PKF

PKF worldwide tax update

June 2026

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Welcome

In this second quarterly issue for 2026, the PKF Worldwide Tax Update newsletter again brings together notable tax changes and amendments from around the world, with each followed by a PKF commentary which provides further insight and information on the matters discussed. PKF is a global network with more than 540 offices, operating in over 150 countries across our five regions, and our tax experts specialise in providing high-quality tax advisory services to international and domestic organisations in all our markets.

In this issue featured articles include discussions on:

- Significant personal and corporate income tax changes in Brazil, Romania, Trinidad and Tobago, Ukraine and the United Arab Emirates
- Indirect taxes and VAT (case law) in Germany, Poland and Switzerland
- International tax developments (CFC/thin cap, CbC reporting, BEPS, MLI, Pillar 2, double tax treaties, transfer pricing, etc.) in Hong Kong, Italy, South Africa, Taiwan and the United States.

We trust you find the PKF Worldwide Tax Update for the second quarter of 2026 both informative and interesting and please do contact the PKF tax expert directly (mentioned at the foot of the respective PKF commentary) should you wish to discuss any tax matter further or, alternatively, please contact any PKF firm (by country) at **www.pkf.com/pkf-firms**.



Brazil

Ultimate beneficial owner declaration now subject to mandatory annual updates

With the publication of RFB Normative Instruction No. 2,290/2025, the Brazilian Federal Revenue Service ('RFB') updated the rules applicable to the declaration of beneficial owners and established its annual filing requirement. The measure requires companies with at least one corporate shareholder, whether domestic or foreign, to report their beneficial owners – or confirm their absence – by 31 December 2026, through the new platform known as the digital beneficial ownership form ('e-BEF').

Following this update, the obligation is no longer a one-time requirement and now demands periodic reporting. Even in the absence of changes in the ownership structure, the information must be resubmitted annually by the last day of each calendar year. In the event of any changes to the reported information, an update must be filed within 30 days from the date of the relevant event.



The new framework directly affects entities with corporate participation, requiring greater rigour in the oversight and management of ownership structures. In practice, this will require reviewing internal processes, implementing continuous monitoring mechanisms and ensuring the consistency of the information reported to the RFB.

Failure to comply with these requirements may result in the suspension of the company's registration with the Brazilian National Registry of Legal Entities ('CNPJ'), potentially affecting the regular conduct of its operations.

Brazil's Federal Revenue Service classifies transparent LLCs as having privileged tax regime status

The Brazilian Federal Revenue Service ('RFB') has issued an interpretation, through Consultation Solution No. 56/2026, establishing that limited liability companies (LLCs) – US entities – treated as transparent for tax purposes and held by non-residents of the US are considered entities established under a privileged tax regime.

By adopting this interpretation, the RFB imposes a change in the tax treatment of the profits of these entities for individual taxpayers in Brazil. According to the offshore law (Law No. 14,754/2023), individuals who hold a controlled entity in a jurisdiction with a privileged tax regime are subject to annual taxation on profits at the individual level.

Accordingly, taxpayers must prepare or adapt the financial statements of these entities to comply with Brazilian rules and pay personal income tax ('IRPF') on the profits earned, regardless of whether such profits are distributed or not. The tax must be paid on the last business day of each year, and the profits must be reported in the annual personal income tax return ('DIRPF').

Notwithstanding the clarity of the RFB's interpretation, its underlying rationale is highly questionable. Brazilian taxpayers who hold a transparent LLC may still be subject to federal taxation on such income in the US. There is no automatic correlation between the characterisation

of a pass-through entity and the absence of federal income taxation in the US.

Moreover, such income may be taxed in the US at a different time from that considered under Brazilian law, depending on the nature of the income, its classification and the manner in which it is allocated to members. This may result in timing mismatches.

This is a relevant point of attention, particularly because such mismatches may create challenges for the offset of taxes paid abroad, for the purposes of applying the reciprocity agreement between the countries.

In any event, the classification proposed by the RFB requires, at a minimum, a careful case-by-case analysis to ensure tax compliance. Additionally, it is advisable for taxpayers to revisit any existing tax planning structures in order to avoid unexpected impacts.

Brazil's Federal Revenue Service regulates obligations related to the global minimum tax

The Brazilian Federal Revenue Service ('RFB') has issued a regulation governing obligations related to the global minimum tax in Brazil, applicable to multinational groups. The measure details operational aspects concerning the calculation and payment of the additional contribution on net profits ('CSLL'), in line with the minimum taxation regime adopted by Brazil.

The regulation establishes that the additional CSLL must be reported in the declaration of federal tax debts and credits ('DCTFWeb') by the sixth month following the end of the fiscal year, with payment due by the last business day of the seventh month following the close of the fiscal year.

Brazil has adopted the qualified domestic minimum top-up tax (QDMTT), which provides for a minimum taxation of 15% on income attributable to the Brazilian jurisdiction and requires specific adjustments. The measure aligns with the practices recommended by the OECD to prevent tax base erosion (GloBE rules – Global Anti-Base Erosion) and to combat tax avoidance.

Considering that 2026 will be the first year of compliance with these obligations, relating to fiscal year 2025, it becomes essential that companies subject to the global minimum tax – namely, multinational groups with annual global revenues exceeding €750 million in at least two of the last four years – take the necessary steps to comply with the new requirements.

Tax reform advances with the publication of regulations and enters a new phase

On 30 April 2026, the regulations for the tax on goods and services ('IBS') and the contribution on goods and services ('CBS') were published, marking a decisive step in Brazil's tax reform. The documents detail procedures, operational criteria and forms of compliance with tax obligations, with a direct impact on the routines of the fiscal, accounting and financial departments of companies.

With the publication, some of the uncertainties associated with the legislation were reduced. Nevertheless, the length of the regulations, with more than 600 articles each, highlights the complexity of the new tax model, which was initially conceived with the goal of simplification.



On the operational side, the regulations establish closing dates for tax calculation, electronic tax documents, return and cancellation scenarios, correction of the value added tax ('IVA') debit amount and criteria for use and consumption transactions.

In this context, topics such as pricing, supply chains, operational structures and credit utilisation now require more structured attention from taxpayers. It is worth noting that the applicable tax rate has not yet been announced.

Some of the most notable new rules are outlined below.

Ancillary obligations and tax documentation: The regulations provide for greater detail in tax documents and integration with electronic systems. This is likely to expand the automated cross-referencing of data by tax authorities and, consequently, the exposure to operational inconsistencies.

Market value for related-party transactions: These transactions, common in corporate group structures, will now be taxed based on market value, bringing IBS and CBS closer to transfer pricing concepts.

Split payment: The first phase of the mechanism has been regulated for payments via bank slip, PIX and electronic transfer. A subsequent phase will govern its application to card transactions. The model directly impacts cash flow and the timing of tax collection, requiring operational and systemic adjustments.

Credit utilisation: The right to tax credits is now linked to the settlement of the debt from the previous transaction, whether through payment by the purchaser or through split payment mechanisms. It is no longer necessary to wait for the supplier's actual tax remittance, which changes the traditional dynamic of credit management.

Several companies have already begun their preparation processes, working with clearer parameters to assess the adequacy of their systems and internal policies. For those that have not yet advanced on this agenda, the regulations reinforce the need to begin, with greater objectivity, the review of the guidelines that will govern the new model.

PKF Comment

If you believe any of the above measures may impact your business or personal situation, or require any advice with respect to Brazilian taxes, please contact Caio Vaz de Almeida at **caio.vazdealmeida@vazdealmeida.com** or call **+55 19 3252 4324**.

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Germany

Federal Court of Justice ruling on criminal assessment of incorrect, incomplete or omitted preliminary German VAT returns

The Federal Court of Justice (Bundesgerichtshof, 'BGH') recently ruled on the criminal assessment of incorrect, incomplete or omitted preliminary German VAT returns and incorrect, incomplete or omitted annual German VAT declarations relating to the same tax period. In its previous case law, the BGH had assumed a single criminal act with respect to non-compliant preliminary German VAT returns and annual German VAT declarations. Accordingly, in such cases, there was previously only a single act of VAT evasion under the Code of Criminal Procedure (Strafprozessordnung**,** 'StPO').

With its decision of 10 December 2025, the BGH is now initiating a change in course and expressly abandons its previous case law regarding the procedural unity of offences between preliminary German VAT returns and annual German VAT declarations.

In practice, this change means that particular caution is required when correcting an incorrectly or incompletely filed preliminary German VAT return. In ongoing VAT compliance, greater attention should therefore be paid to ensuring that correct preliminary German VAT returns are filed. If it is subsequently discovered that one or more preliminary German VAT returns were incorrect or incomplete, a correction to the relevant preliminary German VAT return must be submitted promptly, as preliminary German VAT returns are independent tax returns. The sometimes-common practice of correcting incorrect or incomplete preliminary German VAT returns by submitting a correct and complete annual German VAT return or by bundling corrections into the December preliminary German VAT return should therefore generally be avoided.

The change in case law also gives cause to review whether clients' tax compliance management systems and procedural documentation provide a precise description of processes and careful documentation of internal procedures, or whether these need to be refined in this regard.

PKF Comment

If you believe any of the above measures may impact your business or require any advice with respect to German indirect taxes, please contact Dr. Mario Wagner at **mario.wagner@pkf-fasselt.de** or call **+49 40 180401 162**.

