

World Tax Advisor

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Clarification needed from Mexico's tax authorities on deductibility of expenses relating to telework

Under the new law on telework, employers are required to bear certain costs arising from an employee's telework; however, the tax authorities have not yet issued rules relating to the deductibility of such expenses for corporate income tax purposes and clarification is needed.

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



Bahrain

CbC reporting obligations for MNE groups introduced

The Ministry of Industry, Commerce and Tourism has issued a ministerial decision setting forth country-by-country reporting obligations for multinational enterprise groups headquartered or operating in Bahrain, which are effective for financial years beginning on or after 1 January 2021.



El Salvador

Transfer pricing considerations for Salvadorian taxpayers, based on OECD guidance

In light of the OECD guidance on transfer pricing-related challenges presented by COVID-19, this article discusses considerations relevant to Salvadorian taxpayers preparing transfer pricing studies and reporting forms for 2020.



Germany

BFH ruling clarifies application of RETT rules to indirectly held partnerships

A decision by the federal tax court has provided clarification that indirectly held participations in partnerships with German real estate are treated similarly to indirect shareholdings in corporations with German real estate for purposes of the real estate transfer tax share transfer rules.



India

Income from offshore bandwidth services is not royalty under India-Singapore treaty

The Delhi Bench of the Income-tax Appellate Tribunal has applied the India-Singapore tax treaty, rather than less beneficial provisions under the amended income tax law, in ruling that income received for the provision of bandwidth services outside of India was not taxable as a royalty under the treaty and therefore was exempt from tax in India.



India

Legal fees paid to a partnership firm taxable as FTS under India-Japan treaty

The Mumbai Bench of the Income-tax Appellate Tribunal has ruled that the provisions for independent personal services in the India-Japan tax treaty relate only to the taxation of individuals, and that legal fees paid to a partnership firm were taxable as fees for technical services under the royalty provisions of the treaty.



Israel

Characterization of recharges for provision of stock-based compensation clarified

The tax authorities have issued a circular addressing the classification of a payment by an Israeli affiliate to a foreign parent company for stock-based compensation and identified the conditions under which such a payment will be characterized as a repayment rather than as a dividend or a reduction in equity.



Jersey

Guidance issued on application of economic substance rules to self-managed funds



Malaysia

Malaysia deposits ratification instrument for MLI

Revenue Jersey has released guidance on the application of the economic substance rules to self-managed funds; the economic substance test applies to such funds for financial periods commencing on or after 1 January 2021.

There are no material changes to the list of reservations and notifications from the time Malaysia signed the multilateral instrument; the date on which relevant provisions will enter into effect for certain covered tax agreements will depend on the dates when Malaysia's treaty partners deposit their ratification instruments.



OECD

New ICAP handbook for tax administrations and MNE groups released

The Forum on Tax Administration has released a new handbook for the expanded version of the International Compliance Assurance Program, which builds on feedback from multinational enterprise groups and tax administrations that participated in the pilot phases of the program.



Singapore

IRAS publishes updated transfer pricing guidance for taxpayers affected by COVID-19

The tax authorities have updated their transfer pricing guidance to help achieve a more accurate assessment of the effects of COVID-19 on transfer pricing outcomes; the updates are largely consistent with the principles recommended in OECD guidance.

Tax treaty round up

Recent developments with respect to the following tax treaties: Argentina-Qatar, Cambodia-Korea (ROK), Chile-Netherlands, Eswatini-Mauritius, Georgia-Japan, Japan-Spain, and Kosovo-Lithuania.

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