

PRISM

Tax Newsletter

1st Quarter 2025

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REANDA

AUSTRALIA

Australia Passes Pillar Two Minimum Tax Legislation - Are You Ready?

On 10 December 2024, the Australian parliament passed the primary legislation that implements the Global Anti-Base Erosion Model Rules (GloBE Rules). Later, on 23 December 2024, subordinate legislation containing the detailed computational rules was registered as a legislative instrument. This means the GloBE Rules are enacted and the catch is that it takes effect from 1 January 2024. Are Multinational Enterprises (MNEs) with operations and presence in Australia ready to deal with the additional taxation obligations and the implications this has on the preparation and audit of financial statements for the year ended 31 December 2024?

澳大利亚通过第二支柱最低税立法 - 您准备好了吗?

2024年12月10日，澳大利亚联邦立法会通过实施全球反税基侵蚀规则的主要立法。之后在2024年12月23日，包含详细计算规则的附属立法被注册为立法文书。这意味着 (GloBE) 规则已正式颁布，问题是该规则的生效日期被定为2024年1月1日。在澳大利亚有业务和实体的跨国企业 (MNE) 是否准备好应对额外纳税和申报义务以及这对截至2024年12月31日年度财务报表的编制和审计的影响吗?

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BRAZIL

Global Minimum Tax - Implementation in Brazil

The Brazilian Ministry of Finance faces difficulties implementing a global minimum tax. This complex task emerges after several countries implement tax incentives to attract investment.

Key points include the OECD's GloBE setting a minimum 15% tax on multinational profits, with the United States influencing rules like GILTI and CAMT. The challenge is reconciling different accounting standards, especially with countries not adopting IFRS.

In conclusion, reconciling varied tax methods poses significant challenges, and Brazil lacks consensus on this implementation.

全球最低税在巴西的实施

巴西财政部在实施全球最低税率方面面临困难。这项复杂的工作是在多个国家实施税收激励措施吸引投资之后出现的。

本文重点讨论经合组织 (OECD) 的全球反侵蚀税基规则 (GloBE) 设定跨国企业利润最低15%税率，而美国则影响全球无形低税所得 (GILTI) 和公司替代性最低税 (CAMT) 等规则。落实规定的挑战在于协调不同的会计准则，尤其是与未采用国际财务报告准则 (IFRS) 的国家之间的差异。

总而言之，协调不同的税收方法面临重大挑战，而巴西对实施工作仍未有共识。

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CAMEROON

Cameroon's 2025 Finance Law: Key Tax Implications for Foreign Experts, Companies, and Individual Taxpayers

The Finance Law of 2025 in Cameroon imposes a 5% work visa fee on foreign consultants, with penalties for non-compliance. It also sets application fees for commercial activities based on company type, ranging from CFAF 500,000 to CFAF 1,500,000. Tax deductions are allowed for bad debts under specific conditions, with higher thresholds for credit institutions. Non-professional taxpayers must file annual income tax returns. Additionally, foreign entities engaging in scientific research pay a CFAF 100,000 fee. Our firm offers tax services to help businesses comply with these regulations and optimise tax liabilities.

喀麦隆 2025 年《金融法》：对外国人才、公司和个人纳税人的主要税收影响

喀麦隆 2025 年的《金融法》规定，外国顾问须缴纳 5% 的工作签证费，否则将受到处罚。该法还根据公司类型规定商业活动申请费，从 500,000 非洲法郎到 1,500,000 非洲法郎不等。在特定条件下，法例允许对坏账进行减税，但信贷机构的减税门槛会提高。非专业纳税人必须每年申报所得税。此外，从事科学研究的外国实体需缴纳 100,000 非洲法郎的费用。利安达喀麦隆所提供税务服务，协助企业遵守规定，优化税务负担。

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GREECE

New Taxation and Other Measures from January 2025

The Finance Ministry has announced new measures aimed at easing freelancers, new parents and the rental property market. The measures will apply from January 2025. The changes are summarised in the following categories:

- Abolition of the business tax and reduction of the presumed income of freelancers.
- Reduction of insurance contributions for employees and employers from 1.1.2025.
- Property tax reduction for insured homes and exemption for buildings classified as listed.
- Income tax exemption for rents for buildings that remained closed and will be rented out or will abandon short-term lease and return to long-term lease.
- Suspension of VAT on properties that are unsold.
- Increase in accommodation fees imposed on hotel rooms and short-term rentals per night.
- Prohibition of new registration in the short-term rental property register for one year in the Municipality of Athens.
- Voluntary financial benefits provided by the employer to a new parent for a period of up to twelve months from the birth of a child are exempt from tax.
- Increase in income tax deduction for a lump sum payment.

2025 年 1 月起实施的新税收及其他措施

希腊政府经济参谋部宣布，为缓解自由工作者、新生儿父母和房地产租赁市场压力，政府将于2025 年 1 月起实施新措施。这些变化归纳为以下几类：

- 取消营业税，减少自由职业者的推定收入。
- 自 2025 年 1 月 1 日起减少雇员和雇主的保险缴款。
- 对投保房屋减征财产税，对列入清单的建筑物免征财产税。
- 对仍处于关闭状态并将出租或放弃短期租赁并恢复长期租赁的建筑物免征租金所得税。
- 暂停对未出售房产征收增值税。
- 提高酒店客房和短期出租房每晚的住宿费。
- 禁止在雅典市政府的短期租赁物业登记册上进行为期一年的新登记。
- 雇主向新生儿父母提供的自子女出生起 12 个月内的自愿经济补助免税。
- 增加一次性付款的所得税扣除额。

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HONG KONG

A Bill for Hong Kong Minimum Top-Up Tax for Multinational Enterprise Groups, Waiver of Stamp Duty on Particular Transactions and Businesses

The Hong Kong Government gazetted the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Bill 2024, responding to the Base Erosion and Profit Shifting (BEPS) risk under globalization and digitalization of the economy by introducing minimum top-up tax rate for multinational enterprise (MNE) groups. Stamp duty for real estate investment trust's (REIT) transactions or units and jobbing business by options market makers was waived with effective from 21 December 2024.

香港最低补足税草案、豁免特定交易及业务的印花税

香港政府刊宪《2024年税务（修订）（跨国企业集团的最低税）条例草案》，该草案将对跨国企业集团采用最低补足税率，以响应全球化及数码化的经济下带来的侵蚀税基及转移利润风险；房地产投资信托基金份额或单位转让和期权庄家进行证券经销业务的印花税将于2024年12月21日起豁免。

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INDONESIA

Global Minimum Tax Implementation in Indonesia: Key Impacts and Insights

Starting January 1, 2025, Indonesia will implement a 15% Global Minimum Tax (GMT) under PMK No. 136/2024, in line with the OECD/G20 Pillar Two framework. The policy targets multinational enterprises (MNEs) with global revenues of at least EUR 750 million, aiming to curb tax avoidance through Base Erosion and Profit Shifting (BEPS) practices. The new rules introduce top-up tax mechanisms, including IIR, UTPR, and QDMTT. This article outlines the key provisions and impacts on MNEs.

全球最低税在印度尼西亚的实施：主要影响和见解

自 2025 年 1 月 1 日起，印度尼西亚将根据第 136/2024 号印度尼西亚政府令 (PMK)，按照经合组织 (OECD) / 二十国集团 (G20) 第二支柱框架下，实施 15% 的全球最低税 (GMT)。该政策针对全球收入至少为 7.5 亿欧元的跨国企业 (MNEs)，旨在遏制税基侵蚀和利润转移 (BEPS) 带来的避税行为。新规则引入了增值税机制，包括个人所得税 (IIR)、征税不足之支出原则 (UTPR) 和合资格当地最低补足税规则 (QDMTT)。本文将概述相关条款及其对跨国企业的影响。

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ITALY

Italian Tax Updates Related to the 2025 Budget Law

The 2025 Budget introduces a corporate income tax at 20% as an alternative to the standard 24% (Imposta sul Reddito delle Società or IRES), under certain conditions.

The 2025 Budget extends the deduction for new hires of permanent employees for the years 2025-2026-2027, increasing the deductible cost of personnel.

The 2025 Budget also introduces an extension of reverse charge in the logistics sector to reduce tax evasion. The obligation to pay VAT is transferred from the service provider to the customer, limiting the possibility of fraud in the logistics sector.

与《2025 年预算法》相关的意大利税务更新

《2025 年预算法》引入20% 的企业所得税，以替代 24% 的标准税率 (Imposta sul Reddito delle Società 或 IRES)。

《2025 年预算法》扩大2025-2026-2027年新聘长期员工的扣除范围，增加可扣除的人事成本。

《2025 年预算法》亦在物流行业引入反向收费，以减少逃税行为。支付增值税的义务由服务提供商转移给客户，从而限制物流业欺诈行为。

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MALAYSIA

Global Minimum Tax (GMT)

In order to align with international taxation standards, GMT is implemented in Malaysia for the Financial Year (FY) beginning on or after 1 January 2025 and subsequent FYs. GMT is applicable to Multinational Enterprise (MNE) groups that have an annual consolidated revenue of € 750 million or more in at least two out of the four years before the tested year.

全球最低税制

为了与国际税收标准保持一致，马来西亚于 2025 年 1 月 1 日或之后开始的财政年度 (FY) 及后续财政年度实施全球最低税制。全球最低税制适用于跨国企业 (MNE) 集团，该集团在相关财政年度之前的四年中至少有两年的年合并收入达到或超过 7.5 亿欧元。

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MOROCCO

Tax Reform in Morocco: The 2025 Finance Law Concludes a Three-Year Cycle and ushers in Fiscal Stability

The 2025 Finance Law marks the conclusion of Morocco's three-year tax reform cycle, aimed at enhancing fiscal stability and promoting economic growth. The reform introduces measures to simplify the tax system, improve revenue collection, and streamline fiscal policies. Key provisions focus on tax incentives for businesses, a revised tax code to boost transparency, and measures to encourage foreign investment. The reform also emphasises social equity with targeted initiatives to reduce inequalities and support vulnerable populations. Overall, the 2025 Finance Law strengthens Morocco's financial infrastructure and sets the foundation for sustainable economic development.