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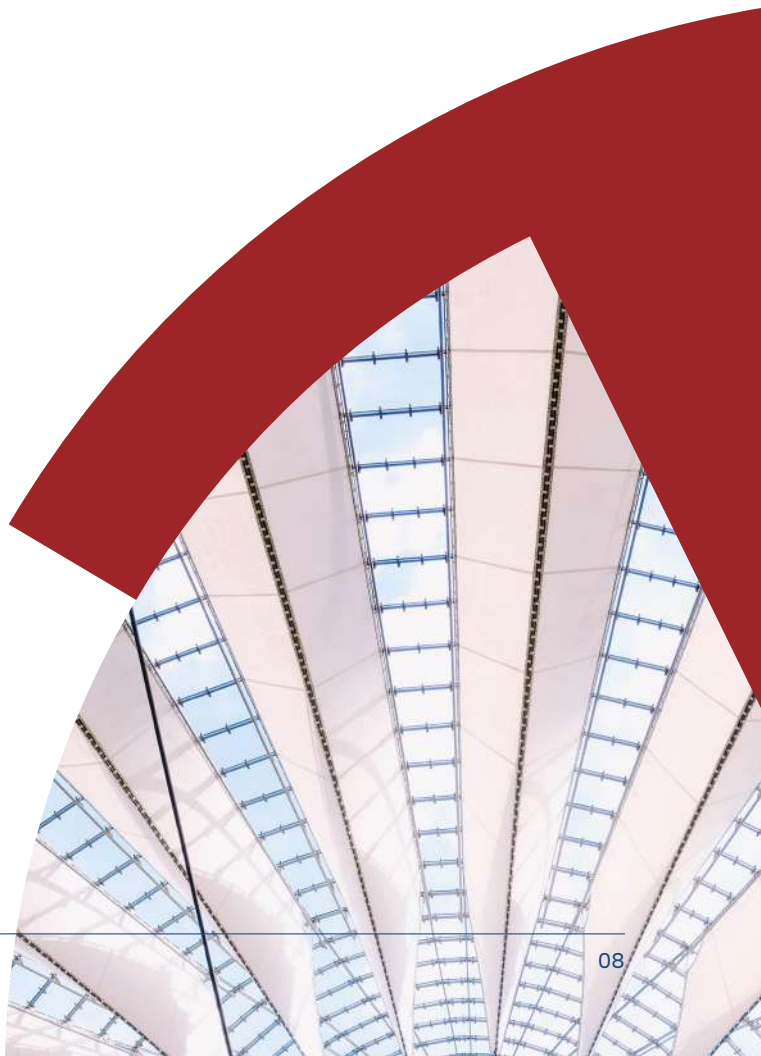

Hong Kong

New double tax treaties with Norway, the Kyrgyz Republic and Barbados

Hong Kong has expanded its network of double tax treaties (DTTs) with the signing of three new tax pacts since December 2025, bringing the total number of DTTs to 57.

Hong Kong–Norway DTT

Signed in Beijing on 16 December 2025, the Hong Kong–Norway DDT is Hong Kong's 55th DTT. The agreement allocates taxing rights between the two jurisdictions and provides relief from double taxation.

Any tax paid by Hong Kong residents in Norway will be creditable against Hong Kong tax on the same income, subject to the Inland Revenue Ordinance (Cap. 112) (IRO). Norway's withholding tax on dividends paid to Hong Kong residents, currently up to 25%, will be reduced to 5% or 15%, depending on the recipient's shareholding percentage, provided the relevant conditions in the DTT are satisfied.

Hong Kong–Kyrgyz Republic DTT

On 2 March 2026, Hong Kong signed its 56th DTT, with the Kyrgyz Republic, via an online bilateral meeting. The agreement allocates taxing rights between the two jurisdictions to provide double taxation relief and enhance tax certainty for cross border investors.

Under the DTT, any tax paid by Hong Kong residents in the Kyrgyz Republic will be allowed as a credit against Hong Kong tax on the same income, in accordance with the IRO. In addition, where a Hong Kong company directly holds at least 20% of the share capital of the dividend paying company, the Kyrgyz withholding tax rate on such dividends, currently up to 10%, will be reduced to 5%. The maximum withholding tax rate on interest and royalties received by Hong Kong residents will be reduced from 10% to 8%, subject to the conditions in the DTT being met.

Hong Kong–Barbados DTT

Hong Kong concluded its 57th DTT, with Barbados, in Beijing on 19 March 2026. The agreement allocates taxing rights between Hong Kong and Barbados, enabling investors to better evaluate their tax exposure in respect of cross border economic activities and to avoid double taxation.

Any tax paid by Hong Kong residents in Barbados will be creditable against Hong Kong tax on the same income, subject to the IRO. Notably, Barbados will exempt Hong Kong residents from withholding tax on dividends, which is currently imposed at a general rate of 5%, provided the relevant conditions under the DTT are satisfied.

The DTT with Norway, the Kyrgyz Republic and Barbados will enter into force upon the completion of ratification procedures by the respective jurisdictions.



Hong Kong launches Pillar Two Portal for in-scope MNE groups

Following the enactment of the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 on 6 June 2025, which introduced the Global Anti-Base Erosion (GloBE) rules and the Hong Kong minimum top-up tax (HKMTT) for in-scope multinational enterprise (MNE) groups, the Hong Kong Inland Revenue Department (IRD) has advanced Hong Kong's Pillar 2 compliance framework by launching the **Pillar Two Portal**.

The IRD announced that the first phase of the Pillar Two Portal was launched on 19 January 2026, enabling relevant Hong Kong entities within in-scope MNE groups (for fiscal years beginning on or after 1 January 2025) to file top-up tax notifications electronically.

1. Key implementation timeline

The IRD is rolling out the Pillar Two Portal in two distinct phases:

- **Phase 1 (live from 19 January 2026):** Relevant Hong Kong entities can e-file annual top-up tax notifications via the Pillar Two Portal (an extended function of the Business Tax Portal (BTP)).
- **Phase 2 (targeted for Q4 2026):** Targeted for launch in Q4 2026 to support e-filing of top-up tax returns (including the required GloBE information return (GIR) data) and to allow users to view/download notices of top-up tax assessments.

2. Critical compliance and filing deadlines

- **Top-up tax notification:** Must be filed within six months after the last day of the fiscal year. An in-scope MNE group may appoint one Hong Kong entity to file the notification on behalf of other relevant Hong Kong entities in the same group.
- **Top-up tax return:** Due 15 months after the fiscal year end (extended to 18 months for the first transition year).
- **Mandatory e-filing for profits tax:** Relevant Hong Kong entities within in-scope MNE groups are required to e-file profits tax returns (BIR 51/ BIR 52) for years of assessment beginning on or after 1 April 2025 (i.e. year of assessment 2025/26 onwards), subject to limited exceptions. The regime generally applies on a 'once-in, always-in' basis.

3. Action required: Access and authentication

To use the Pillar Two Portal, relevant Hong Kong entities should ensure the following are in place:

- **BTP business account**: The filing entity must register a dedicated BTP business account to access the Pillar Two Portal.
- **Digital authentication:** Individuals authorised to sign and submit top-up tax notifications/returns must use an e-Cert (Organisational) with AEOI Functions for authentication.
- **Group codes ('MNE code') and Form IR1485:** A unique group code will be assigned to each in-scope MNE group (and, where relevant, a JV code). The IRD requires the submission of Form IR1485 in paper form and encourages early application, as the MNE code is required when filing a top-up tax notification through the Pillar Two Portal.

4. Use of representatives

Tax representatives and authorised service agents can access the Pillar Two Portal on behalf of relevant Hong Kong entities. Management of permissions is handled through the BTP.

Definitions (for ease of reference)

- **In-scope MNE group:** An MNE group with annual consolidated revenue of €750 million or above in at least two of the four fiscal years immediately preceding the current fiscal year (broadly, the Pillar 2 scope threshold).
- **Relevant Hong Kong entities:** For Pillar 2 administrative purposes, this broadly includes Hong Kong constituent entities of an in-scope MNE group and certain related entities (e.g. Hong Kong joint ventures/JV subsidiaries and certain stateless entities/permanent establishments that are treated as created in, or located in, Hong Kong under the rules).

- **Top-up tax notification:** An annual notification filed with the IRD to, among other things, confirm the group is within scope and provide information about how/where GIR information will be filed/exchanged and which entity will file locally, where applicable.
- **Top-up tax return:** The annual return for Pillar 2/HKMTT purposes, containing the information required in the standardised GIR, due 15 months after the fiscal year end (extended to 18 months for the first transition year).
- **BTP (Business Tax Portal):** The IRD's e-platform through which businesses access certain electronic tax services. The Pillar Two Portal operates as an extended function of the BTP.
- **e-Cert (Organisational) with AEOI Functions:** The digital certificate used to authenticate authorised individuals for submitting Pillar 2 filings online.
- **HKMTT:** Hong Kong's domestic minimum top-up tax, designed to operate consistently with Pillar 2 and (is intended to) qualify as a QDMTT under OECD requirements.
- **GIR (GloBE information return):** The OECD-standard information return under Pillar 2 that supports global minimum tax computations and reporting.

PKF Comment

The latest DTTs with Norway, the Kyrgyz Republic and Barbados reflect Hong Kong's continued strategy of broadening its tax treaty network to support trade, investment and its role as an international financial centre. The reductions and elimination of withholding taxes, together with enhanced certainty on taxing rights and access to foreign tax credits, present planning opportunities for multinational groups and investors using Hong Kong as a regional or global hub. Businesses with existing or planned investments in these jurisdictions should review their holding, financing and licensing structures to determine how best to benefit from the new treaty provisions and align with internal tax and treasury policies.

