Administrative Cooperation**

On 7 December 2024, the European Commission published a [report](#) on the second evaluation of the Directive on administrative cooperation in the field of taxation (DAC), covering DAC2 to DAC6 in the period from 2018 to 2023. The evaluation is supported by a staff working document that is based on the findings of an external study, the results of public consultation closed in 20 July 2024 and targeted consultations undertaken by the Commission.

According to the report, DAC provides a robust, evolving and flexible legal framework that has significantly strengthened Member States' capacity to combat tax fraud, evasion and avoidance. The report notes that DAC

remains "broadly coherent with other relevant EU and international initiatives," delivers clear EU added value beyond national or bilateral solutions, and continues to be a highly relevant policy tool. In the Commission's assessment, DAC's benefits substantially outweigh its costs. In fact, based on an external study, total tax benefits are estimated at approximately €6.8b and annual recurring adjustment costs and administrative cost are approximately €646m for all concerned stakeholders.

Despite these positive findings, the report identifies areas for improvement, including the need to streamline administrative processes and enhance compliance mechanisms. To achieve this, the Commission proposes consolidating DAC legal texts, eliminating duplications in reporting obligations and publishing EU-wide guidance to ensure consistent application across Member States.

Additionally, the report emphasizes the importance of improving the penalties framework to ensure compliance with DAC provisions. The Commission plans to engage with Member States to review and enhance penalty regimes. Strengthening taxpayer identification and enhancing the systematic use of DAC data are also key focuses, with plans to assess the feasibility of an EU-wide Tax Identification Number (TIN) system.

## **Country developments**

### **Argentina proposes amendments to its transfer pricing regime**

On 20 November 2025, as part of the Participatory Norm Program, the Argentine tax authority published the draft of the General Resolution that will replace the current General Resolution (AFIP) 4717/20, which is the cornerstone of the Argentine transfer pricing regime. The draft was available for comments until 12 December 2025.

The draft introduces tighter rules on the use of comparables, mandatory justification for changes in transfer pricing methods and enhanced requirements for documentation, particularly for international transactions and business restructurings.

Notable changes include new definitions for hard-to-value intangibles, clear guidelines for export commodity contracts, updates to de minimis thresholds and revised procedures for submitting the Master File and compliance risk questionnaires.

See EY Global Tax Alert, [Argentina proposes amendments to its transfer pricing regime](#), dated 2 December 2025.

## Australian Taxation Office issues guidance on public CbCR exemptions and extends submission deadlines

On 5 December 2025, the Australian Taxation Office (ATO) released Practice Statement Law Administration [PS LA 2025/2](#), detailing its administrative approach regarding exemptions from the public CbCR obligations. This regime, effective for reporting periods starting on or after 1 July 2024, mandates that multinational enterprises publish selected tax information for Australia, specified countries, and their global operations.

The practice statement clarifies that the Commissioner has the discretion to grant exemptions under the Taxation Administration Act 1953 when disclosure may be inappropriate due to factors such as commercial sensitivity or legal restrictions. Entities must submit detailed applications, including supporting evidence, to justify their requests. The guidance emphasizes that although exemptions can provide relief, they will be granted sparingly to maintain the integrity of the transparency framework. The statement also outlines the exemption application process, including considerations for exceptional circumstances and the importance of disclosing information to the greatest extent possible.

In conjunction with this announcement, the ATO has provided a [lodgment deferral](#) for CbCR statements. Reporting entities with obligations for periods ending on 31 December 2024 that had a due date of 31 December 2025 are granted an extension until 30 January 2026. This deferral is automatic and applies to all relevant statements, including the Local file, Master file, and CbC report, ensuring that entities have adequate time to prepare their submissions. Failure to lodge these statements by the new deadline may result in penalties.

## Austrian government approves draft bill implementing DAC8 into domestic law

On 24 November 2025, the Austrian government announced the approval of a [draft bill](#) aimed at implementing the Amending Directive to the 2011 Directive on Administrative Cooperation (2023/2226), commonly referred to as DAC8. This directive introduces new regulations for tax reporting and information exchange, particularly concerning e-money and crypto assets. It

mandates the exchange of information on cross-border rulings involving high-net-worth individuals and establishes penalties and compliance measures for various reporting obligations under the DAC framework.