摩洛哥的税收改革：《2025 年财政法》三年周期结束，带来财政稳定

2025年财政法标志着摩洛哥税制改革三年周期的结束，旨在增强财政稳定性并促进经济增长。此次改革采取了简化税制、改善税收征收和精简财政政策的措施。主要内容包括为企业提供税收激励、修订税法以提高透明度，并采取措施鼓励外国投资。改革还强调社会公平，推出减小不平等和支持弱势群体的专项措施。总体而言，2025年财政法加强摩洛哥的金融基础设施，为可持续经济发展奠定基础。

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NEPAL

Transfer Pricing in Nepal: Bird's Eye View

Nepal has moved one step closer to aligning with international tax practices. Originating from the OECD's 1995 Transfer Pricing Guidelines, Nepal had introduced its provisions in the law back in 2002 under the Income Tax Act. To address rising complexities in cross-border transactions, the Transfer Pricing Directive 2081 (2024) has been enacted, focusing on arm's length principles, robust documentation and five widely accepted methodologies, namely Comparable Uncontrolled Price Method, Resale Price Method, Cost-Plus Method, Transactional Net Margin Method and Transactional Profit Split Method. The key objectives of the Directive are preventing tax avoidance, ensuring fair taxation and promoting compliance.

尼泊尔转让定价的概览

尼泊尔在与国际税务实践接轨方面迈出重要一步。根据经济合作与发展组织 (OECD) 于1995年发布的《转让定价指引》，尼泊尔早在2002年就根据《所得税法》引入了相关规定。为应对跨境交易日益复杂的情况，尼泊尔颁布《转让定价指令 2081 (2024)》，该指令重点关注公平交易原则、健全的文档要求以及五种广泛接受的方法：可比非受控价格法、转售价格法、成本加成法、交易净利润率法和交易利润分割法。该指令的主要目标是防止避税、确保公平征税并促进合规性。

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PAKISTAN

Separate Notice/Proceedings u/s 111 of the Income Tax Ordinance, 2001 before Amendment u/s 122 of the Ordinance

The circular issued by the Federal Board of Revenue (FBR) on December 13, 2024, outlines the mandatory procedural steps to initiate action under Section 111 of the Income Tax Ordinance, 2001, before utilising Section 122 for amendment of assessments. The Lahore High Court and the Supreme Court of Pakistan have emphasised in various rulings that a separate notice under Section 111 is a prerequisite for including unexplained income/assets in taxable income. Key judgments include Zubair Khan vs. CIR Jhelum Zone (2024 PTD 1112), CIR Faisalabad vs. Faqir Hussain (2019 PTD 1828), and CIR Multan vs. Falahuddin Qureshi (2021 PTD 192). The Supreme Court reaffirmed this in CIR vs. Millat Tractors Limited (2024 SCMR 700). The circular mandates a step-by-step procedure for issuing notices and speaking orders to ensure compliance with judicial directives. Any non-compliance will be taken seriously to uphold the integrity of tax assessments.

根据2001年《所得税条例》第111条（该条例第122条修订前）的单独公告/诉讼程序

巴基斯坦联邦税收委员会（FBR）于2024年12月13日发布通知，概述根据2001年《所得税条例》第111条提起诉讼的强制性程序步骤，然后使用第122条进行评估修正案。巴基斯坦拉合尔高等法院和最高法院在多项裁决中强调，第111条的单独通知是将无法解释的收入/资产包括在应税收入中的先决条件。关键判断包括Zubair Khan vs. Cir Jhelum Zone (2024 PTD 1112)，Cir Faisalabad vs. Faqir Hussain (2019 PTD 1828) 和Cir Multan vs. Falahuddin Qureshi (2021 PTD 192)。最高法院在CIR vs. Millat Tractors Limited (2024 SCMR 700)一案中重申了这一点。该通函规定发出通知和发言命令每一步的程序，以确保遵守司法指令。任何不遵守的情况都会受严肃处理，以维护纳税评估的公正性。

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PHILIPPINES

Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act (RA 12066)

Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act (RA 12066) is an Act amending Sections 27, 28, 32, 34, 57, 106, 108, 109, 112, 135, 237, 237-A, 269, 292, 293, 294, 295, 296, 297, 300, 301, 308, 309, 310, and 311, and adding new Sections 135-A, 295-A, 296-A, and 297-A of the National Internal Revenue Code (NIRC) of 1997, as amended, and for other purposes.

《企业复苏和税收激励以最大限度地创造经济振兴机会法案》（第 12066 号共和国法）

《企业复苏和税收激励以最大限度地创造经济振兴机会法案》(CREATE MORE) (第 12066 号共和国法) 是一项修订第 27、28、32、34、57、106、108、109、112、135、237、237-A、269、292、293、294、295、296、297、300、301、308、309、310、311、237-A、269、292、293、294、295、296、297、300、301、308、309、310 和 311 条的法案，并新增经修订的 1997 年《国家国内税法》(NIRC) 第 135-A、295-A、296-A 和 297-A 条。

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SAUDI ARABIA

Income Exempt from Income Tax in Saudi Arabia

Tax exemption is one of the most prominent advantages enjoyed by the tax taxpayer in the Kingdom, according to the exemptions mentioned in Article 10 of the system. These exemptions aim to encourage investment and trading in the Saudi financial market, so the taxpayer is exempt from income tax if they achieve any of the following incomes.

1. Capital gains realised from the disposal of securities
2. The gain resulting from the disposal of assets not related to the activity.
3. Cash or in-kind distributions due from the investments of the capital company in other resident or non-resident companies.

沙特阿拉伯免征所得税的收入

根据该制度第10条中提到的豁免条款，免税是沙特阿拉伯所得税纳税人享有的最显著优势之一。这些免税措施旨在鼓励在沙特金融市场的投资和交易，因此，如果纳税人获得以下任何收入，他们将免于缴纳所得税。

1. 通过处置证券实现的资本收益
2. 处置与活动无关的资产所产生的收益
3. 来自资本公司对其他居民或非居民公司的投资应得的现金或实物分配

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SINGAPORE

Spontaneous Exchange of Information

Singapore, as a member of the Inclusive Framework for the BEPS Project and the Global Forum on Transparency and Exchange of Information for Tax Purposes, adheres to international standards on tax transparency. Singapore has committed to spontaneously exchange certain rulings, including those on preferential regimes, cross-border transfer pricing, permanent establishments, and related-party conduit arrangements. Exchange occurs only with jurisdictions having appropriate legal safeguards, confidentiality measures, and similar commitments. Taxpayers are not notified of exchanges to ensure transparency and proper implementation.

自发信息交换

新加坡作为BEPS项目和税务透明度与信息交换全球论坛的成员，遵守国际税务透明度标准。新加坡愿意交换某些裁定，包括优惠税制、跨境转让定价、常设机构及关联管道安排等。信息交换仅发生在具有适当法律保障、保密措施及类似承诺的司法管辖区之间。为了确保透明度和正确实施，纳税人不会被通知信息交换的情况。

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TAJIKISTAN

Taxation in Tajikistan: Understanding Legislative Shifts, Future Directions, and Insights from Recent Forums

The Tax Committee of Tajikistan has been actively pursuing international engagement and modernisation efforts. This includes participation in the 5th Belt and Road Initiative Tax Administration Cooperation Forum (BRITACOF) in Hong Kong, focused on Belt and Road tax collaboration, and exploratory business trips to Southeast Asian nations aimed at strengthening economic ties. A visit from the Deputy Head of the Russian Federal Tax Service enhanced bilateral cooperation, while a joint workshop delved into practical improvements, specifically VAT administration through dashboards and using mobile apps for individual taxpayer accounts. These combined activities illustrate Tajikistan's commitment to international collaboration, technology adoption, and modernisation of its tax system for greater efficiency and compliance.

塔吉克斯坦的税收：了解立法变化、未来方向以及近期论坛的见解

塔吉克斯坦税务委员会一直在积极开展国际参与和现代化努力。这包括参加在香港举行的第五届“一带一路倡议”税务管理合作论坛（BRITACOF），重点是“一带一路”税务合作，以及到东南亚国家进行探索性商务旅行，以加强经济联系。俄罗斯联邦税务局副局长的访问加强了双边合作，同时联合研讨会深入研究了实际改进，特别是通过仪表板和使用个人纳税人账户的移动应用程序进行增值税管理。这些联合活动表明塔吉克斯坦致力于国际合作、采用技术和现代化其税收制度以提高效率和遵守规定。

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THAILAND

Global Minimum Tax Movements in Thailand

Global Minimum Tax has been introduced by OECD and first-time implemented for years outside Thailand. Now, Thailand has adopted such law to comply and implement on 1 January 2025.

全球最低税率在泰国的变动

全球最低税由经合组织推出，多年来首次在泰国境外实施。现在，泰国已通过该法律，并于 2025 年 1 月 1 日遵守并实施。

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TURKEY

Withholding Tax in Turkey

In Turkey, withholding tax is a deduction method implemented to secure tax collection and prevent losses of tax revenue. Digitalisation, e-commerce platforms and intermediary service providers have also been included in this scope. This article will discuss the legal framework, implementation processes, and recent regulations regarding withholding tax in e-commerce payments.

