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Germany's upper house of parliament adopts law that introduces R&D tax incentive

The law includes a research allowance amounting to 25% of eligible expenses for qualifying R&D projects and is in alignment with EU state aid principles.



Australia

Hybrid mismatch guidance dealing with US GILTI rule released

Australian businesses with deductible payments to subsidiaries of US-parented groups potentially may suffer economic double taxation through the parallel operation of the

Australia

Tax authorities confirm compliance approach for related party debt derivatives

The final guidance addressing cross-border related party financing arrangements maintains risk indicators from earlier draft guidance

Australian hybrid mismatch rules and the US GILTI rule.

but broadens the definition of “derivative” to include some instances of unrelated party arrangements.



China

STA issues new rules for claiming treaty benefits

New procedures for nonresidents claiming benefits under China’s tax treaties simplify the declaration and documentation requirements, but the substance requirements remain unchanged.



European Union

Member states fail to agree on compromise proposal for public CbC reporting

While EU member states broadly support the enhanced transparency that would come with the proposed mandatory public disclosure of tax information by certain MNEs doing business in the EU, a majority were unable to support the legal basis for the proposal.



Guernsey, Isle of Man, Jersey

Updated guidance on scope and application of economic substance legislation released

The guidance clarifies many areas of uncertainty and contains new sections on insurance, shipping, intellectual property companies and high risk intellectual property.



Japan

Tax authorities intensify audits of foreign digital service providers

Foreign digital service providers that do not respond to tax questionnaires or pay consumption tax due on digital services may be subject to attachment on certain assets.



Taiwan

Draft regulations released on undistributed surplus earnings

Businesses investing undistributed surplus earnings in buildings or technology may deduct the amount invested from such earnings prior to the levy of the 5% undistributed surplus earnings tax.



United States

Final and proposed BEAT regulations released

The base erosion and anti-abuse tax (BEAT) regulations provide detailed guidance on which taxpayers will be subject to BEAT, the base erosion payment determination, the method for calculating the base erosion minimum tax amount and certain reporting requirements.

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If you have any questions about the content in *World Tax Advisor*, please email Sally Clurman at sclurman@deloitte.com.

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