The launch of the Pillar Two Portal is a key operational milestone for Hong Kong's global minimum tax and HKMTT compliance. In-scope groups should prioritise: (i) early application for group codes (Form IR1485); (ii) readiness of BTP access and appropriate e-Certs; and (iii) deciding whether a single Hong Kong entity (or an appointed agent) will manage notifications and, from Q4 2026, top-up tax return filings.

For further information concerning the above or any service request with respect to Hong Kong taxation, please contact Henry Fung (Tax Partner) at **henryfung@pkf-hk.com**, Jonathan Lau (Senior Tax Manager) at **jonathanlau@pkf-hk.com** or call **+852 2806 3822**.

BACK

Italy

Italy defines operational rules for Pillar 2 reporting (GIR)

The Italian Revenue Agency has issued a director's provision outlining the technical rules for submitting the GIR (GloBE information return), referred to in Italy as the comunicazione rilevante.

This follows the adoption of the DAC9 Directive and the introduction of the global minimum tax framework.

All Italian entities that are part of a multinational or domestic group with consolidated revenues of at least €750 million in two of the previous four fiscal years must comply.

Filing is not required if the GIR is submitted by a designated local entity or the ultimate parent entity (UPE) in another jurisdiction, provided there is a valid agreement for information exchange.

The return must be filed within 15 months after the end of the reporting fiscal year. For the first (transitional) year, this is extended to 18 months. In any case, the first deadline cannot fall before 30 June 2026.

Information must follow OECD model rules and related guidance to ensure consistency, and figures must be reported in the currency used in the group's consolidated financial statements.

The data will then be shared with other EU Member States and eligible jurisdictions within three months (or six months in the first year). The first exchanges will not occur before 1 December 2026.

If errors are identified by foreign tax authorities, taxpayers have 30 days to submit an amended return after being notified.

This measure aligns Italy with OECD and EU standards.

PKF Comment

This provision sets out the Italian operational rules for Pillar 2 reporting (GIR), confirming filing obligations, exemptions, deadlines and submission requirements in line with OECD standards. Multinational groups should review their reporting processes ahead of the June 2026 deadline and the start of international data exchange.

Please feel free to contact our professionals at PKF Studio TCL – Tax Consulting Legal at **studiotcl@pkf-tclsquare.it** or call **+39 010 81 83 250** (Genoa office).

BACK

Commissions subject to withholding tax from 1 May 2026

As part of the recent tax measures introduced by the Italian law to strengthen control and compliance tools, Legislative Decree n. 38/2026 deferred the entry into force of the new provisions relating to withholding tax (WHT) for specific categories of operators in the tourism and transport sectors from March to May 2026.

Therefore, from 1 May 2026, the ordinary regime established by article 25-bis of Presidential Decree no. 600/1973 will once again apply, resulting in the obligation to withhold tax on commissions paid to:

- travel and tourism agencies;
- maritime and air agents, shipping agents and brokers; and
- oil company agents and commission agents.

Pursuant to article 25-bis of Presidential Decree n. 600/1973, the WHT rate is 23%, and the taxable amount varies based on the recipient's business structure.

In particular:

- If the recipient continuously employs staff or third-party collaborators, the 23% withholding tax applies to 20% of the commissions paid.
- In the absence of employees or continuous collaborators, the withholding tax applies instead to 50% of the commissions.

The application of the reduced WHT rate of 23% on 20% is subject to the submission of a specific declaration certifying the existence of the requirements stipulated by the legislation.

This declaration must be prepared according to the form approved by Ministerial Decree of 16 April 1983, and sent to the withholding agent by registered mail with acknowledgement of receipt or by certified email ('PEC').

As a general rule, such communication must be submitted:

- by 31 December of the previous year; or
- within 15 days of meeting the conditions required for access to the preferential regime.

Particular attention must be paid to the effective date of the WHT. The WHT will apply to commissions paid from 1 May 2026, regardless of when they accrued. Therefore, even commissions accrued earlier may be subject to withholding if the related payment occurs after that date (1 May 2026).

The legislation introduces additional operational aspects in cases where commissions are directly withheld by the recipient from sums collected on behalf of the client. In such cases, the recipient of the commission is required to remit the amount corresponding to the WHT to the client, while the payment to the Treasury must be made by the withholding agent by the 16th of the following month. According to the interpretation provided by the Italian tax authorities, withholding taxes are considered to have been applied in the month following the month in which the commissions are withheld by the recipient. This means that the remittance obligations may also apply to commissions related to contracts finalised before May 2026.

Withholdings on commissions are paid through the F24 form by the 16th day of the month following the payment, using the tax code '1040'.

The companies concerned will therefore be required to:

- promptly update their administrative and accounting systems;
- verify the correct classification of contractual relationships;
- acquire any declarations required for the application of the reduced WHT; and
- carefully monitor the commission payment date.

PKF Comment

If you believe the above regulations may impact your business or personal situation, or require any advice with respect to Italian taxation, please contact Federica Godoli at **fgodoli@studiogodoli.it** or call **+39 051 232 450**.

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Poland

Introduction of national e-invoicing system ('KSeF')

From 1 April 2026, issuing and receiving invoices in Poland will be legally possible only within the national e-invoicing system (Krajowy System e-Faktur, KSeF). KSeF serves as the digital platform for managing e-invoicing in Poland, developed by the Ministry of Finance to streamline both B2G and B2B transactions. Thanks to KSeF, the Polish tax authority ('KAS') obtains real-time access to invoice data.

KSeF allows all VAT payers in Poland (including SMEs, micro-entrepreneurs and sole traders – with limited transitional exemptions) to issue, receive and store structured invoices in a uniform XML format (replacing traditional paper and PDF invoices). The new format is based on a structured template called the FA(3) invoice schema. Only invoices issued in accordance with the FA(3) receive a unique KSeF identification number (assigned by the KSeF) and become legally effective.

The introduction of e-invoicing (via KSeF) has been executed in two stages. From 1 February 2026, large VAT payers (i.e. those with turnover above PLN 200 million in 2024) must issue and receive invoices through the KSeF. From 1 April 2026, all other VAT payers must follow. Micro-entrepreneurs with monthly turnover below PLN 10,000 may stay outside the KSeF until the end of 2026. All taxpayers can benefit from the suspension of any penalties relating to non-compliance during this period.

All foreign businesses with a fixed establishment (FE) – defined in the EU Implementing Regulation 282/2011 and the EU VAT Directive 2006/112 – are obliged to perform e-invoicing. Only those VAT-registered in Poland, without a FE, may choose to use KSeF voluntarily.

Higher VAT exemption threshold

From 1 January 2026 the threshold for VAT exemption for taxable persons is raised to PLN 240,000 of annual turnover (from PLN 200,000).

Taxpayers will be eligible for VAT exemption if the value of their sales (excluding VAT) does not exceed PLN 240,000 in the previous or current year. The new limit will therefore also apply to those taxpayers whose sales in 2025 were higher than PLN 200,000 but did not exceed PLN 240,000.

For taxpayers commencing business in 2026, the limit will be calculated in proportion to the period of business activity. Certain goods and services specified in the VAT Act will remain excluded from the exemption.



No penalties for members of tax capital groups

A tax capital group is a business model which allows for the joint settlement of income and losses by companies forming part of the group. A tax capital group may be formed by capital companies whose average share capital per company amounts to no less than PLN 250,000.

From 1 January 2026, tax capital groups will no longer lose their corporate income tax (CIT) status as a single taxpayer if they fail to maintain market conditions in transfer pricing (TP) with related parties outside the tax capital group.

New reporting files for income tax purposes (JPK_CIT)

From 1 January 2025, the requirement to submit particular data from the accounting books for CIT purposes (the so-called JPK_CIT obligation) applied only to the largest taxpayers (with annual turnover in 2024 exceeding €50 million) and tax capital groups.

From 1 January 2026, the same obligation applies to the majority of CIT and personal income tax (PIT) payers (i.e. unincorporated partnerships without legal personality) as well as businesses required to submit monthly VAT returns and records (so-called JPK V7M files).

CIT payers and unincorporated partnerships without legal personality are exempt from performing part of the JPK_CIT obligation (i.e. submitting the JPK_ST_KR file) for the financial year beginning after 31 December 2024 and before 1 January 2026.

As a general rule, CIT payers must submit the following accounting data by the end of the seventh month following their financial year end:

1. **JPK_KR_PD** – accounting ledger for income tax purposes (no exemptions); and
2. **JPK_ST_KR** – register of fixed assets and intangible assets (some exemptions from above).

PKF Comment

If you believe the above measures may impact your business or require any advice with respect to Polish taxation, please contact Agnieszka Chamera at **agnieszka.chamera@pkfpolska.pl** or call **+48 609 331 330**.

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Romania

2026 tax updates

1. Ordinance for the completion of Law No. 207/2015 on the Fiscal Procedure Code, as well as some fiscal-budgetary measures (Official Gazette No. 77 of 30 January 2026)

1.1 Special provisions regarding the registration of secondary offices as payers of salaries and income assimilated to salaries, according to Law No. 273/2006

If a taxpayer has several secondary offices paying salaries in the same administrative-territorial unit, they must designate a single secondary office within 30 days of the establishment of the first office. The designated secondary office is registered with ANAF for tax purposes as a payer of salaries for all the offices in that administrative-territorial unit.