土耳其对电子商务支付实行预扣税

在土耳其，预扣税是一种为确保税收和防止税收损失而实施的扣税方法。随着数字化进程加速，电子商务平台和中介服务提供商也被纳入这一范围。本文将讨论有关电子商务支付中预扣税款的法律框架、实施流程和最新法规。

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UAE Streamlines Corporate Tax Framework for 2025 and Beyond

In the final quarter of 2024, the UAE took significant steps to enhance its taxation environment, making it more favorable and simplified for business stakeholders across the country. In November 2024, the UAE Federal Tax Authority released the Corporate Tax Guide on Tax Returns, a comprehensive document that clarifies key aspects of corporate tax filing, offering clarity and guidance and addressing concerns regarding related parties. Concurrently, the Ministry of Finance released Ministerial Decisions on tax groups, participation exemptions and unincorporated partnerships outlining simplified requirements to facilitate the application of these concepts in tax return filing for the tax periods from 2025.

阿联酋简化 2025 年及以后的企业税框架

在2024年最后一个季度，阿联酋采取重大措施来改善税收环境，使其对全国的企业利益相关者更加有利和简化。2024年11月，阿联酋联邦税务局发布《企业纳税申报指南》，这是一份综合性文件，阐明企业纳税申报的关键方面，提供清晰度和指导，并解决有关关联方的常见问题。与此同时，财政部发布关于税收集团、参与豁免和非法人的部长级决定，简化相关要求，以促进这些概念在 2025 年起纳税期的纳税申报表中的应用。

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Making Tax Digital - Update

Making Tax Digital for Income Tax Self-Assessment (MTD ITSA) is now less than 18 months away. From 6 April 2026 UK taxpayers with income over £50,000 will be required to submit quarterly income electronic submissions to HMRC. Taxpayers with income between £30,000 and £50,000 will be mandated from 6 April 2027.

MTD is a key part of the government's Tax Administration Strategy, a 10 year plan first announced in the March 2020 Budget by the Chancellor to build a trusted, modern tax administration fit for the 21st century.

With MTD ITSA on the horizon, are UK tax payers and agents ready for the upcoming changes?

税务数字化的最新消息

所得税自评税务数字化 (MTD ITSA) 不到18个月就要实施。2026年4月6日起，收入超过 £ 50,000的英国纳税人将要每季度向英国税务及海关总 (HMRC) 电子申报一次收入。收入介于 £ 30,000至 £ 50,000之间纳税人将从2027年4月6日起强制申报。

MTD是政府税务管理策略的重要一环，该策略为期10年，由财相于2020年3月预算案中首次公布，目的是建立可靠的与21世纪相适应的现代税政。

MTD ITSA已近在眼前，英国纳税人和税务代理人准备好面对即将发生的变化了吗？

[Click to read more](#)



New Tax Reporting Requirements on Government Floated Tenders in Zimbabwe - VAT Act (23:12) S30 (2)

The Zimbabwean government is faced with the need to establish a proactive system that provides easy access to information for tax authorities. They are also trying to inspire compliance with tax laws. The requirement for government and quasi-government entities to furnish the revenue authority with details of businesses awarded tenders is one such measure recently. The revenue authority could easily follow up on taxes with the tender-winning businesses.

Those who apply for tenders can also quote Value Added Tax inclusive prices if the value exceeds US\$25,000.

津巴布韦政府浮动招标的新税务报告要求 - 《增值税法》 (23:12) S30 (2)

津巴布韦政府面临建立一个主动系统的需求，以便税务机关获取信息。政府亦努力鼓励遵守税法，最近政府采取的措施包括要求政府和半官方实体向税务机关提供中标企业的详细信息，此举有助税务局追踪中标企业的纳税情况。

如果招标项目价值超过 25,000 美元，投标者还可以报出包含增值税的价格。

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AUSTRALIA

Australia Passes Pillar Two Minimum Tax Legislation - Are You Ready?

Australia has now implemented the Global Anti-Base Erosion Model Rules ("GloBE Rules") by introducing a global and domestic minimum tax, which are a key part of the OECD/G20 Two Pillar Solution to address the tax challenges arising from the digitalisation of the economy ("the Pillar Two rules"). The GloBE rules subjects Multinational Enterprises ("MNEs") to a global minimum tax rate of 15% in each of the jurisdictions they operate.

On 10 December 2024, the Australian parliament passed the primary legislation that implements the Pillar Two rules. Subsequently, on 23 December 2024, subordinate legislation containing the detailed computational rules was registered as a legislative instrument. This means the GloBE Rules are now in force.

The Australian version of the GloBE rule is generally consistent with the OECD's Model Rules and includes provisions which reflect principles from the Agreed Administrative Guidance. There are some differences, but the Explanatory Statement to the subordinated legislation includes conversions tables which help identify the Australian legislative reference to OECD Model Rules and vice versa. The OECD has recently confirmed the qualified status of Australia's legislation on a transitional basis and will complete a full legislative review of implementing jurisdictions in or after 2026.

In a nutshell, the global and domestic minimum tax comprises of:

1. a global minimum tax, which consists of 2 interlocking rules:
2. the Income Inclusion Rule (IIR), which acts as the primary rule which allows Australia to apply a top-up tax on MNE parent entities located in Australia if the group's effective tax rate in another jurisdiction is below 15%; and
3. the Undertaxed Profits Rule (UTPR), which acts as a backstop rule allowing Australia to apply a top-up tax on constituent entities of MNEs located in Australia if the group's effective tax rate in another jurisdiction is below 15% and where the profit is not brought into charge under an IIR
4. a domestic minimum tax (DMT), which provides Australia the ability to claim primary rights to impose top-up tax over any low-taxed profits in Australia, in priority over the IIR and UTPR

The IIR and DMT will apply for tax years starting on or after 1 January 2024, and the UTPR will apply for tax years starting on or after 1 January 2025 (Effective Dates).

The timing of the passing of the legislation and the Effective Dates noted above gives rise to implications for MNEs with an Australian presence that need to prepare financial statements for the year ended 31 December 2024. This can be a difficult task, especially in circumstances where the Australian Taxation

Office (ATO) itself is even still considering the need for guidance products to support the new measure, along with whether there is a need to update existing guidance and have been engaging in ongoing consultation with relevant stakeholders.

However, due to the amendments made to the Australian Accounting Standard AASB 112 Income Taxes with respect of the Pillar Two rules, it is necessary for MNEs and their constituents (Group) to consider (along with their auditors):

1. whether the Australian GloBE rules apply to the Group and, if so, whether any transitional safe harbour provisions apply;
2. If the Australian GloBE rules apply and no safe harbour provisions, then it is necessary to calculate any top-up tax liability as a result of the IIR and/or the DMT; and
3. If there are any qualitative disclosures that may assist the users of financial statements in understanding the Group's exposure to the Australian GloBE rules, including but not limited to key low-tax jurisdictions and description of transactions or commercial circumstances resulting in top-up tax liability.

Impacted MNEs should seek advice from qualified advisors who can assist them to engage with the ATO for advice or clarification of the administration or operations of the Australian GloBE rules. In certain circumstances, a private ruling application may be sought from the ATO regarding the application of a relevant provision of a tax law relating to the global and domestic minimum tax.

Reference/ Citation

ATO websites:

Global and domestic minimum tax | Australian Taxation Office [↗](#)
Implementation of a global minimum tax and a domestic minimum tax | Australian Taxation Office [↗](#)

Tax legislation:

Taxation (Multinational - Global and Domestic Minimum Tax) Act 2024

Taxation (Multinational - Global and Domestic Minimum Tax) Imposition Act 2024

Treasury Laws Amendment (Multinational - Global and Domestic Minimum Tax) (Consequential) Act 2024

Federal Register of Legislation - Taxation

(Multinational - Global and Domestic Minimum Tax) Rules 2024

Australian Accounting Standards:

AASB 2023-2 Amendments to Australian Accounting Standards - International Tax Reform - Pillar Two Model Rules

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BRAZIL

Global Minimum Tax - Implementation in Brazil

The implementation of a global minimum tax poses a significant challenge for Brazil's Ministry of Finance. This is an exceptionally complex task, both practically and operationally, and, as with any globally adopted measure, it may not be beneficial for all countries.

Over the past two decades, the international paradigm known as the "Race to the Bottom" has become more widespread, with countries increasingly lowering taxes and reducing fiscal obligations to attract foreign investment.

This leads to the introduction of Pillar 2 of the OECD's BEPS project, known as the Global Anti-Base Erosion Rules (GloBE). These rules establish a minimum 15% income tax rate on the profits of multinational companies ("top-up tax"), regardless of where their operations are located, and was driven by several catalytic factors.

Two of these measures, the "Global Intangible Low-Taxed Income" (GILTI) and the "Corporate Alternative Minimum Tax" (CAMT), originate from the United States. GILTI (2017) imposes a minimum 21% tax on income derived from intangible assets (such as patents, copyrights, etc.) held abroad if the effective tax rate is below 13,12%. On the other hand, CAMT sets a minimum 15% tax rate on income reported in the consolidated financial statements of multinational companies with annual income exceeding \$1 billion.

The implementation of the global minimum tax is structured around two sub-pillars. The "Income Inclusion Rule" (IIR) requires the untaxed or under-taxed income of a subsidiary to be included in the tax base of the controlling company's (parent company) country of residence, until the minimum 15% tax rate is achieved, unless a domestic minimum complementary tax ("Qualified Domestic Minimum Top-up Tax – QDMTT") is in place.

The "Undertaxed Payments Rule" (UTPR), in turn, aims to disallow the deductibility of expenses and the adjustment of certain amounts in the tax base of subsidiaries located in low-tax jurisdictions until the minimum 15% tax rate is met for any entity within the same group.