The draft bill outlines that EU Member States must incorporate the primary rules of DAC8 into their national legislation by 31 December 2025, with these rules set to take effect from 1 January 2026. Certain provisions related to the TIN reporting system have extended deadlines, requiring implementation by the end of 2027 or 2029, with applicability starting in 2028 or 2030.

The bill passed the first chamber of Austrian Parliament on 10 December 2025. The approval of the second chamber is pending but expected in soon.

## Canada's 2025 budget implementation bill no. 1 introduced in House of Commons

On 18 November 2025, Bill C-15, Budget 2025 Implementation Act, No. 1, was introduced in the House of Commons, implementing various tax measures, including its 2025 federal budget, proposing changes to the Canadian transfer pricing rules, effective for tax years beginning after 4 November 2025.

In particular, the proposed rules eliminate the current distinction between common pricing adjustments and transaction recharacterization, now allowing adjustments in all cases when the Canada Revenue Agency (CRA) considers that actual conditions differ from arm's-length conditions, which may increase the complexity of compliance and audits.

An interpretation rule is also added to ensure that Canada's transfer pricing rules are applied in a manner consistent with the analytic framework set out by the OECD Transfer Pricing Guidelines. Documentation requirements will be broadened, with a reduced timeframe from three months to 30 days for providing transfer pricing documentation to the CRA, emphasizing the need for comprehensive and contemporaneous records.

See EY Global Tax Alerts, [Canada's 2025 budget implementation bill no. 1 introduced in House of Commons](#), dated 2 December 2025, and [Canada's 2025 federal budget introduces revised transfer pricing rules](#), dated 14 November 2025.

## China State Tax Administration releases annual report on Advance Pricing Arrangements for 2024

Recently, the State Taxation Administration (STA) of China published its annual [report](#) on Advance Pricing Arrangements (APAs) for 2024, marking the sixteenth edition of this report. This document outlines the latest policies, implementation procedures, statistics, and developments related to China's APA program, covering agreements concluded from 2005 to 2024.

The report indicates a significant increase in the total number of APAs, with 165 unilateral and 170 bilateral agreements signed on a cumulative basis from 2005 to 2024. Notably, this year marked a milestone as the number of bilateral APAs surpassed unilateral ones for the first time.

The report is not legally binding, and neither taxpayers nor tax administrations can rely on it as a legal basis for negotiations concerning APAs.

## Cyprus tax authorities issue clarification note regarding bilateral agreement with the US

On 25 November 2025, the Cypriot Tax Department [publicly announced](#) that the bilateral Competent Authority Agreement for the exchange of CbC reports between Cyprus and the US, which is still under negotiation, is expected to be effective for Reporting Fiscal Years (RFYs) starting on or after 1 January 2025.

As a consequence, the secondary filing mechanism for a Cypriot Constituent Entity (CE) of an MNE group with a US-tax-resident Ultimate Parent Entity (UPE) is triggered for RFYs that started on or after 1 January 2024, but before 1 January 2025 (i.e., during calendar year 2024). Accordingly, a Cypriot CE whose UPE is a tax resident in the US, must file the CbC report locally in Cyprus for its RFY ending on 31 December 2024, even if a CbC report has been, or will be, submitted in the US.

The Cypriot Tax Department has further noted that if Cypriot CEs have already filed notifications in Cyprus for RFYs starting on or after 1 January 2024 and before 1 January 2025, the notifications must be revised accordingly if they are affected by the announcement. If these notifications are revised before 31 December 2025, no penalties will be imposed.

See EY Global Tax Alert, [Cyprus tax authorities issue clarification note regarding bilateral agreement with United States](#), dated 1 December 2025.

## Irish Revenue clarifies application of anti-hybrid rules to Irish partnerships

On 27 November 2025, the Irish Revenue updated its guidance in the Tax and Duty Manual [Part 35c-00-01](#) concerning the application of anti-hybrid rules and the associated enterprises test in relation to Irish partnerships. This development clarifies the treatment of partnerships under Irish tax law, particularly emphasizing that partners in a partnership are always considered to be "acting together" regarding voting rights of shares held through the partnership.