1.2 Amendments and supplementations to Law No. 227/2015 on the Fiscal Code

Local tax reductions shall be applied for individuals who reside and actually live in the Apuseni Mountains and the Danube Delta area, for the following:

- home buildings – 50% discount (except for spaces used for economic activities);
- land related to home dwellings – 50% discount; and
- means of transport – 50% discount for a single vehicle, at the taxpayer's choice.

2. Ordinance for the completion of Law No. 207/2015 on the Fiscal Procedure Code, as well as some fiscal-budgetary measures (Official Gazette, Part I, No. 75 of 30 January 2026)

The definition of 'automatic sharing of information' between EU Member States is clarified and updated. ANAF transmits, through automatic exchange of information to other EU Member States, data on reportable accounts, for taxable periods starting from 1 January 2026. It is clarified that, for the automatic exchange of information, reported payments are determined according to national law, unless there are special rules.

Additional information (the existence of valid affidavits, the role of persons exercising control over account-holding entities, the type of account and the role of persons holding interests in an investment entity with a legal structure) shall be communicated for taxable periods from 1 January 2026.

The new provisions clarify the format, submission and automatic exchange of the information returns on the additional tax for multinational groups and large national groups (global minimum tax – Pillar 2).

The general deadline for submission is 90 days from the end of the calendar year or the relevant reporting period or from receipt of the declaration. The first reporting fiscal year is the one that starts after 31 December 2023, and the first exchanges cannot take place earlier than 1 December 2026.



3. GEO for the amendment and completion of certain normative acts, as well as for the adoption of certain measures to increase the financial capacity of administrative-territorial units (Official Gazette No. 146 of 25 February 2026)

3.1 Building tax

For authorised works, the value is established based on data from the documentation related to the building permit. Owners must declare buildings, including those built without authorisation. Failure to declare results in a 30% tax increase for each six-month delay.

3.2 Vehicle tax

If a vehicle is purchased, registered and sold in the same year, the tax is established with a single payment term – on the date of disposal. In the event of deregistration of a vehicle, the owner must submit a deregistration declaration to the competent tax authority within 30 days from the date of deregistration. Vehicle tax ceases to be due from 1 January of the year following deregistration. In order to request deregistration, all outstanding obligations to the local budget must be paid by the date of deregistration.

3.3 Amendments to the Fiscal Procedure Code (Law No. 207/2015)

The exchange of information between ANAF and local fiscal bodies is strengthened through the PatrimVen IT system.

When disposing of buildings, land and means of transport, the owner must provide proof of payment of all tax obligations to the competent local budget, including the tax for the current year, by means of a tax attestation certificate or by electronic verification.

When acquiring such goods, the buyer must also provide proof of payment of tax obligations to the competent local budget, by means of a tax attestation certificate or by electronic verification. Transactions concluded in violation of these obligations are null and void.

4. GEO No. 8 regarding the establishment of economic recovery measures, the increase in productive investments and competitiveness, as well as for the amendment and completion of certain normative acts in the fiscal-budgetary field (Official Gazette No. 147 of 25 February 2026)

4.1 Determining the adjusted profit tax for comparison with the minimum turnover tax

To compare the corporate income tax with the minimum turnover tax, the corporate income tax before the application of tax incentives is used, adjusted by subtracting sponsorships and other deductions provided for by special laws, but without reducing the external tax credit, the corporate income tax exempted in certain legal cases and the tax credit for research and development.

4.2 Tax credit for research and development – Application, compensation and refund regime

For research and development expenses, taxpayers may choose between the general tax incentives and a 10% tax credit. The two mechanisms cannot be applied simultaneously to the same expenses. The tax credit is deducted from the tax due, and any unused balance may be offset or refunded and used over the following four years. For tax groups, the credit is calculated by each member individually but is applied through the responsible legal entity.

4.3 Super-accelerated depreciation and limitation of accelerated depreciation and tax treatment of tax credit differences

A temporary super-accelerated depreciation regime is created for certain investments made in 2026, to stimulate the acquisition of technological equipment and investments in productive assets. In the first year of use, the tax depreciation can reach up to a maximum of 65% of the tax value of the asset, and for the following years the depreciation is calculated linearly, attributing the remaining value to the remaining normal period of use.

4.4 Tax regime of reserves established starting with 2026 – Restrictions and taxation conditions

With effect from the 2026 fiscal year (including amended fiscal years beginning in 2026), taxpayers who record fiscal reserves established as a result of applying the reinvested profit incentive cannot use these amounts to increase share capital, distribute dividends or cover losses for a period of five years beginning with the year following the one in which the reserves were created.

After the expiration of the five-year period:

- 50% of the reserves used for distribution are taxed; and
- reserves used to increase the share capital and/or cover losses are not taxed.

4.5 Annual corporate income tax declaration obligation

The annual corporate income tax return must be submitted by 25 June of the following year, for all corporate income taxpayers.

4.6 Changes to the microenterprise regime: Income ceiling, application conditions and rules for employees

To qualify as a microenterprise, revenue must not exceed the €100,000 threshold. The threshold also includes the revenue of linked enterprises. As a rule, the calculation is based on accounting turnover, excluding incidental income from non-current activities. However, repeated sales of fixed assets or land are included in the threshold calculation. The microenterprise tax regime generally applies from the following fiscal year after the legal conditions are met. Outstanding financial statements must be filed by 31 March 2026. A newly incorporated company may apply the microenterprise regime from its first fiscal year if it meets the legal requirements, including the condition to have at least one full-time employee within the first 90 days. If the employee condition is not met, the company becomes subject to corporate income tax starting with the following quarter. The employee condition is still considered fulfilled in certain suspension or sick leave cases of up to 30 days.

4.7 Increasing the cash basis VAT ceiling

The cash accounting VAT threshold is increased to 5,000,000 lei for the period from 1 March to 31 December 2026 and to 5,500,000 lei from 1 January 2027. The regime applies to VAT-registered taxable persons established in Romania who do not exceed the relevant threshold. It does not apply to taxpayers who exceeded the threshold in the previous year or exceed it in the current year. The regime applies at least until the end of the year in which it was chosen, and withdrawal is generally possible from the following year by notification. At the beginning of 2026, taxpayers exceeding the old threshold but remaining below the new one will not be excluded from the system.

4.8 3% bonus for tax obligations related to 2025

For 2025, corporate income taxpayers and microenterprise taxpayers benefit from a 3% bonus, provided that returns are filed and taxes are paid on time, and no outstanding liabilities exist. The bonus is granted by the tax authority and is generally used for offsetting, not for refund. Individuals may also benefit from a 3% bonus on income tax related to 2025 income, provided they file the single tax return and pay their liabilities by 15 April 2026.

5. GEO on the amendment and completion of certain normative acts in fiscal and budgetary matters (Official Gazette No. 181 of 9 March 2026)

5.1 Changes regarding the conditions for tax enforceability of the transfer of shares in LLCs (Law No. 239/2025)

The tax enforceability of the assignment of shares is verified upon registration of the assignment in the trade register. For this purpose, ONRC requests the tax certificate from ANAF, through electronic data exchange.

5.2 Repeals within the RO e-VAT system (amendments to GEO No. 70/2024)

The rules regarding SPV notifications for significant differences between the submitted VAT return and the pre-filled RO e-VAT return have been repealed. The provisions on the notification deadline, the materiality threshold, and the use of the explanatory note as a tax risk indicator have also been repealed. In addition, the National Committee for RO e-VAT no longer has the power to review or propose amendments to that threshold.

PKF Comment

If you believe the above measures may impact your business or personal situation, or require any advice with respect to Romanian taxation, please contact Anca Grapini at **anca.grapini@pkf.ro** or call **+40 747 100 007**.

BACK

Amendments regarding non-harmonised excise duties – Government Decision No. 39/2026

Through Government Decision No. 39/2026, the Romanian government amends the methodological norms for the application of Title VIII 'Excise Duties and Other Special Taxes' of the Fiscal Code, mainly in order to clarify the tax treatment applicable to products subject to non-harmonised excise duties and to incorporate the new product categories introduced by Emergency Ordinance No. 68/2025, namely chewing tobacco and nasal tobacco.

The new provisions establish detailed rules regarding the determination of excise duties due for:

- products containing tobacco intended for inhalation without combustion;
- products containing tobacco substitutes, with or without nicotine; and
- chewing tobacco and nasal tobacco.

The legislative act also clarifies that the processing of tobacco intended for chewing tobacco and nasal tobacco products classified under CN code 2403 99 10 00 must be carried out in tax warehouses authorised for the production of manufactured tobacco.

In addition, the obligation is introduced for economic operators producing, importing or acquiring intra-Community chewing tobacco and nasal tobacco to obtain authorisation, together with amendments to the procedures regarding the marking of such products and the issuance of fiscal stamps.

Furthermore, the methodological norms are supplemented with provisions concerning the refund of excise duties paid in Romania for products subsequently exported or supplied intra-Community, under certain conditions.

The amendments aim to align the procedural and tax framework with the new categories of excisable products and to clarify the obligations applicable to economic operators in this field.

Amendments regarding secondary establishments, deductibility of expenses incurred with affiliated entities and the RO e-Invoice system

Government Ordinance No. 6/2026 introduced significant amendments both to the Fiscal Procedure Code and to the Fiscal Code, targeting the administration of secondary establishments, the deductibility of expenses incurred with affiliated entities and the implementation of the RO e-Invoice system.