The main challenge lies in reconciling international accounting standards with the calculation of the proposed Effective Tax Rate (ETR) for the GloBE. Pillar 2 is based on financial statements prepared under IFRS, and although most countries worldwide follow this standard, its use and scope are not uniform across all jurisdictions. However, major countries like the United States, India, Japan, and Australia do not adopt IFRS.

So, how can global ETRs for subsidiary countries be reconciled if the methods for determining and consolidating financial results differ?

Determining the ETR, "Top-up Tax", and excess profits involves applying multiple formulas, all of which stem from adjustments within the IFRS standard itself. The implementation of the "Top-up Tax" presents an additional challenge: ensuring its compatibility

with the constitutional provisions and domestic tax incentives of various countries.

How can countries be persuaded to relinquish their sovereignty, disregarding tax benefits that are even constitutionally protected? The adoption of the GloBE is likely to occur in a mitigated form, if it happens at all.

These questions highlight that implementing a global minimum tax is an extremely complex practical and operational challenge for the countries involved, and Brazil has yet to reach even a minimal consensus for its implementation.

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CAMEROON



Cameroon's 2025 Finance Law: Key Tax Implications for Foreign Experts, Companies, and Individual Taxpayers

Finance Law 2025, Section 23, stipulates that consultants and experts of foreign nationality working in Cameroon will be liable for a work visa fee, set at 5% of their fees. If a Cameroonian employer hires a foreign consultant or expert and fails to comply with this law, they will face a penalty of 5% of the fees or twice the amount of the mentioned fee.

The law equally states that application fees for authorisation to carry out commercial activity in Cameroon shall be set as follows:

- CFAF 1,500,000 (\$ 2,380) for public limited companies (PLC) and simplified joint stock companies;
- CFAF 1,000,000 (\$ 1,587) for limited liability companies, General Partnerships and Limited Partnerships;
- CFAF 500,000 (\$ 793) for individual

In respect to company net profit, section 7-C of the General Tax Code (GTC) allows businesses to automatically deduct losses from bad debts of less than FCFA 500,000 if they have been provisioned for at least five years. In the fiscal year 2024, the deduction was strictly limited to bad debt losses below this threshold. However, starting in the fiscal year 2025, the deductible limit increases to FCFA 3,000,000, but only for credit institutions such as banks and financial institutions. Non-compliance with this provision will result in the bad debt amount being added back to taxable profit, increasing the company's tax liability.

The finance law equally state that provision for doubtful debts and commitments of credit and microfinance institutions shall not be deductible where the said provisions relate to cumulative annual credits of at least CFAF 50 million granted to the same company on the basis of financial statements not certified by an auditor, in accordance with the provision of section M.6b of this code.

Section 74 of the finance law state that Non-professional taxpayers who receive income from salaries wages, pensions, life annuities and/or income from transferable securities and income from property, and in general any passive income, shall file a recapitulative annual income tax return with the tax center of their place of residence within precise deadline.

Section 549 of the finance law states that the scientific research license for foreigners is CFAF 100,000.

Reference/ Citation

Ministry of Finance. "Finance law 2025". 2025

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GREECE

New Taxation and Other Measures from January 2025

The finance ministry has announced new measures aimed at easing freelancers, new parents and the rental property market. The measures will apply from January 2025. The changes are summarised in the following categories:

- Abolition of the business tax and reduction of the presumed income of freelancers.
- Reduction of insurance contributions for employees and employers from 1.1.2025.
- Property tax reduction for insured homes and exemption for buildings classified as listed.
- Income tax exemption for rents for buildings that remained closed and will be rented out or will abandon short-term lease and return to long-term lease.
- Suspension of VAT on properties that are unsold.
- Increase in accommodation fees imposed on hotel rooms and short-term rentals per night.
- Prohibition of new registration in the short-term rental property register for one year in the Municipality of Athens.
- Voluntary financial benefits from the employer, which are provided to a new parent for a period of up to twelve months from the birth of a child, up to the amount of 5,000 euros per year, increased by an additional 5,000 for each dependent child, are exempt from tax.
- Increase in income tax deduction for a lump sum payment.

In more detail:

Self-employed

Those who are self-employed or have a sole proprietorship will see a tax reduction of €325 from the abolition of the business tax, and with the changes in the documents, those who employ workers and have a higher turnover are favored. Those who are paid with a service voucher will have a tax reduction of between €400 and €500.

Social security contributions

A 1% reduction in social security contributions will benefit the employee by 0.5% and the employer by 0.5%.

Real estate tax

Listed buildings are exempt from real estate tax and the tax deduction is increased from 10 to 20% for buildings that are insured against natural disasters and have a taxable value of up to €500,000.

Income tax

Those who choose to rent the properties that remained closed until September 8, 2024 and those who choose long-term leases over short-term ones will be exempt from income tax for 36 months.

Accommodation fee

The accommodation fee is increasing, specifically for hotel rooms and properties rented through short-term lease, this fee increases from 1.5 euros to 8 euros per day during the summer period (April - October) and from 0.5 euros to 2 euros per day during the period November - March. Detached houses over 80 sq m. will be charged an even higher fee, reaching 15 euros per day in summer and 4 euros in winter.

Short-term rental permits

Registration in the short-term rental property registry for three large municipal districts of Athens is prohibited in 2025, as finding a residence for rent is now impossible.

Tax deduction

The deduction for a one-time payment of income tax is increased to 4% for those who submit a tax return by April 30.

In the case of submitting the return from May 1 to June 15, the deduction is reduced to 3% and drops to 2% if the return is submitted from June 16 to July 15.

These are the most important changes and measures that came into effect since the start of the new year.

Reference/ Citation

CNN Greece [🔗](#)

Capital.gr [🔗](#)

Οικονομικός Ταχυδρόμος [🔗](#)

ΑΘΗΝΑΪΚΟ - ΜΑΚΕΔΟΝΙΚΟ [🔗](#)

BBC [🔗](#)

In.gr [🔗](#)

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HONG KONG

A Bill for Hong Kong Minimum Top-Up Tax for Multinational Enterprise Groups, Waiver of Stamp Duty on Particular Transactions and Businesses

The Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Bill 2024

Hong Kong joined Pillar Two of BEPS announced by the Organisation for Economic Co-operation and Development (OECD) in July 2021. In response to Pillar Two, the Hong Kong government gazetted the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Bill 2024 on 27 December 2024 to tackle BEPS risks. The Bill is subject to scrutiny by the Legislative Council and is not enacted.

Basically, the MNE group is subject to a global minimum tax rate of 15% for the profits derived if the MNE group has annual consolidated revenue over EUR 750 million in at least two of four fiscal years. For some jurisdictions with an effective tax rate lower than 15%, the OECD allows its own jurisdictions to introduce their qualified domestic minimum top-up tax first. Otherwise, it will be imposed by another jurisdiction. The Bill aligns with OECD's guidelines. Introducing a Hong Kong minimum tax rate of 15% for in-scope MNE groups can avoid giving up the right of tax chargeability to other jurisdictions.

Tax compliance

Each Hong Kong constituent entity is required to file a single top-up tax return and a notification to the Hong Kong Inland Revenue Department within 15 months and 6 months after the fiscal year ended date, respectively. To simplify the filing, the in-scope MNE group can designate one Hong Kong constituent entity to file the top-up tax return and notification in order to relieve the filing obligation of other Hong Kong constituent entities.

Assessment for top-up tax

A notice of assessment will be issued based on the information in the top-up tax return, no provisional tax is charged. Each Hong Kong constituent entity is only liable to its portion of the top-up tax. Same as tax filing and notification arrangement, the in-scope MNE group can designate which Hong Kong constituent entities have to pay the top-up tax. However, if the notice of assessment is not settled in a timely manner, all Hong Kong constituent entities are liable for the top-up tax payable of the group.

Waiver of Stamp Duty on Real Estate Investment Trust's (REIT) transactions

Prior to 21 December 2024, trading of REIT shares or units is subject to stamp duty at a rate of 0.2% in total. The Hong Kong government believes that the waiver of stamp duty will attract more investors for trading on REIT shares and units in Hong Kong, building up the competitiveness of Hong Kong's REIT market.

Waiver of Stamp Duty for jobbing business of options market makers

Except for options market makers, other market makers are not required to pay stamp duty for contract notes when making market dealing in other products. This waiver of stamp duty is to reduce the trading cost, in alignment with other market makers and to enhance the efficiency of the options market.

Reference/Citation

Global minimum tax and Hong Kong minimum top-up tax for multinational enterprise groups | Inland Revenue Department [\[2\]](#)
Press Release:

Government welcomes passage of Stamp Duty Legislation (Miscellaneous Amendments) Bill 2024 [\[3\]](#)

Legislative Council Brief - Stamp Duty Legislation (Miscellaneous Amendments) Bill 2024 [\[4\]](#)

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INDONESIA

Global Minimum Tax (GMT) Implementation in Indonesia: Key Impacts and Insights

Starting January 1, 2025, Indonesia will implement a 15% Global Minimum Tax (GMT) under PMK No. 136/2024, aligning with the OECD/G20 Pillar Two framework to prevent tax avoidance by multinational enterprises (MNEs).

Background and Objectives

The GMT aims to address Base Erosion and Profit Shifting (BEPS) practices by ensuring MNEs pay a minimum 15% tax globally under the Global Anti-Base Erosion (GloBE) standard.

Key Provisions of PMK 136/2024

Scope

Applies to MNEs with global revenue $\geq$ EUR 750 million (approx. IDR 12.7 trillion) over two of the last four fiscal years.