The updated guidance explicitly states that the associated enterprises test now applies to partnerships by examining the ownership rights, voting power and profit entitlements of the partners. If a partner holds at least 25% of ownership rights, voting power or profit share, that partner and the partnership are deemed associated enterprises. Furthermore, when a partnership holds at least 25% in a subsidiary, each partner and the subsidiary entity will also be regarded as associated enterprises. This is crucial as the anti-hybrid rules apply only to transactions between associated entities.

Further guidance on the classification of foreign entities and their treatment under these rules is anticipated.

## Italian Council of Ministers approve draft bill implementing DAC8 into domestic law

On 4 December 2025, the Italian government [announced](#) the approval of measures to implement Directive (EU) 2024/2226, commonly referred to as DAC8, following consultation with the relevant parliamentary commissions, as provided by Law No. 91 of 13 June 2025.

The DAC8 framework mandates that financial institutions and service providers report information regarding transactions involving cryptocurrencies and other digital assets. Future steps will involve the development of specific regulations and guidelines to operationalize these reporting requirements to be published in the Italian *Official Gazette*.

## Latvian President signs bill implementing DAC8 into domestic law

On 21 November 2025, Latvia's President [signed](#) amendments to the Law on Taxes and Duties, following their approval by the Latvian Parliament on 6 November 2025. The amendments partially implement the Amending Directive to the 2011 Directive on Administrative Cooperation (DAC8). This development introduces a framework for the reporting of transactions involving crypto assets.

The amendments mandate crypto-asset service providers to report transactions with crypto assets to the State Revenue Service under specified conditions. The definition of "crypto asset" aligns with the Markets in Crypto-Assets Regulation, ensuring clarity in compliance requirements. Additionally, the amendments empower the Cabinet of Ministers to establish detailed regulations governing these reporting obligations. Noncompliance may result in penalties of up to €14k.

The law will take effect on 1 January 2026. Reporting obligations commence in 2026, with the first reports likely due in 2027 (after the 2026 reporting year ends).

## Lithuania proposes amendments introducing DAC8 into domestic law

On 17 November 2025, the State Tax Inspectorate of Lithuania announced proposed [amendments](#) to Order No. VA-114, aimed at aligning national tax information exchange procedures with EU Amending Directive (2023/2226) to the 2011 Directive on Administrative Cooperation (DAC8).

The proposed amendments will replace the existing rules governing mutual assistance and tax information exchange, introducing updated definitions and procedures. Key enhancements include clarifications on information exchanged upon request and strengthened requirements for automatic information sharing. Additionally, the amendments expand the categories of information to be shared, encompassing income data, financial information, and advance cross-border tax rulings. They also establish stricter deadlines and procedural guarantees, mandating the use of standardized EU data formats.

The proposed changes were open for public consultation until 28 November 2025. As the draft from relevant institutions included no material objections/comments, it is expected that the updated procedure will be enacted starting in the new year.

## Dutch Government clarifies effective date of DAC8 bill

On 12 November 2025, the Dutch Government submitted an [amending bill](#) clarifying the effective date of the DAC8 bill, which implements the Amending Directive to the 2011 Directive on Administrative Cooperation (2023/2226).

The DAC8 bill is currently under review in the lower house of the Dutch Parliament and is intended to be incorporated into the Law on International Assistance with the Levying of Taxes.

The key provision of the amending bill states that if the *Government Gazette* publishing the Act is released after 31 December 2025, the law will take effect the day after its publication, with retroactive application to 1 January 2026. This retroactive effect is designed to ensure that the provisions of the DAC8 bill are enforceable from the intended start date indicated in the EU Directive, regardless of legislative delays.

## Slovenia's National Assembly approves draft law implementing DAC8 and DAC9

On 4 November 2025, the National Assembly of Slovenia [announced](#) a draft proposal of an amendment to the Tax Procedure Act, transposing the European directive DAC8. DAC8 focuses on tax information reporting and exchange concerning crypto-assets, while also introducing additional measures to enhance cooperation among Member States' authorities.