With respect to secondary establishments, taxpayers operating multiple secondary establishments within the jurisdiction of the same administrative-territorial unit are required to designate a single secondary establishment responsible for declaring and paying salary-related obligations. At the same time, taxpayers are no longer required to separately register for tax purposes those secondary establishments located within the same administrative-territorial unit as their tax domicile. The application of penalties for failure to register secondary establishments has been suspended until 30 June 2026.

Regarding corporate income tax, Government Ordinance No. 6/2026 removes the 1% cap on the deductibility of expenses incurred with non-resident affiliated entities for taxpayers with a turnover below €50 million, by repealing article 25[1] of the Fiscal Code. Starting with Q1 2026, the deductibility of such expenses will be assessed exclusively based on the general rules provided under article 25 of the Fiscal Code.

As regards the RO e-Invoice system, the deadline for the mandatory use of the system by individuals carrying out economic activities based on a personal identification number (CNP) has been extended until 1 June 2026. Persons already registered may request a temporary suspension from the register, while new taxpayers must register at least three working days before commencing their activity.

Implementation of DAC9 in Romania – Automatic exchange of information for Pillar 2

Through Government Ordinance No. 1/2026, Romania implemented the DAC9 Directive, introducing rules on the automatic exchange of tax information between EU Member States in connection with the top-up tax under Pillar 2.

The legislative act establishes the framework for the submission and exchange of the information return regarding the global minimum tax ('GIR'), as well as the deadlines and mechanisms for administrative cooperation between EU tax authorities.

By ANAF Order No. 218/2026, the templates and content of the forms used for reporting obligations related to the Pillar 2 top-up tax were approved, namely:

- the 'Information Return regarding the Top-up Tax' ('GIR'); and
- the 'Notification regarding the obligation to submit the Information Return regarding the Top-up Tax' ('GIR notification').

The new forms apply to constituent entities in Romania that are part of multinational groups or large-scale domestic groups falling within the scope of Law No. 431/2023 and must be submitted electronically through the e-government portal using the assistance software made available by ANAF.

In this context, constituent entities in Romania will no longer be required to submit the GIR in Romania if the return is filed in another EU Member State applying the DAC9 mechanism or an equivalent information exchange mechanism. In such cases, only the GIR notification must be submitted in Romania, indicating the reporting entity and the jurisdiction where the GIR is filed.

The use of a form other than the standard form provided by the legislation for the GIR may trigger fines ranging between 10,000 lei and 30,000 lei.

The general filing deadline for the GIR and the GIR notification is 15 months from the closing of the reporting financial year, extended to 18 months for the first year of application. In practice, the first reporting deadline is 30 June 2026.



Amendments regarding foreign nationals' access to the Romanian labour market – Emergency Ordinance No. 32/2026

A new framework for the employment of foreign nationals in Romania is introduced through the digitalisation and simplification of administrative procedures and the elimination of work and secondment permits.

The main amendments include:

- the introduction of the 'WorkinRomania.gov.ro' electronic platform, through which registration, authorisation and application procedures will be managed;
- the introduction of long-stay employment visas differentiated according to the type of worker – the D/AM1 visa for highly qualified workers (also applicable to other special categories provided by law) and the D/AM2 visa for permanent workers, seasonal workers and cross-border workers employed for activities included in the shortage occupations list;
- the introduction of the 'single application' procedure for obtaining work and residence rights;
- the obligation for employers and foreign worker placement agencies to register or obtain authorisation; and
- new conditions and financial guarantees applicable to employers and agencies recruiting foreign personnel.

At the same time, Emergency Ordinance No. 32/2026 also amends the Labour Code, by:

- introducing the obligation to conclude the individual employment agreement also in a language understood by the foreign employee;
- introducing new cases for the automatic termination of employment agreements; and
- introducing sanctions for failure to comply with the new obligations regarding contractual documentation.

The new rules aim to strengthen the control over the recruitment of foreign labour and to digitalise the administrative processes related to employment in Romania.

PKF Comment

If you believe the above measures may impact your business or personal situation, or require any advice with respect to Romanian taxation, please contact Florentina Susnea at **florentina.susnea@pkffinconta.ro** or call **+40 213 173 190/ +40 722 209 753**.

BACK

South Africa

Global minimum tax registration requirements

As part of South Africa's implementation of Pillar 2 model rules (also known as Global Anti-Base Erosion (GloBE) or GloBE rules), the South African Revenue Service (SARS) launched the registration and notification functionality for global minimum tax (GMT) via its eFiling platform on 16 March 2026.

Qualifying entities are required to subscribe for GMT as a tax type on their active eFiling profiles. The company is then required to complete the GMT subscription form (RAV01).

Taxpayers required to complete the GMT RAV01

The RAV01 GMT section must be completed by any South African domestic constituent entity (DCE) that forms part of a multinational enterprise (MNE) group with consolidated revenue exceeding or equal to €750 million in at least two of the four preceding years.

This includes:

- South African ultimate parent entity (UPE);
- South African subsidiaries of a MNE;
- South African permanent establishments; and
- domestic joint ventures (JV) and JV subsidiaries.

Specific information required on the GMT RAV01

- **Confirmation of legal obligation** – confirmation that the entity is legally required to subscribe for GMT under the Global Minimum Tax Act.
- **MNE group identification details** – all MNE group names of which the South African entity is part must be provided.
- **UPE information** – the RAV01 requires confirmation of:
  - whether the South African entity is itself the UPE; or
  - whether it is a subsidiary of one or more UPEs.

For each UPE listed, the following details must be captured:

Mandatory UPE fields

- Registered legal name;
- Tax identification number;
- Entity registration number;
- Country of tax residence (country code);
- Single parented vs multi-parented group status – the MNE group needs to indicate whether the DCE is single parented or multi-parented;
- Selection of one UPE for filing timeline purposes – where more than one UPE exists, the South African entity must select one UPE whose fiscal year end will be used to determine notification deadlines and GIR submission deadlines under the GMT Administration Act;
- Date of GMT liability – the RAV01 will require the entity to input a date of liability for GMT (for most groups, this will be the start of the first fiscal year beginning on or after 1 January 2024, depending on the group's year end); and



- Standard RAV01 administrative information – in addition to the GMT-specific fields, taxpayers must still complete or confirm the usual RAV01 data, including:
  - bank account details;
  - contact person details;
  - physical and postal addresses; and
  - registered representative details (public officer/tax practitioner).

Deadline – Timing

- SARS GMT registration and RAV01 functionality went live on 16 March 2026.
- Notification of the designated local filer is due six months before the GIR deadline.
- The first GIR is generally due by 30 June 2026 for 2024 year ends.

To determine whether the GMT will affect you, please consider the checklist below:

- Your group's consolidated global revenue equals or exceeds €750 million.
- Your South African entity forms part of a multinational group.
- The entity is a South African company, branch or permanent establishment.
- The entity is not an excluded entity (e.g. government entity, pension fund, qualifying investment fund).

PKF Comment

If you believe the above measures may impact your business or personal situation or require any advice with respect to South African taxation and transfer pricing matters in particular, please contact Antonia Nicoloudakis at **antonian@pkfoctagon.com** or call **+27 (0)10 003 0150**.

BACK

Switzerland

Federal Council extends special VAT rate for accommodation services

The Federal Council adopted the dispatch on the special VAT rate for accommodation services. Currently, a special rate of 3.8% applies to accommodation services which was set to expire at the end of 2027. This special rate will now be maintained until the end of 2035.

Although the Federal Council recognises the economic importance of tourism, it believes that the current economic situation of the accommodation sector, which has reported record figures in recent years, should be discussed again in the future to decide whether further subsidies are necessary after 2035.

Buying Swiss real estate for people outside of Switzerland – Rules are getting tighter

The Federal Council intends to further restrict the purchase of real estate by foreign residents. The goal: to protect Switzerland's limited housing supply. The consultation period opened on 15 April 2026 (and runs until 15 July 2026). The new rules envisage:

- a permit requirement for third-country nationals when purchasing primary residences and an obligation to sell within two years upon departure;
- further restrictions on vacation homes and aparthotels;
- no more pure investment properties; and
- simplified rules for hotels regarding staff housing.

The planned changes may have a direct impact on investments and transactions.

PKF Comment

Buying real estate as a person resident outside of Switzerland, whether as an investment or for pure luxury, was never easy. With the planned new rules, the restrictions would become even tighter and a Swiss holiday home could become even more precious.

International developments

Switzerland has amended the double tax treaties with France and Italy, specifying the rules regarding home-office days (respectively 40% and 25%) and days for business trips (up to 10 days with France).

PKF Comment

For further information or advice concerning Swiss unilateral and international taxation, please contact Dominique Kipfer at **dominique.kipfer@pkf.ch** or Rilana Wolf-Bayard at **rilana.wolf@pkf.ch** or call **+41 44 285 75 00**.

BACK

Taiwan

Domestic and foreign platforms must fulfil withholding and tax statement filing obligations – Individual influencers must file individual income tax returns

The Taipei National Taxation Bureau of the Ministry of Finance stated that on 23 December 2025 (ROC year 114), the Ministry of Finance established the 'Operation Directions on the Levy of Income Tax on Individuals Who Publish Creative or Informational Content Online' (hereinafter referred to as the 'Guidelines'). On the same day, an interpretive ruling was also issued specifying that domestic platforms and foreign platforms that have completed tax registration in accordance with article 28-1 of the Value-added and Non-value-added Business Tax Act (hereinafter referred to as 'tax-registered foreign platforms') may be exempt from penalties if they make supplementary withholding tax payments and submit or issue supplementary withholding/non-withholding statements before 30 June 2026 (ROC year 115).

