

World Tax Advisor

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Luxembourg tax authorities release guidance on interest limitation rules

The guidance focuses on the interest deduction limitation rules applicable to domestic companies and permanent establishments of nonresident companies, and covers borrowing costs and interest revenue, limitation calculations, excess borrowing cost carryforwards, unused capacity to deduct interest, and loans used to fund EU long-term public infrastructure projects.

Italy enacts 2021 budget law, including tax incentives to encourage investment

The measures in the law that are relevant to companies include a business combination incentive for domestic companies, an election for nonresident entities to step up the tax basis in certain participations, and tax credits for qualifying investments and research and development.

For the latest developments from various countries on measures in response to COVID-19, please visit the [Deloitte tax@hand COVID-19 page](#).



Belgium



Cayman Islands

Key features of 2021 transfer pricing audit cycle

The tax authorities' national transfer pricing audit team has released the first questionnaires to launch the 2021 transfer pricing audit cycle, and companies will be subject to an improved selection process based on the outcome of a risk assessment analysis performed by the audit team.



China

Tax incentives updated to boost the integrated circuit and software sectors

The government has announced a new set of income tax incentives that are retroactively effective from 1 January 2020 for integrated circuit manufacturers and projects, as well as for integrated circuit value chain and software enterprises.



Germany

Draft law approved by government would not mitigate extraterritorial taxation issues

The Ministry of Finance has approved draft legislation that no longer contains a provision that would have abolished extraterritorial taxation where the only German nexus is the existence of registered intellectual property rights in a German public book or register; it is expected that the existing law would continue to apply.

Additional economic substance reporting updates and reminders issued

The Department for International Tax Cooperation has issued an industry advisory providing updates relating to economic substance notifications, outsource service providers, and the reporting portal; in addition, reporting deadlines have been extended to 30 April 2021 for certain relevant entities.



Cyprus

Ultimate beneficial owner register implemented

Data collection for companies with regard to ultimate beneficial ownership will begin on 22 February 2021, and companies will have a six-month period from this date to provide such information.



Germany

Germany and UK update existing tax treaty and announce plan for further amendments

The Ministry of Finance has published a protocol signed with the UK that will introduce additional anti-abuse provisions into the existing Germany-UK tax treaty; further treaty negotiations to begin in 2021 also were announced.



India

High Court rules reimbursed hotel and travel expenses of seconded employees not FTS

The court has held that payments by the taxpayer to a UK company for reimbursement of hotel and travel expenses of seconded employees were not fees for technical services and the taxpayer was not required to withhold tax from the payments.



India

ITAT rules nonresident making offshore supplies had business connection and PE

The Delhi bench of the tribunal has ruled that a foreign taxpayer supplying equipment to telecom companies in India conducted activities in India that rose to the level of a permanent establishment, and that the income from such supplies attributable to the permanent establishment was taxable.



Singapore

IRAS to participate in International Compliance Assurance Programme as from 2021

The Inland Revenue Authority of Singapore has announced its intention to participate in the OECD International Compliance Assurance Programme, reflecting the government's commitment to providing greater tax certainty to multinational enterprises with operations in Singapore.



Taiwan

Foreign wind energy players: Local tax regime offers various WHT mitigation options

Domestic tax regulations are evolving and being adopted to encourage foreign enterprises with wind energy technology to transition to the domestic market.



United States

Final 163(j) regulations: Provisions for domestic C corporations, consolidated groups



United States

Partnership interests held in connection with performance of services: Final regs

This article summarizes the final interest deduction limitation regulations, as applied to domestic C corporations and consolidated groups, with a focus on changes made in relation to the 2020 final and proposed regulations.

Treasury and the Internal Revenue Service have released final regulations addressing partnership interests held in connection with the performance of services, which retain the structure of the 2020 proposed regulations, with certain modifications.

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