Reporting obligations will apply to crypto-asset providers, including those regulated and authorized under Regulation (EU) 2023/1114, who must register with the Securities Market Agency. Additionally, crypto-asset operators not regulated by this regulation will need to register with the Financial Administration of the Republic of Slovenia (eDavki). These providers will be required to fulfill obligations such as registration, conducting due diligence procedures and reporting information on crypto-asset services.

According to the draft proposal, the timeline for DAC8 includes the registration of crypto-asset operators at the Financial Administration starting from 1 January 2026, along with the implementation of due diligence procedures from the same date. If the draft proposal is approved, information reporting on crypto-asset services for data from the calendar year 2026 will commence on 1 January 2027. The new provisions will take effect within 15 days of their publication in the Slovene *Official Gazette*.

## HMRC issues Transfer Pricing operational guidance on evidence gathering and comparables

In November 2025, His Majesty's Revenue and Customs (HMRC) updated its transfer pricing [guidance](#), specifically focusing on evidence gathering and the search for comparable transactions.

The updated guidance outlines how case teams should determine arm's-length pricing by analyzing a range of data. If the results from the tested party fall within an acceptable range of arm's-length prices, no adjustments are necessary. However, if the results fall outside this range, adjustments must be made to align the tax computation with the arm's-length price.

The guidance identifies three key issues to consider when dealing with a wide range of results: the reliability of the comparables, the presence of comparability defects, and the appropriate adjustment point within the arm's-length range. Case teams should eliminate less reliable comparables and use statistical tools, such as the interquartile range (IQR), to enhance the reliability of their analysis. While the use of IQR is not mandatory, it should be used in certain situations to improve accuracy. Moving forward, case teams will need to refine their selection of comparables and establish clearer methods for setting transfer prices based on this guidance.

## UK's 2025 Budget includes corporate income tax changes

On 26 November 2025, the United Kingdom (UK) Chancellor presented the 2025 Budget, which includes detailed changes to corporation tax affecting cross-border transactions and reorganizations.

Through the Finance Bill 2025-26, the Government will look to simplify the taxation of related-party transactions, nonresident companies trading in the UK and profits diverted from the UK, for chargeable periods beginning on or after 1 January 2026. The legislation will simplify the UK transfer pricing rules in a number of areas, including interpretation in accordance with OECD principles.

The Government will look to bring the UK's permanent establishment rules in line with the latest international consensus on the definition of a permanent establishment and the allocation of profits to a permanent establishment. Further, the Government will update the legislation and Statement of Practice on the Investment Manager Exemption, in addition to introducing a new way for a UK-resident company to claim relief if a transfer pricing adjustment is made to a connected foreign company that relates to a UK permanent establishment. The legislation will also create a new charging provision for unassessed transfer pricing profits within corporation tax.

In relation to transfer pricing documentation, the Government will legislate to require in-scope multinationals to submit an International Controlled Transactions Schedule (ICTS) to report information annually on cross-border related party transactions. This measure is expected to take effect for accounting periods beginning on or after 1 January 2027.

See EY Global Tax Alert, [UK introduces Budget 2025](#), dated 2 December 2025.

For additional information with respect to this Alert, please contact the following:

**Ernst & Young LLP (United States), Global Tax Desk Network, New York**

- ▶ Ana Mingramm                      ana.mingramm@ey.com
- ▶ Jose A. (Jano) Bustos              joseantonio.bustos@ey.com
- ▶ Roberto Aviles Gutierrez              roberto.aviles.gutierrez1@ey.com

**Ernst & Young Belastingadviseurs LLP, Rotterdam**

- ▶ Marlies de Ruiter                      marlies.de.ruiter@nl.ey.com
- ▶ Maikel Evers                      maikel.evers@nl.ey.com
- ▶ Mahi Anastasiou                      mahi.anastasiou@nl.ey.com

**Ernst & Young Belastingadviseurs LLP, Amsterdam**

- ▶ David Corredor-Velásquez              david.corredor.velasquez@nl.ey.com

**Ernst & Young, S.A., Porto**

- ▶ Mariana Lemos                      mariana.lemos@pt.ey.com

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