Minimum Effective Tax Rate (ETR)

15% per jurisdiction, with a top-up tax for those below this threshold.

Top-up Tax Mechanisms

- Income Inclusion Rule (IIR): Parent entities pay additional taxes on low-taxed subsidiaries.
- Under-Taxed Payment Rule (UTPR): Additional taxes apply if IIR is ineffective.
- Qualified Domestic Minimum Top-up Tax (QDMTT): Indonesia collects the top-up tax locally.

Reporting Requirements

GloBE Information Return (GIR) submission within 15 months (18 months for the first year).

Safe Harbour

Temporary relief to simplify initial compliance.

Impact on MNEs in Indonesia

Tax Compliance

MNEs must adhere to global reporting standards, with non-compliance resulting in sanctions.

Tax Strategies

Reassessment of ownership structures and transfer pricing policies to meet the 15% ETR.

Investment & Cash Flow

Additional taxes may affect cash flow, shifting focus from tax rates to regulatory environments.

MNEs may require the following services to assist them in GMT compliance matters

Tax Planning

Evaluate compliance, simulate potential impacts, and adjust transfer pricing.

Reporting Support

Assist with GMT reporting under OECD standards.

Business Strategy Consulting

Provide guidance on investment restructuring and system upgrades.

Conclusion

PMK 136/2024 introduces significant changes to Indonesia's tax landscape, requiring MNEs to assess their structures and strategies.

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ITALY

Italian Tax Updates Related to the 2025 Budget Law

One of the initiatives taken by the 2025 Budget Law has been to modify the standard 24% (Imposta sul Reddito delle Società or IRES) for the year 2025, making it a 20% corporate income tax if certain conditions are met.

The requirements for obtaining this special rate include:

- a. reserve at least 80% of the 2024 profits for a minimum of two years in a special capital reserve and invest at least 30% of these retained earnings in new capital goods "Transizione 4.0" or "Transizione 5.0", intended for production facilities located in Italy;
- b. in 2025 the number of work units per year must not decrease compared to the average of the previous three years and new employees must be hired with permanent contracts to ensure an employment increase of at least 1% compared with the current tax period on 31st December 2024;
- c. the company must not have used the redundancy fund (Cassa Integrazione) in the current financial year as of December 31st 2024, or the following period.

The 2025 budget has extended the increase in the cost of personnel admitted to deduction for three further years, making it applicable for the tax periods 2025, 2026 and 2027. This benefit encourages new recruitment and promotes employment, with particular attention to disadvantaged categories of workers. The facility is dedicated to Enterprises (companies, partnerships, sole proprietors); Businesses and professions, including associated businesses; Non-commercial entities, limited to the recruitment of personnel employed in commercial activities. The employment increase is considered achieved if, at the end of the period of preferential treatment (fiscal year 2024), the number of permanent employees is higher than in the previous year.

The 2025 Budget introduces a reverse charge for the performance of companies operating in the transport, freight handling and logistics services sectors for contracts, subcontracting, contracts to consortia or other negotiation relationships characterised by a predominant use of labor and capital goods provided by the customer. Generally, the reverse charge mechanism implies that the obligations relating to the application of VAT must be fulfilled by the taxable person who takes over or commits the transaction in place of the transferor or the lender. The new provision provides that, for services rendered to undertakings engaged in freight transport and handling activities and logistics services, the supplier and the customer may choose to have the VAT on the services rendered paid by the customer in the name and on behalf of the supplier, who is jointly liable for the tax due. In such cases, the invoice is issued by the provider and the tax is paid by the client without possibility of compensation, referring to the month following the date of issue of the invoice by the provider. It is also provided that if the tax is not due, the right to reimbursement belongs to the person who ordered the service on condition that he proves the actual payment of the tax.

Reference/Citation

The Revenue Agency [↗](#)

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MALAYSIA

Global Minimum Tax (GMT)

In October 2021, 137 countries and jurisdictions under the OECD/G20 Inclusive Framework on BEPS have agreed to a global minimum tax (GMT) rate of 15%. On 20 December 2021, the OECD published detailed rules to assist in the global tax system reform, the Pillar Two model rules. The implementation of GMT is a landmark reform to the international tax system, to ensure MNEs are subject to a minimum tax rate of 15% from 2023.

In order to align with international taxation standards, GMT is implemented in Malaysia for the Financial Year (FY) beginning on or after 1 January 2025 and subsequent FYs. GMT is applicable to Multinational Enterprise (MNE) groups that have an annual consolidated revenue of € 750 million or more in at least two out of the four years before the tested year.

The GMT's filing obligations in Malaysia is as follows:

Filing Form	Filing Entity
GloBE Information Return (GIR)	i. Ultimate Parent Entities of Malaysian MNE Groups residing in Malaysia; or ii. Constituent Entity of a foreign MNE Group, where the Ultimate Parent Entity or the Designated Filing Entity (DFE) of the foreign MNE Group reside in a jurisdiction that does not have a Qualifying Competent Authority Agreement (QCAA) to exchange the GIR with Malaysia
Notification to elect appointment of DFE	Constituent Entity of a foreign MNE Group, where the Ultimate Parent Entity or the DFE of the foreign MNE Group reside in a jurisdiction with a QCAA to exchange the GIR with Malaysia
Top-up Tax Return	Constituent Entity of an MNE Group located in Malaysia
Note: 1. The returns and notifications are required to be submitted to the Inland Revenue Board of Malaysia (IRBM), not later than 15 months from the last day of the Reporting Financial Year. 2. The tax payable is due on the last day of the 15th month after the end of the Reporting Financial Year. 3. Transitional relief for the 1st filing year: a. The returns and notifications are to be submitted not later than 18 months after the last day of the corresponding Reporting Financial Year. b. The tax payable is due on the last day of the 18th month after the end of the corresponding Reporting Financial Year.	

The IRBM has issued the following guidelines on their official website:

- Guidelines on the Implementation of GMT in Malaysia (published on 2 December 2024)
- Frequently Asked Questions (FAQs) on GMT in Malaysia (version 4.1 updated on 8 January 2025)

Reference/ Citation

Official Portal of Inland Revenue Board of Malaysia (IRBM) [\[2\]](#)

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MOROCCO

Tax Reform in Morocco: The 2025 Finance Law Concludes a Three-Year Cycle and ushers in Fiscal Stability

The 2025 Finance Law marks the completion of a comprehensive three-year tax reform cycle in Morocco, heralding a new phase of fiscal stability aimed at ensuring the country's economic resilience and growth. The reform process, initiated in 2023, aimed to modernise the tax system, improve transparency, attract foreign investment, and address social inequalities. With the new law now in effect, Morocco is positioned to strengthen its financial infrastructure and continue its economic diversification efforts.

The 2025 reform cycle is a significant milestone for the Moroccan economy as it focuses on achieving fiscal stability while promoting a more equitable tax structure. The government's commitment to simplifying the tax system is evident through the reorganisation of tax codes, the introduction of more straightforward tax compliance procedures, and the alignment of tax regulations with international best practices. This restructuring aims to minimise bureaucratic hurdles, reduce tax evasion, and foster a more predictable environment for businesses and investors.

A cornerstone of the reform is the introduction of tax incentives for businesses, particularly those in key sectors such as technology, renewable energy, and manufacturing. These incentives are designed to encourage investment and innovation, with an emphasis on creating a business-friendly environment that will spur job creation and economic development. The government has introduced preferential tax rates for companies involved in green energy projects, offering Morocco an opportunity to become a regional leader in sustainable development. Additionally, businesses that contribute to digital transformation efforts and technological innovation will benefit from favorable tax treatment, helping to modernise the Moroccan economy.

The reform also seeks to address income inequality and improve social equity. Recognising the significant disparities in wealth and income, the 2025 Finance Law introduces measures to redistribute wealth and provide greater support to vulnerable groups. This includes raising the minimum income threshold for personal income tax and expanding social safety nets for low-income families. The government aims to create a more inclusive economy where the benefits of growth are more evenly distributed across society.

A major focus of the reform is the overhaul of Morocco's value-added tax (VAT) system. With the introduction of a more transparent and streamlined VAT structure, businesses will experience reduced compliance costs, and the government anticipates an increase in VAT revenues. This change is expected to reduce the tax burden on small and medium-sized enterprises (SMEs), enabling them to grow and contribute more effectively to the country's economy. Furthermore, the reform strengthens the enforcement of VAT collection, ensuring that businesses comply with their obligations and contribute to the state's revenue base.

The 2025 Finance Law also introduces measures to modernise tax administration, leveraging technology to enhance efficiency and reduce delays. With the implementation of digital platforms for tax filing and payment, businesses and individuals will have easier access to services, reducing administrative burdens. Additionally, new data analytics tools will enable the tax authorities to better monitor compliance and identify potential sources of revenue leakage.

In conclusion, the 2025 Finance Law represents a critical step in Morocco's journey toward fiscal stability and economic growth. By simplifying the tax system, encouraging investment, and improving social equity, the law strengthens Morocco's financial infrastructure and lays the foundation for a more sustainable and inclusive economy. As the country continues to modernise its fiscal policies, the 2025 reform cycle will be remembered as a turning point in Morocco's economic development, positioning it for success in the years to come.

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NEPAL

Transfer Pricing in Nepal: Bird's Eye View

Background on Transfer Pricing

The Organization for Economic Cooperation and Development (OECD) Council had drafted the OECD Transfer Pricing Guidelines in 1979 CE and officially published the original version in 1995 CE. The OECD Transfer Pricing Guidelines were introduced to address the challenges arising from the pricing of cross-border transactions between related entities within Multinational Enterprises (MNEs). These challenges primarily revolved around ensuring that such transactions are conducted at arm's length.