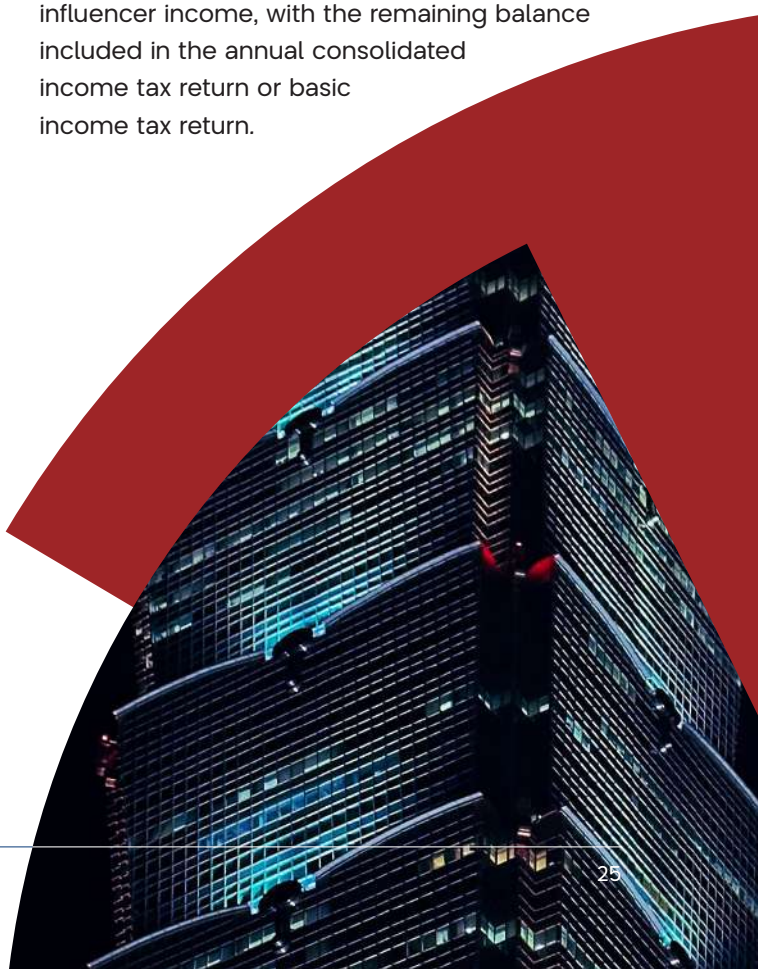
The Bureau explained that the key withholding requirements for platform operators paying advertising revenue sharing, paid subscription revenue sharing, livestream revenue sharing, viewer donations or other similar income (hereinafter collectively referred to as 'influencer income') to individual influencers who are exempt from business tax registration are as follows:

1. Both domestic platforms and tax-registered foreign platforms are tax withholders under the Income Tax Act. When paying influencer income, they must calculate Taiwan-sourced influencer income based on the degree of domestic profit contribution in accordance with point 4 of the Guidelines, and withhold taxes, file and issue withholding statements pursuant to articles 88 and 92 of the Income Tax Act. If the payment amount does not reach the withholding threshold and therefore no tax is withheld, a filing statement must still be submitted in accordance with article 89, paragraph 3 of the same Act.

2. Domestic platforms are required to handle withholding, filing and issuance of withholding/non-withholding statements for influencer income regardless of whether the payment was made before or after the issuance of the Guidelines. Tax-registered foreign platforms will become tax withholders under article 89 of the Income Tax Act with effect from 1 January 2026. When paying influencer income, they must either directly handle withholding procedures or appoint a domestic resident individual, business entity with a fixed place of business, institution, organisation or group in Taiwan to withhold taxes, file withholding/non-withholding statements with the competent tax authority where the tax registration is located and issue withholding/non-withholding statements to taxpayers.

The Bureau further explained that influencer income received by individual influencers exempt from business tax registration is classified as professional practice income (performers) under article 14, paragraph 1, subparagraph 2 of the Income Tax Act. Filing methods are as follows:

1. If the individual influencer is a Taiwan resident under article 7, paragraph 2 of the Income Tax Act, taxable income shall be calculated by deducting related costs and expenses from influencer income, with the remaining balance included in the annual consolidated income tax return or basic income tax return.



2. If the individual influencer is a non-resident under article 7, paragraph 3 of the Income Tax Act, and withholding has already been completed by a domestic platform or a tax-registered foreign platform, the tax obligation is deemed fulfilled through withholding at source. However, if the influencer receives influencer income from a foreign platform that has not completed tax registration, the influencer must independently calculate Taiwan-sourced influencer income and file and pay taxes in accordance with article 72, paragraph 2 and article 73, paragraph 1 of the Income Tax Act.

The Bureau emphasised that, considering platforms and influencers may not yet be familiar with the new regulations during the initial implementation period, a guidance period will remain in effect until 30 June 2026.

Business enterprises or institutions paying cross-border electronic service income to foreign e-commerce operators must withhold and file taxes

The Taipei National Taxation Bureau of the Ministry of Finance stated that when business enterprises or institutions pay income for electronic services to foreign e-commerce operators, taxes must be withheld at the time of payment. The withheld tax must be remitted to the National Treasury and withholding statements filed with the competent tax authority within 10 days from the withholding date to avoid penalties.

The Bureau noted that, in response to trends in the digital era, an increasing number of business enterprises are using foreign social media platforms to advertise and promote products and services. According to Ministry of Finance Order Tai-Tsai-Shui-Tzu No. 10604704390 issued on 2 January 2018, when foreign enterprises provide electronic services with characteristics such as immediacy, interactivity, convenience and continuity through the internet or other electronic means (such as online games, online movies and TV programmes, online music, online videos, online advertisements, etc.) to purchasers within Taiwan, the remuneration constitutes Taiwan-source income.

If a domestic business enterprise or institution purchases such electronic services from a foreign enterprise that has no fixed place of business or business agent in Taiwan, the payment falls within the withholding scope under article 88 of the Income Tax Act, and the purchaser becomes the tax withholder. In addition to withholding 20% tax based on either the payment amount or the approved net profit ratio and domestic profit contribution ratio, the purchaser must, pursuant to article 92, paragraph 2 of the Income Tax Act, remit the withheld tax to the National Treasury and file a withholding statement with the competent tax authority within 10 days from the withholding date.

If the regulations are violated, penalties may still apply under article 114, subparagraph 2 of the Income Tax Act, even if supplementary filings are voluntarily made before detection by the tax authority.

The Bureau provided an example: Company A placed promotional advertisements through the Facebook social media platform and paid advertising fees to a foreign e-commerce operator on 4 December 2025. Although Company A properly withheld NT$30,000 in taxes, it failed to file the withholding statement with the competent tax authority before 13 December of the same year. Even though Company A voluntarily submitted the supplementary filing on 31 December, it was still fined 3% of the withholding tax amount.

The Bureau reminds business enterprises and institutions that if they make payments to foreign e-commerce operators, they must withhold taxes in accordance with regulations, remit the withheld taxes to the National Treasury and file withholding statements properly.

PKF Comment

If you believe the above measures may impact your business or personal situation or require any advice with respect to Taiwanese taxation, please contact Jamie Ho at **jamieho@pkf.com.tw** or call **+886 8792 2628**.

BACK

Trinidad and Tobago

2026 tax changes

On 13 October 2025, the Ministry of Finance presented the 2026 National Budget, which includes a range of tax proposals aimed at fostering economic growth, promoting sustainability and enhancing fiscal responsibility.

1. Increased duties on alcohol

Effective from October 2025, the excise duties on beer increased from TT$5.14 per litre to TT$10.28 per litre, and on rum and alcoholic spirits from TT$79.25 per litre to TT$158.50 per litre.

2. Increased duties on tobacco

Effective from 13 October 2025, the excise duties on tobacco products increased from TT$5.26 per pack of 20 to TT$10.52.

3. Electricity surcharge

Effective from 1 January 2026, a fixed additional per kilowatt-hour surcharge of TT$0.05 was introduced and applied to commercial and industrial electricity consumption. Schools, hospitals and street lighting are exempt from this surcharge.

4. Landlord business surcharge

Effective from 1 January 2026, an income tax surcharge was levied on commercial and residential rental income, based on actual rental income earned. All landlords of commercial and residential properties will be required to register with the Board of Inland Revenue, paying a one-time registration fee of TT$2,500 and thereafter a surcharge of:

- 2.5% of the gross quarterly rental income of TT$20,000 or less; and
- 3.5% of the gross quarterly rental income exceeding TT$20,000.

5. Asset levy

Effective from 1 January 2026, an asset levy of 0.25% was charged on assets held by commercial banks and insurance companies, other than those licensed to operate under the T&T Special Economic Zones Act, 2022.

6. National Insurance rates

Contributions to the National Insurance Scheme are being increased on a phased basis beginning in January 2026, with further adjustments in 2027. The increases involve changes to contribution rates and insurable earnings ranges.

7. Agricultural incentives

VAT reliefs were expanded for the agricultural sector, including zero-rating or exemption of selected agricultural inputs, machinery and equipment.



8. Reduction in price of super gasoline

Effective from 13 October 2025, the 'at the pump' price of 92 octane grade unleaded gasoline (super gasoline) was reduced by TT$1 per litre.

9. Subsidy on liquefied petroleum gas (LPG)

Adjustments were made to LPG subsidies, with reductions applied to certain larger cylinder categories.

10. Luxury electric vehicles

Electric vehicles where the cost, insurance and freight (CIF) value exceeds TT$400,000 are no longer eligible for concessions and are subject to the applicable customs duties, VAT and motor vehicle taxes.

11. Construction incentives

Effective from 1 January 2026, certain construction materials were removed from the negative list, allowing for importation of such materials, subject only to standard customs procedures/duties. Additionally, several time-limited tax exemptions related to property development and rental income expired at the end of 2025 and were not renewed.

12. Importation of foreign-used vehicles

Effective from 1 January 2026, the maximum permitted age for importation of foreign-used private vehicles such as sport utility vehicles, sedans and station wagons increased from three years to six years from the date of manufacture, and for light commercial vehicles such as pickups and panel vans from seven years to 10 years from the date of manufacture.

13. Single-use plastics

A 5% tax has been levied on the CIF value of certain single-use plastics imported into Trinidad and Tobago. The CIF value is defined as the cost, insurance and freight value determined in accordance with the Sixth Schedule of the Customs Act.

14. Donations to registered animal shelters

A tax deduction for donations to registered animal shelters has been introduced, subject to the following limits:

- Companies – the lower of 15% of chargeable profits or TT$100,000; and
- Individuals – the lower of 20% of total income or TT$20,000.

PKF Comment

If you believe the above may impact your business or personal situation or require any advice with respect to taxation in Trinidad and Tobago, please contact Renee-Lisa Philip at **rlphilip@pkf.co.tt** or call **+1 868 235 5063**.

BACK

Ukraine

Defence City: Key criteria and tax benefits of resident status

In early 2026 Ukraine launched a new legal framework named Defence City. It represents a kind of analogue to Diia.City, but specifically tailored for defence companies. (Diia.City is a legal and tax framework aimed at supporting and accelerating the development of the IT sector in Ukraine.)

Defence City constitutes a special legal framework for state support of defence industry companies. Its core goal is to foster the development of the defence industry through advanced technologies, the attraction of investment into the sector and the provision of modern weapons, military equipment and special-purpose technologies to the defence forces.

The framework is available to companies that are strategically important for national defence and satisfy the prescribed eligibility criteria, including: being incorporated in Ukraine; being subject to corporate income tax; having no significant tax arrears; not being a non-profit organisation; duly disclosing information regarding ultimate beneficial owners and ownership structure; having no connections with a state conducting armed aggression against Ukraine; and ensuring that their founders are not subject to sanctions (in total, the law establishes 14 eligibility criteria).



In addition, in order to obtain and maintain Defence City resident status, the amount of a company's 'qualified income' for the previous calendar year must constitute at least 50% of its total income (for aircraft manufacturing entities) or at least 75% of the legal entity's total income (for all other entities).

Qualified income includes:

- income derived from the supply of defence goods of own production;
- income generated from the provision of services relating to the development, manufacture, repair, modernisation or disposal of defence products; and
- other income received as charitable assistance and used for the manufacture and supply of defence products.

Accordingly, the principal share of the income of a company applying for Defence City residency must be connected with defence products, including weapons, military and special-purpose equipment (unmanned systems, electronic warfare and reconnaissance equipment, active counter-surveillance systems), arms and ammunition.

In order to acquire Defence City resident status, a company must voluntarily apply to the Ministry of Defence and submit the prescribed package of documents (which also includes a compliance report confirmed by the auditor).

Defence City residents are entitled to the following tax benefits:

1. Exemption from corporate income tax, subject to the following conditions:
   - a Defence City resident is not entitled to distribute dividends from profit exempt from taxation (except where dividends are paid in favour of the state);

- profit exempt from taxation must be directed towards the development of the Defence City resident's activities (which is monitored by the state); and
- if during the following calendar year the tax-exempt profit (or part of it) is not used appropriately, such profit shall become subject to declaration and taxation.

2. Exemption from land tax.
3. Exemption from real estate tax.
4. Exemption from environmental tax.

The above tax benefits apply provided that a Defence City resident is not simultaneously a resident of Diia.City. The application of the tax benefits is optional. A taxpayer may hold Defence City resident status while opting not to apply the available tax incentives.

A Defence City resident is required to submit a compliance report, financial statements and an audit report issued by an auditor authorised to conduct mandatory audits of public-interest entities to the Ministry of Defence each year. Based on the results of the review of the compliance report, the Ministry of Defence confirms compliance and maintains the resident status or, where indications of non-compliance are identified, initiates a corrective procedure.

The Defence City legal framework is expected to remain in force until 1 January 2036.

PKF Comment

Defence City is a response to the realities in which Ukraine has been living for more than 12 years. The development of the defence industry is critically important both for Ukraine's national security and for the global defence market. Therefore, the introduction of special preferential tax regimes such as Defence City is a highly relevant and appropriate measure. The introduction of targeted tax incentives, combined with state oversight, demonstrates the government's intention to create a controlled yet investment-attractive environment for defence manufacturers. It is also important to note that auditors are assigned a significant role within this framework.

If you believe any of the above measures may impact your business or require any advice with respect to Ukrainian taxation, please contact Sviatoslav Biloblovskyi at **s.biloblovskyi@pkf.ua** or Yuliia Yaniv at **y.yaniv@pkf.ua** or call **+380 44 501 25 31**.

BACK

United Arab Emirates

Recent updates on corporate tax, economic substance regulations and VAT

Corporate tax

The Federal Tax Authority (FTA) of the United Arab Emirates (UAE) has released the Corporate Tax Decree-Law, i.e. 'Federal Decree-Law No. 47 of 2022 – Taxation of Corporations and Businesses' ('Corporate Tax Decree-Law'/'CT Decree-Law') effective for financial years starting on or after 1 June 2023.

The Ministry of Finance (MoF)/FTA have also released several cabinet decisions, ministerial decisions, clarifications and user manuals which provide further guidance on CT Decree-Law provisions.

Recently issued guidance in connection with Corporate Tax Decree-Law can be summarised as follows:

Sr.no	List of cabinet/ministerial/FTA decisions and explanation
1	**There are certain decisions, guides, public clarifications and business bulletins that have been issued recently with regard to UAE CT law, as set out below:** ▪ **Clarification of the terms 'director' and 'officer' for the purpose of payments to connected persons under article 36 of the CT law – CTP010:** The clarification explains how the terms 'director' and 'officer' should be interpreted under articles 36 and 55 of the UAE CT law for the purposes of transactions between connected persons. It explains that a 'director' is a person formally appointed to the board or equivalent governing body, while an 'officer' is someone with authority to make strategic or binding business decisions.

Economic substance regulations

The FTA has confirmed that in the UAE, companies are no longer required to submit economic substance notifications or reports for financial years ending after 31 December 2022. However, they remain responsible for fulfilling compliance obligations for prior years, adhering to information or amendment requests from regulatory authorities or the FTA and paying any penalties imposed by the FTA.



VAT update

With respect to VAT, the UAE FTA has recently released the following amendments/updates which are given below:

Date	Tax	Type of update	Particulars of update
January 2026	Excise tax	Federal Tax Authority Decision No. 1 of 2026 dated 27 January 2026 amending Federal Tax Authority Decision No. 6 of 2025 dated 17 June 2025	The FTA has amended the framework prescribing the standards, controls and procedures for treatment of 'natural shortage' of excise goods within designated zones.
February 2026	VAT (e-invoicing)	Issuance of UAE Electronic Invoicing Guidelines dated 23 February 2026	The Ministry of Finance has issued the UAE Electronic Invoicing Guidelines dated 23 February 2026, providing operational guidance and clarification on various aspects relating to the implementation of the e-invoicing framework.
March 2026	Tax procedures	Amendment to Executive Regulations	Cabinet Decision No. 17 of 2026 (effective from 1 April 2026) amending certain provisions of Cabinet Decision No. 74 of 2023 on Executive Regulations for Tax Procedures.
May 2026	VAT (e-invoicing)	Amendment to Ministerial Decision No. 244 of 2025	The FTA has amended Ministerial Decision No. 244 of 2025 dated 17 September 2025.

The updates may be summarised as follows:

- **Federal Tax Authority Decision No. 1 of 2026 dated 27 January 2026 amending Federal Tax Authority Decision No. 6 of 2025 dated 17 June 2025**

Article reference	Current provision (before amendment)	Amended provision (after amendment)	Change in position	Comments
Article 1 – Definitions	The definition of 'excise goods' referred to goods specified under Cabinet Decision No. 52 of 2019.	The definition has been expanded to include goods subject to excise tax under any cabinet decision replacing Cabinet Decision No. 52 of 2019.	No	The amendment ensures automatic alignment with future cabinet decisions relating to excise goods without requiring further amendment to the FTA decision.
Article 2 – Clause 7 (Period of Declaration for Natural Shortages)	Taxable persons were permitted to submit declarations for natural shortages covering multiple tax periods, subject to a maximum declaration period of six months.	The permissible declaration period has been extended from **six months to one year**, provided the declared shortage percentage does not exceed the percentage specified in the valid independent competent entity report.	Yes	The amendment provides operational relief by reducing the frequency of declarations. The revised timeline is now aligned with the validity period of the independent competent entity report.