In Nepal, the Inland Revenue Department initially introduced the transfer pricing provision under Section 33 and Rule 15 of the Income Tax Act, 2058 (2002) and Income Tax Regulations, 2059 (2002), respectively. Due to the emerging global trade and cross-border transactions in Nepal, the Inland Revenue Department had assessed the necessity of proper guidelines on transfer pricing and issued a directive, "Directive related to Transfer Pricing, 2081 (2024 CE)" on October 2024.

Overview of Directive Related to Transfer Pricing

The Directive related to Transfer Pricing, 2081 (2024 CE), marks a significant milestone in Nepal's efforts to regulate intercompany transactions and align with international tax practices, providing clarity and guidance on arm's length principles. This Directive aligns with Section 33 of the Income Tax Act, 2058 (2002), empowering authorities to regulate prices in cross-border transactions between related parties based on arm's length principles.

This Directive enforces the use of comparability analysis and methodologies like the Comparable Uncontrolled Price Method, Resale Price Method, Cost-Plus Method, Transactional Net Margin Method and Transactional Profit Split Method to determine fair market prices. It also outlines robust documentation, functional analysis, and guidelines for adjustments to ensure compliance and transparency.

Necessity for introducing the Transfer Pricing Directive in Nepal

The necessity for introducing Transfer Pricing guidelines arose from the growing complexity and challenges in regulating cross-border transactions between related entities and Multinational Enterprises, leading to the need for standardised rules to ensure fair taxation and prevent tax avoidance. The necessity for introducing the Transfer Pricing Directive in Nepal is as under:

1. Prevention of Base Erosion and Profit Shifting
2. Ensuring Fair Tax Allocation
3. Establishing Consistency Across Jurisdictions
4. Mitigation of Double Taxation
5. Providing a Framework for Dispute Resolution
6. Promoting Transparency and Compliance
7. Facilitating Economic Development and Trade
8. Responding to Globalization
9. Addressing Digital Economy Challenges

10. Reducing Compliance Costs to Businesses
11. Reducing manipulation of intercompany pricing
12. Simplifying compliance for multinational enterprises
13. Minimizing administrative burdens for tax authorities
14. Adoption of consistent Transfer Pricing documentation standards
15. Aligning global TP practices with OECD BEPS action plans.

Conclusion

Transfer pricing is an indispensable element of Nepal's fiscal and tax policy in an era of economic globalisation. While challenges exist, there are substantial opportunities to refine the regulatory framework and promote compliance. A balanced and transparent system will not only protect Nepal's tax base but also foster a fair and attractive environment for foreign investors. For Nepal, the journey to a mature transfer pricing regime is as crucial as it is promising.

Reference/ Citation

Inland Revenue Department [\[2\]](#)

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PAKISTAN

Separate Notice/Proceedings u/s 111 of the Income Tax Ordinance, 2001 before Amendment u/s 122 of the Ordinance

Background:

The amendment process under Section 122 of the Income Tax Ordinance, 2001, has been a focal point of judicial scrutiny. Both the Lahore High Court and the Supreme Court of Pakistan have consistently emphasized the mandatory requirement of issuing a prior notice under Section 111 before adding unexplained income or assets to a taxpayer's taxable income. Historically, tax authorities often bypassed this requirement by directly invoking Section 122, leading to legal challenges and subsequent reversals by appellate forums. Recent judicial rulings aim to reinforce procedural fairness and safeguard taxpayer rights:

Procedural Requirements and Judicial Precedents

The Federal Board of Revenue (FBR) has formalised the procedural sequence in response to judicial directives. The circular refers to multiple case laws establishing that:

- Separate Notice under Section 111 is Mandatory**
 - In *Zubair Khan v. CIR Jhelum Zone* (2024 PTD 1112), the Lahore High Court ruled that proceedings under Section 122 cannot commence unless a prior notice under Section 111 is served to the taxpayer.
 - This principle was further reinforced in *CIR Faisalabad v. Faqir Hussain* (2019 PTD 1828) and *CIR Multan v. Falah ud Din Qureshi* (2021 PTD 192), which affirmed the mandatory nature of issuing a separate notice under Section 111.
- Supreme Court's Ruling in the Millat Tractors Case**
 - In *CIR v. Millat Tractors Ltd* (2024 SCMR 700), the Supreme Court categorically held that no addition under Section 111 is valid unless the proceedings are initiated and concluded through a separate notice under that section.

Step-by-Step Compliance as Mandated by the Circular

To ensure adherence to judicial principles, the FBR has instructed tax officers to follow a strict procedural framework:

- Issuance of Show Cause Notice**
 - If an assessing officer believes Section 111 applies, a specific show cause notice under that section must be issued.
- Speaking Order under Section 111**
 - Upon receiving the taxpayer's response, a reasoned (speaking) order under Section 111 must be passed, specifying the relevant clause under which the income or asset addition is being made.
- Subsequent Notice under Section 122(9)**
 - Only after finalizing the order under Section 111 can the officer proceed with issuing a show cause notice under Section 122(9), confronting the taxpayer with findings from the Section 111 order.

4. Final Speaking Order under Section 122

- A detailed speaking order under Section 122 must be issued, ensuring compliance with the Supreme Court's ruling.

Reference/ Citation

C.No. 1 (76) SS (A&A)_2023 dated 13-Dec-2024 - Procedure for amendment US 111 ITO 2001

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PHILIPPINES



Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act (RA 12066)

The Act introduced amendments to the provision of the NIRC of 1997 on Corporate Income Tax (CIT), Value-added Tax (VAT) and incentives to be enjoyed by a Registered Business Enterprises (RBEs), among others.

RBEs under the Enhance Deduction Regime (EDR) will be subjected to twenty percent (20%) CIT on the RBEs taxable income derived from the registered activities during the taxable year. Prior to the amendment, the 20% tax generally applied to corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million.

As amended, Sections 106 and 108 provide specific conditions for VAT exemptions and qualify for a zero-rating as follows:

- Importation of goods by enterprises that export at least 70% of their previous year's annual production is VAT-exempt.
- The sale of goods and services to enterprises that export at least 70% of their previous year's annual production is qualified for zero-rating.

In addition, Section 295(D) of the Tax Code was also amended to provide that only activities "directly attributable" to the registered project or activity shall benefit from VAT exemption on importation and VAT zero-rating on local purchases of goods and services, regardless of the location of these enterprises. This broadens the scope of VAT incentives covering services such as janitorial, security, finance consultancy, and administrative services, including legal and accounting services.

Reference/ Citation

Official gazette of the Republic of the Philippines [🔗](#)

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SAUDI ARABIA

Income Exempt from Income Tax in Saudi Arabia

In accordance with the provisions of the Income Tax Law issued by Royal Decree No. (M/1) dated 15 Muharram 1425 AH and its amendments ("Regulations"), income tax is a direct tax imposed on the shares of non-Saudi partners in corporate entities, on non-Saudi residents who engage in commercial activities within the Kingdom, on non-residents who earn income from engaging in commercial activities in the Kingdom, as well as on individuals working in the field of natural gas investment and those working in the field of oil and hydrocarbon production.

Individuals subject to income tax in the Kingdom

According to Article 2 of the Regulations, the following are subject to tax: resident capital companies for shares owned directly or indirectly by non-Saudis, as well as shares owned directly or indirectly by individuals working in the production of oil and hydrocarbon materials.

Capital companies are joint-stock companies and limited liability companies. The shares in these companies are subject to tax if they are owned directly or indirectly by non-Saudis, as well as the shares owned by Saudis or non-Saudis.

The non-Saudi resident individual who engages in activities in the Kingdom.

The non-resident person who conducts activities in the Kingdom through a permanent establishment.

The non-resident person who has taxable income from sources in the Kingdom without having an establishment.

Any person, even if not a resident, is subject to tax as long as they receive a certain income from a source in the Kingdom and do not have a permanent establishment within the Kingdom.

The person who works in the field of natural gas investment.

The person who works in the field of oil and hydrocarbon production.

Income exempt from income tax in the Kingdom

Tax exemption is one of the most prominent advantages enjoyed by income tax payers in the Kingdom, according to the exemptions mentioned in Article 10 of the system. These exemptions aim to encourage investment and trading in the Saudi financial market, so the taxpayer is exempt from income tax if they achieve any of the following incomes:

1. Capital gains realised from the disposal of securities
The term "capital gains" refers to the profits realised from the disposal of certain assets of the establishment, such as properties or securities, or the disposal of shares by the partners. However, the exception mentioned in the system only applies to the capital gains that fulfilled the following conditions:
Realised from the disposal of securities: traded in the Saudi financial market or traded in a foreign financial market if they are also traded in the Saudi financial market. The investments that were disposed of should not

have been listed before the effective date of the Income Tax Law, which came into effect on 13 Jumada al-Thani 1425 AH, corresponding to July 30, 2004 AD.

This exemption applies regardless of the method of disposal and the manner of execution, whether by sale or trading, as long as the disposal process has been carried out in accordance with the Saudi financial market system and its regulations—if the security is traded in the Kingdom—or from a financial security in a foreign financial market and also traded in the Saudi market.

2. The gain resulting from the disposal of properties not related to the activity's assets.

Any gain realised from the disposal of any property owned by the taxpayer is exempt from income tax under one condition: that the property is not part of the assets of the activity of the taxpayer. If the property is part of the essential assets necessary for the taxpayer's main activity, the gain is not exempt from tax.

3. Cash or in-kind distributions due from the investments of the capital company in other resident or non-resident companies.

Companies, when achieving profits, sometimes distribute those profits to their shareholders based on a decision from the board of directors. These distributions - whether in kind or cash - are exempt from income tax under the Regulations if they result from an investment by a resident company in other resident or non-resident companies, and the latter company has distributed profits to its shareholders. To achieve this tax exemption, two conditions must be met:

- a. The contribution percentage of the resident capital company (the exempt taxpayer) in the capital of the invested company should not be less than ten percent (10%).
- b. The minimum ownership period of the company's contribution percentage mentioned is one year or more.

Reference/ Citation

Zakat, Tax and Customs Authority [🔗](#)

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SINGAPORE

Spontaneous Exchange of Information

Singapore is a member of the Inclusive Framework (IF) for the global implementation of the Base Erosion and Profit Shifting (BEPS) Project. The spontaneous exchange of information on certain rulings is a minimum standard under the BEPS Project to be implemented by IF members.

Singapore is also a part of the Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum), which currently comprises more than 140 jurisdictions. It is the international body responsible for ensuring the implementation of the internationally agreed standards of transparency and exchange of information in the tax area. It does so through a peer review process which examines a jurisdiction's legal and regulatory framework and the implementation of this framework in practice. The assessment of the Global Forum in this regard will strongly influence the Inland Revenue Authority of Singapore (IRAS)'s determination of whether a jurisdiction has the necessary legal framework and safeguards to ensure confidentiality and appropriate use of the exchanged information.

Singapore has committed to spontaneously exchange the following categories of rulings:

- Rulings relating to preferential regimes;
- Unilateral Advance Pricing Arrangement Agreements (APAs) or other cross-border unilateral rulings in respect of transfer pricing;
- Cross-border rulings providing for a downward adjustment of taxable profits;
- Permanent establishment (PE) rulings; and
- Related party conduit rulings.

Singapore will spontaneously exchange information with a jurisdiction only if that jurisdiction:

- has a tax treaty or exchange of information arrangement with Singapore that provides for the spontaneous exchange of information;
- has the necessary legal framework and safeguards to ensure confidentiality and appropriate use of the information exchanged; and
- is similarly committed to compulsory spontaneous exchange of information under the framework.

As a general rule, the spontaneous exchange of information on rulings will take place with the following jurisdictions who meet the above criteria:

- jurisdictions of residence of all related parties with which the taxpayer enters into transactions for which a ruling is granted or which gives rise to income from related parties benefitting from a preferential treatment (this rule also applies in a PE context); and
- jurisdictions of residence of the taxpayer's ultimate parent entity and the immediate parent entity, and in the case of PE rulings, the residence jurisdiction of the PE's head office.

The definition of related party threshold for the purpose of spontaneous exchange of information is when the first person has a 25% or greater shareholding in the second person or there is a third person that holds a 25% or greater shareholding in both. A person will be treated as holding a percentage shareholding in another person if that person holds directly or indirectly through a shareholding in other persons, that percentage of the voting rights of that person or of the value of any equity interests of that person. The same threshold will apply for other entities such as partnerships and trusts.

As a matter of practice, taxpayers will not be informed if and when their information is exchanged or of who the information has been exchanged with. Taxpayers should expect that information falling within the five categories of rulings that Singapore has committed to spontaneously exchange will be exchanged within the timeframe indicated.

Reference/ Citation

Overview of Spontaneous Exchange of Information on certain rulings | Inland Revenue Authority of Singapore [\[\]](#)

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TAJIKISTAN

Taxation in Tajikistan: Understanding Legislative Shifts, Future Directions, and Insights from Recent Forums

The 5th Belt and Road Initiative Tax Administration Cooperation Forum

The 5th Belt and Road Initiative Tax Administration Cooperation Forum took place in Hong Kong, China, from the 24th to the 26th of September 2024. The forum was organised by the Secretariat of the Belt and Road Tax Administration Cooperation Mechanism and the Inland Revenue Department of Hong Kong, China, and was themed "Deepening Tax Administration Cooperation for High-Quality Belt and Road Development".

In order to discuss taxation issues and exchange experience in the field of tax management, more than 500 representatives of tax authorities, international experts, financial organisations, academic institutions and world-renowned enterprises from nearly 50 jurisdictions participated at the Forum.

As a result of the Forum, the participants adopted the Joint Statement and approved the Hong Kong Action Plan 2025-2027. It should be noted that the main goal of the "Belt and Road" Initiative Tax Administration Cooperation Mechanism is to contribute to the creation of a favorable tax environment aimed at developing entrepreneurship through cooperation and sharing advanced practices. This includes adherence to the rule of law, enhancing tax reliability, expediting tax dispute resolution, improving taxpayer services, and strengthening the capacity of tax authorities in the partner countries of the "Belt and Road" Initiative.

Business trips of representatives of State Authorities to Southeast Asian Countries

From November 17 to 26, 2024, a delegation of representatives from the ministries and agencies of the Republic of Tajikistan conducted business trips to Malaysia, Singapore, Indonesia, and Thailand in order to expand and strengthen bilateral cooperation.

Visit of the Deputy Head of the Federal tax service of Russia to the Tax committee

Representatives from the Tajik Tax Committee and the Russian Federal Tax Service met to discuss their ongoing collaboration, specifically focusing on the implementation of a technical assistance agreement. This agreement aims to modernise Tajikistan's tax administration system, and the meeting reviewed the progress made by both sides, including the work of several Russian institutions involved in the project.

Joint workshop of the Tax committee and the Federal tax service of Russia

A collaboration between Tajikistan and Russia has significantly advanced Tajikistan's tax administration. With Russian technical assistance, a new VAT monitoring system was launched, analysing electronic invoice data to detect potential fraud. Simultaneously, a user-friendly mobile app was introduced, allowing individuals to manage their tax obligations. A recent workshop, involving

tax officials, taxpayers, and government representatives, highlighted these advancements. The joint effort seeks to enhance tax control, provide better taxpayer services, and expand the tax base within Tajikistan.

Reference/ Citation

Tax Committee under the Republic of Tajikistan Government [\[2\]](#)

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THAILAND

Global Minimum Tax Movements in Thailand

The OECD has played a leading role in multilateral cooperation to counter harmful tax competition. The OECD/G20 Base Erosion and Profit Shifting (BEPS) Inclusive Framework released model Global Anti-Base Erosion (GloBE) rules under Pillar Two. Pillar Two introduces a global minimum tax rate of 15%.

Who will be impacted?

An entity that is a member of a multinational entity group (MNE Group) that has a consolidated total income of not less than EUR 750 million.

On October 8, 2021, a meeting of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (Inclusive Framework on BEPS) committee, which has more than 140 members in economic zones including Thailand, resolved to approve a two-pillar approach in addressing tax challenges arising from the digital economy (Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalization of the Economy) as a guideline for tax collection in the digital economy era which includes:

- Pillar 1 Profit allocation and taxation rights from large size Multinational Enterprises (MNEs) to be fairer, and;
- Pillar 2 Collecting a minimum corporate income tax (Global Minimum Tax) from large multinational corporate groups. To reduce international tax competition by requiring large multinational corporate groups to pay income tax at an effective tax rate (ETR) of not less than 15 percent.

On March 7, 2023, the Cabinet resolved to approve the Office of the Board of Investment's proposals for measures to support the Global Minimum Tax, which was assigned to the Ministry of Finance by the Revenue Department, to proceed with enacting laws or setting guidelines for action as appropriate, as follows:

- Collection of top-up taxes according to the principles of Pillar 2.
- Allocation of revenue from top-up taxation according to the principles of Pillar 2 to the National Competitiveness Enhancement Fund for target industries at a rate of at least 50 percent but not more than 70 percent of the said income.
- Submitting information on top-up taxpayers to the Office of the Board of investment.

On December 11, 2024, the Cabinet approved the adoption of the Global Minimum Tax (GMT) law. The effective date is 1 January 2025.

Reference/ Citation

Revenue Department news no. 6/2025 [🔗](#) [🔗](#)

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TURKEY



Withholding Tax in Turkey

The legal framework for withholding tax in Turkey is defined by the Income Tax Law No. 193 ("ITL") and the Corporate Income Tax Law No. 5520 ("CITL"). Article 94 of the ITL stipulates that certain payments made to specific individuals and institutions are subject to deductions at specified rates, which are credited against income tax.

Withholding tax is applicable to payments made in cash or on account. When calculating withholding, deductions are made on gross amounts, excluding wage payments.

As of January 1, 2025, intermediary service providers and e-commerce intermediary service providers are obliged to withhold income tax and corporate tax, acting as responsible parties, on payments made to service providers and e-commerce service providers due to their activities under Law No. 6563. The withholding tax rate has been set at 1% by Presidential Decision No. 9284, dated December 21, 2024.

The withholding tax base includes the price of goods and services, excluding value-added tax, as well as additional benefits such as bonuses and premiums. However, items such as shipping, service, and bank charges are not included in the withholding tax base. Since non-resident corporations are also subject to taxation in Turkey, corporate withholding tax will be applied to payments made to these taxpayers.

E-commerce platforms and intermediary service providers responsible for withholding tax are required to clearly reflect the deductions in their accounting records. Additionally, the withheld taxes must be declared through the withholding tax return for the relevant month and paid to the respective tax office. On the other hand, information regarding each taxpayer subject to withholding tax will be reported to the Revenue Administration by the end of the month in which the related withholding tax and premium service declaration is submitted, using the data format and standard published through the Information Transfer System (BTRANS).

If the recipient of the payment is not a taxpayer or if the payment is not subject to withholding tax, no withholding tax is applied. However, if the taxpayer status cannot be determined with certainty, withholding tax is applicable on the relevant amount, and the deducted tax is declared to the tax office. Subsequently, the person subject to withholding tax may apply to the tax office for a refund if withholding tax is not applicable by providing documentation proving that withholding tax should not have been applied. If the investigation reveals incorrect or unnecessary withholding tax, the overpaid tax will be refunded.