Article reference	Current provision (before amendment)	Amended provision (after amendment)	Change in position	Comments
Article 2 – Clause 8 (Validity and Renewal of Reports)	Reports issued by **independent competent entities** were valid for one year from the date of issuance. However, the earlier provisions did not prescribe detailed timelines or procedural consequences relating to renewal applications.	Taxable persons are now required to apply for **renewal** of the report within **30 business days** from expiry of the previous report. Where renewal is filed within the prescribed timeline, the renewed report will remain valid from the day immediately following expiry of the previous report. Delayed renewals will become effective only from the date of issuance of the renewed report.	Yes	The amendment introduces procedural clarity regarding continuity and validity of reports. Late renewal applications may create gaps in validity and compliance exposure.
Article 5 – Transitional Provisions	Reports issued by **independent competent entities** within six months from 1 July 2025 could avail transitional treatment subject to prescribed conditions.	The transitional period has been extended to reports issued by **independent competent entities** within **12 months from 1 July 2025**. Such reports shall remain valid until **30 June 2027**, provided the application for issuance of the report was submitted **on or before 31 March 2026**.	Yes	The amendment provides additional transition time and compliance relief to registrants. Taxable persons benefit from extended reliance on existing reports during the transition phase.

- **Issuance of UAE Electronic Invoicing Guidelines dated 23 February 2026**

Implementation will be rolled out in phases, with voluntary adoption preceding mandatory compliance based on business size and category.

Implementation timeline

Category	ASP appointment deadline	Go-live (mandatory e-invoicing)
Revenue ≥ AED 50 million	30 October 2026[1]	1 January 2027
Revenue < AED 50 million	31 March 2027	1 July 2027
Government entities	31 March 2027	1 October 2027

1 Previously, the due date for appointment of an accredited service provider (ASP) for entities covered under Phase 1 of the implementation was 31 July 2026. However, the FTA has now extended the deadline to 30 October 2026. Further details about this update are provided later in this article.

Key highlights

- The voluntary phase begins from 1 July 2026.
- All persons making a business transaction in the UAE remain in scope irrespective of their VAT registration status.
- B2C transactions are currently excluded.
- Certain sectors (e.g. government sovereign activities, financial services, aviation) are currently excluded.
- Intra-VAT group supplies are excluded for the first 24 months commencing 1 January 2027.
- E-invoices must be issued in a structured format and must be validated in real time by an accredited service provider.

- **Cabinet Decision No. 17 of 2026 (effective from 1 April 2026) amending certain provisions of Cabinet Decision No. 74 of 2023 on Executive Regulations for Tax Procedures**

Article reference	Key amendments
Article 3 – Period of Record Keeping	▪ A new subclause (e) to clause 2 of article 3 has been inserted requiring a taxable person to retain books and records for an additional period of two years where a refund application is pending and no decision has been issued by the FTA. ▪ The additional retention requirement applies where the refund application was submitted within: – the standard five-year period prescribed under clause 2 of article 38 of the decree-law; or – the extended timelines prescribed under clauses 3 and 4 of article 38 of the decree-law, including the additional one-year or 90-day period, as applicable.
Article 10 – Voluntary Disclosure (VD) (Removal of Clause 3)	▪ Clause 3 of article 10 has been removed. However, a VD may still be required in certain 'no tax difference' cases since the enabling provision under article 10(5) of the Tax Procedures Law continues to exist. ▪ Although TAXP006 was issued in the context of the Executive Regulation provision now deleted, the clarification may still remain relevant until specifically withdrawn or clarified by the FTA. ▪ Accordingly, a VD may continue to be required for cases: – specified under FTA Decision No. 8 of 2024 – specified under TAXP006, namely failure to report imported services eligible for full input VAT recovery.
Article 10 – Voluntary Disclosure (VD) (Change in the language of Clause 2)	The provisions of clause 1 have been reproduced under clause 2 for reference purposes. There is no change in the tax position.
Article 18 – Seizure of Documents	New clause 10 has been introduced, authorising the FTA to extend the duration of seizure of documents or assets. Such extension is subject to notification to the concerned person, where possible.

Article 26 – Credit Balance Refund Procedures	The term '**tax refund**' has been replaced with '**credit balance refund**', clarifying that refunds relate specifically to excess credit balances only.
Article 28 – Confidentiality and Disclosure of Information	Clause 1(b) of article 28 has been amended, stating that disclosure to a competent government entity may only be made pursuant to an agreement ensuring confidentiality and protection of data.

- **Amendment to Ministerial Decision No. 244 of 2025**

Previously, entities covered under Phase 1 of the UAE e-invoicing implementation with annual revenues exceeding AED 50 million were required to appoint an accredited service provider (ASP) by 31 July 2026. However, pursuant to the press release dated 10 May 2026 issued by the Ministry of Finance announcing the amendment to Ministerial Decision No. 244 of 2025, the timeline for appointment of ASPs has been extended to 30 October 2026. The extension has been introduced considering stakeholder feedback and is expected to provide businesses with additional time to assess compliance requirements and undertake implementation activities in a more structured manner.

PKF Comment

Clarification on connected persons reinforces the importance of assessing the actual authority and decision-making powers exercised by individuals, rather than relying solely on job titles, when determining connected person implications and related disclosure and deductibility requirements under the UAE Corporate Tax Law.

The recent amendments primarily seek to provide greater procedural clarity and address practical implementation aspects under the UAE tax framework. Key changes include clarification on refund-related timelines and record retention requirements, refinement of voluntary disclosure provisions, extension of the ASP appointment timeline under the UAE e-invoicing framework and amendments relating to confidentiality and seizure provisions under the Tax Procedures Executive Regulations. Businesses should evaluate the impact of these changes and align their compliance and documentation processes accordingly.

For further information or advice concerning taxes in the UAE, please contact Mr. Shailesh Kumar at **skumar@pkfuae.com** or call **+971 4 388 8900**.

BACK

United States

IEEPA tariffs: What US importers need to know now

The international trade landscape has long presented challenges for US businesses due to evolving customs requirements, tax compliance obligations, market complexities and shifting trade policies. This uncertainty was highlighted by the recent Supreme Court and US Court of International Trade decisions striking down certain tariffs imposed in 2025 under the International Emergency Economic Powers Act (IEEPA) and section 122 of the Trade Act of 1974.

Many importers are now asking: Can previously paid tariffs be recovered and, if so, how?

How are tariffs usually administered for collection and refunds?

Typically, tariff payments and claims are handled by importers of record or customs brokers, with the potential assistance of customs legal counsel. As certified public accountants (CPAs) and tax advisors, professionals at PKF O'Connor Davies are available to assist throughout this process, including performing reconciliations of tariffs paid, helping ensure proper accounting treatment in your financial records and consulting on transfer pricing for related-party transfers.

While importers should work directly with experienced customs brokers and attorneys, engaging tax and accounting advisors alongside those professionals can help address the broader financial reporting, tax and operational implications of tariff refunds.

Below is an overview of which professionals are typically best positioned to help you throughout the claims process:

Who can help throughout the claims process	
Steps for importers	Assistance provided by
Enrolling in the Customs and Border Protection Automated Commercial Environment (ACE) Secure Portal and Automated Clearing House (ACH) payment system	The company (importer of record) or customs broker
Check all IEEPA-affected entries from 4 February 2025 to 24 February 2026 that include IEEPA-specific provisions	The company (importer of record) or customs broker; accountants and tax advisors can also assist from a bookkeeping standpoint
Assess liquidation period	The company (importer of record) or customs broker
File refund claims	The company (importer of record) or customs broker; customs counsel for protests
Engage trade counsel for liquidated entries outside the standard protest window and to assess litigation options before the US Court of International Trade	Customs counsel
Assess tax and accounting implications of anticipated refunds, including period of recognition, inventory and cost of goods sold restatement, and potential transfer pricing considerations	Accountants and tax advisors
Review ongoing tariff obligations	The company (importer of record) or customs broker

ACE accounts

Every importer should have an active Automated Commercial Environment (ACE) account, which enables them to access their entry history. Businesses should use the account to submit refund claims. This account is also used to enrol in the Automated Clearing House (ACH) payment system and maintain banking information as refunds will only be issued electronically. The above-stated process is time sensitive as customs entries may be liquidated by US Customs and deemed final.

Understanding the broader implications of tariff relief

It is important for companies not to overestimate the full scope of tariff relief. Even after the IEEPA tariffs are fully removed, average effective tariff rates will fall, but not to zero since many imports were already subject to substantial duties. Additionally, many companies have already responded to higher duty costs by restructuring their supply chains and renegotiating contracts, and they may have passed on increased tariff costs to customers. These businesses should carefully consider the broader implications of the rulings and whether they may also have refund obligations to their own customers.

How we can help

PKF O'Connor Davies can help you navigate the potential complexities in recovering overpaid IEEPA tariffs, including:

- determining tax treatment of tariff refunds;
- reviewing financial statements to reconcile duty payments against general ledgers;
- advising on technical aspects of the refund registration process including ACE Portal set-up and Consolidated Administration and Processing of Entries (CAPE) declaration filing;
- assessing any transfer pricing adjustments needed as a result of refunds received;
- examining tax planning strategies to optimise tax exposure; and
- liaising with your legal counsel to support filing refund claim protests

PKF Comment

Key takeaways

- US importers may recover IEEPA tariffs through timely refund claims filed in the ACE.
- Customs brokers, legal counsel and CPAs support tariff refund claims, tax treatment and financial reporting compliance.
- Tariff refunds may affect inventory, cost of goods sold and transfer pricing, requiring careful tax planning and customer refund assessments.

We will continue to monitor and keep you informed. If you have questions about tariff refunds, our team can help assess potential impacts and compliance considerations. Please contact your PKF O'Connor Davies client service team or:

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