Payments subject to withholding tax can be offset against provisional tax and annual income/corporate tax returns. If any amount remains uncredited in the annual returns, an application for refund of this amount can be requested in accordance with the principles set out in the Income Tax General Communiqué No. 252. This process allows taxpayers to recover any excess taxes paid.

In our opinion, withholding tax is an important mechanism to secure tax collection and reduce informality in Turkey. The obligations imposed on e-commerce platforms aim to enhance tax supervision and transparency within the digital economy.

Reference/ Citation

Income Tax General Communiqué No. 330, published in the Official Gazette No. 32768 (2nd Repetition), dated December 30, 2024.

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UAE

UAE Streamlines Corporate Tax Framework for 2025 and Beyond

The UAE Ministry of Finance (MOF) introduced significant updates to the country's Corporate Tax regulations through a series of guides and ministerial decisions during the last quarter of 2024. These updates are aimed at enhancing tax compliance, streamlining business operations, and fostering a more transparent environment. The key updates, introduced through the Corporate Tax Guide on Tax Returns, Ministerial Decision No. 261 of 2024, Ministerial Decision No. 301 of 2024, and Ministerial Decision No. 302 of 2024, reflect the UAE's commitment to aligning its corporate tax framework with international standards.

The Corporate Tax Guide on Tax Returns, introduced in November 2024, offers a comprehensive resource for businesses to navigate the complexities of return filings. A major feature of this guide is the clarification on the disclosure of transactions involving related parties and connected persons. The guide introduces new thresholds for the disclosure that weren't previously outlined. Businesses must complete the Related Party Schedule if total transactions exceed AED 40 million, with individual transactions over AED 4 million also requiring a disclosure. Additionally, the Connected Persons Schedule is necessary if aggregate payments or benefits exceed AED 500,000. These measures enhance transparency with corporate tax regulations.

Ministerial Decision No. 261 of 2024 outlines the treatment of unincorporated partnerships under the Corporate Tax Law. Unincorporated partnerships can opt to be treated as taxable persons by applying to the Federal Tax Authority (FTA), with the decision becoming irrevocable once approved. Foreign partnerships are considered unincorporated if they are not taxed similarly in their home jurisdiction and if partners are individually taxed. Family foundations meeting certain conditions, such as not generating taxable income for public benefit beneficiaries, can also be treated as unincorporated partnerships.

Ministerial Decision No. 301 of 2024 simplifies tax grouping for foreign companies with a Place of Effective Management (PoEM) in the UAE by removing the requirement for confirmation from home tax authorities. This reduces administrative barriers for multinational companies. The decision also clarifies the timeline for replacing parent companies within Tax Groups and allows more flexibility in using pre-tax grouping losses and net interest expenditures. The arm's length principle now applies only when using unutilised pre-tax grouping losses or net interest expenditures, streamlining compliance for international businesses.

Ministerial Decision No. 302 of 2024 refines the Participation Exemption and Foreign Permanent Establishment Exemption rules. Ownership interests over AED 4 million qualify for tax exemptions, including dividends and capital gains, if the entity's jurisdiction applies a minimum 9% corporate tax rate. For foreign permanent establishments, a minimum 9% corporate tax rate is required, with tax losses needing to be offset against profits

before claiming exemptions.

In conclusion, the updates introduced mark a significant step toward creating a more transparent and business-friendly tax environment. These changes simplify compliance, reduce administrative burdens, and promote investment while aligning the UAE's tax framework with global standards. By streamlining processes, the UAE strengthens its position as a hub for international trade and business operations. These reforms ensure compliance and encourage businesses to operate efficiently, supporting the UAE's broader economic objectives.

Reference/ Citation

Tax Returns - Corporate Tax Guide | CTGTXR1.
Ministerial Decision No. [301] of 2024 on Tax Group for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses.
Ministerial Decision No. (302) of 2024 on the Participation Exemption and Foreign Permanent Establishment Exemption for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses.
Ministerial Decision No. (261) of 2024 on Unincorporated Partnership, Foreign Partnership and Family Foundation for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses.

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UK

Making Tax Digital - Update

The world has changed immeasurably over the last two decades, and the rapid growth of information and communication technologies and rising public expectations of world-class customer service mean that the UK needs a fully digital tax system able to support taxpayers across the full range of their needs.

MTD will help reduce the tax gap by requiring businesses and individuals to, keep digital records, use software that works with Making Tax Digital and submit updates every quarter, bringing the tax system closer to real-time.

MTD ITSA will apply to landlords and self-employed individuals and has three main components - digital record keeping, quarterly updates and year-end reporting. Digital record keeping will require the amount, category and date of business income and expenditure to be recorded in software. These digital records will then form the basis for the quarterly updates - summary totals of income and expenses which have to be submitted to HMRC at the end of each quarter.

Exemptions

Automatic exemptions for MTD ITSA apply to:

- trustees, including a charitable trustee or a trustee of non-registered pension schemes
- a person that does not have a National Insurance number - this only applies for a tax year where you do not have a National Insurance number on 31 January before the start of that tax year
- personal representatives of someone who has died
- Lloyd's members, in relation to their underwriting business
- non-resident companies

It will be possible to apply for an exemption from MTD for ITSA when the application process opens, under the following circumstances.

- it is not practical for taxpayers to use software to keep digital records or submit them - this may be due to their age, disability, location or another reason
- they are a practising member of a religious society (or order) whose beliefs are incompatible with using electronic communications or keeping electronic records

Explanations will have to be provided for these exemptions apply.

HMRC will consider the information which is sent and then make a decision:

- where the taxpayer is exempt HMRC will advise what they need to do next
- where there is not an exemption, the taxpayer will be able to appeal

Uncertainties

There are many areas of MTD which have not been clarified by HMRC. Tax bodies, such as the Chartered Institute of Taxation (CIOT) and the Association of Taxation Technicians (ATT) have been meeting with HMRC over recent months. HMRC have provided updates on the beta testing phase and have outlined

their success criteria for assessing the effectiveness of MTD ITSA during this testing phase.

HMRC will provide updates on the development and availability of free software and the development of a HMRC year end filing service, which can be used by taxpayers to complete the year end filing.

It is anticipated that more software suppliers will come online soon. HMRC and the Tax bodies are encouraging agents to start planning for MTD ITSA now, even if their preferred software provider has not yet delivered a solution.

MTD ITSA has been delayed several times in the past but following the Autumn Budget there is no suggestion from HMRC that further delays are on the cards.

The message to all agents with clients that will be impacted, is to start planning for April 2026 and start engaging with clients now to get them ready for the changes ahead.

Reference/ Citation

HMRC website - Making Tax Digital for Income Tax Self Assessment for sole traders and landlords - GOV.UK [🔗](#)
Tax advisor magazine

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ZIMBABWE



New Tax Reporting Requirements on Government Floated Tenders in Zimbabwe - VAT Act (23:12) S30 (2)

The Zimbabwean 2025 national budget introduced many changes to tax laws. Some of the changes show a preemptive approach to revenue management. Among these changes, is the introduction of new reporting requirements for Tenders by procuring entities within the government and quasi-government institutions. In addition, a new rule affecting bidders for tenders was also introduced.

These changes are expected to positively impact tax administration and revenue collection efforts. From January 2025, all government and quasi-government entities are required to procure goods and services via the public tender system (<https://egp.praz.org.zw/Indexes/login>) in Zimbabwe and must submit tax returns to the Zimbabwe Revenue Authority (ZIMRA).

The affected tenders are those within the following limits;

- Construction works: USD20,000 - USD5,000,000
- Goods: USD10,000 - USD300,000
- Consultancy & Non consultancy services: USD5,000 - USD1,000,000

From the Public Procurement and Disposal of Public Assets Chapter 22:23 Regulations

All businesses making supplies within the limits above should take note that their details will be submitted to ZIMRA in comprehensive Tax Returns. Such information includes names of winning bidders, their contact details, taxpayer registration numbers, value of contracts and payment details.

The Tender Returns will provide the Commissioner of Taxes with valuable information for tax collection. This access to bidding companies' information will enable faster third-party income verification. Investors who deal with government-related entities are therefore encouraged to comply with their tax obligations, as ZIMRA will now have verification information at their fingertips.

Since government and quasi-government institutions are required to procure via public tenders, access to tender values and winning bidders' details will help ZIMRA to ensure that all public expenditures are tax-productive. This means that any direct taxes arising from the circulation of these funds can be easily followed through. While we are uncertain about the comparative level of contribution of government procurement to gross domestic product, it is assumed that public expenditure through tenders constitutes a significant part of gross domestic product. Hence, efficient tax accounting of these funds can help the fiscus.

Under normal circumstances, quoting prices inclusive of VAT is reserved for registered operators; all other traders are not allowed to quote and charge prices inclusive of VAT. From January 2025, all bidders not yet registered for VAT must quote a price inclusive of VAT if the tender value is US\$25,000 and

above - VAT Act S70 (2).

On this new concession, there will be exceptions for those who are ordinarily exempt from VAT registration. An example of such a trader deals solely in exempt supplies like medical services.

In conclusion, doing business with the government of Zimbabwe and quasi-government entities will now demand enhanced tax compliance by any trader/investor. Where an unregistered trader (for VAT) quotes in excess of US\$25 000 on any government tender, they must be prepared to comply with the VAT Act with regards to charging, collecting and remitting any VAT on the transaction.

Reference/ Citation

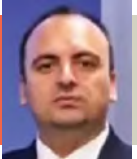
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