Canadian draft legislation released on limiting deductibility of interest and financing expenses

The Department of Finance has released draft legislation to implement earnings stripping rules limiting the amount of net interest and financing expenses that may be deductible, based on a specified ratio of adjusted taxable income. The proposed measures are in line with a general framework announced in the 2021 federal budget and with the OECD’s BEPS recommendations.

Australia

Crypto tax terms of reference released

The government has released the terms of reference for a review by the Board of Taxation of the appropriate policy framework for the taxation of digital transactions and assets such as crypto, with the review expected to be completed by 31 December 2022.

Australia

Digital Games Tax Offset draft legislation released

The government has released draft legislation and explanatory material related to the implementation of a new Digital Games Tax Offset, which aims to strengthen Australia’s digital game industry and to make the country a more attractive destination for international games development.
Brazil

**Government publishes new decree decreasing IOF rates**

The government has published a decree amending the financial transaction tax legislation, which gradually reduces the financial transaction tax on certain foreign exchange transactions. The reduction is part of the efforts and commitments being undertaken by the government as part of the process to join the OECD.

Cyprus

**Period for which tax incentive is available for investment in innovative SMEs extended**

The parliament has extended through 30 June 2024 the tax deduction for qualifying investments in certain small and medium-sized enterprises; this tax incentive aims to boost entrepreneurship in Cyprus and support start-ups in developing innovative products and services.

European Union

**CJEU AG opines German exclusion of foreign PE’s final losses not contrary to EU law**

An advocate general of the Court of Justice of the European Union has opined that German rules denying the import of final losses of foreign permanent establishments to offset the profits of a German resident head office are not contrary to the EU principle of freedom of establishment.

European Union

**CJEU rules Portugal’s system of taxation for nonresident UCITS is contrary to EU law**

The Court of Justice of the European Union has ruled that Portugal’s rules on the withholding tax exemption for dividend distributions to undertakings for collective investment in transferable securities are contrary to the EU rules on the free movement of capital.
European Union

Council of the EU agrees on CBAM but not on draft Pillar Two directive

At a meeting of the Council of the EU in its Economic and Financial Affairs configuration, finance ministers of the EU member states reached agreement on the Carbon Border Adjustment Mechanism regulation but were unable to agree on the compromise text of the draft directive to implement Pillar Two global minimum tax rules in the EU; a further meeting has been scheduled for 5 April 2022.

Hong Kong SAR

Consultation paper released on proposed tax concession for single family offices

The government has released a consultation paper on a proposed profits tax exemption for income earned from qualifying transactions by eligible investment vehicles managed by a single family office; comments must be submitted by 8 April 2022.

Malaysia

Rules issued on Global Trading Centre Incentive Scheme

The government has issued rules on the Global Trading Centre Incentive Scheme that provide for a concessionary corporate income tax rate of 10% for five consecutive years, which is renewable for an additional five years, to encourage more companies to set up regional and global operations in Malaysia and create more job opportunities.

OECD

OECD requests comments on reporting framework for crypto-assets and amendments to CRS

The OECD has invited public comments on a consultation document that proposes a new global tax transparency framework for the reporting and exchange of information relating to crypto-assets, as well as amendments to the Common Reporting Standard for the automatic exchange of financial account information between jurisdictions.
Singapore

**Adjustments to foreign worker policy proposed**

Budget 2022 contains several changes to the policy framework for foreign workers who are Employment Pass, S Pass, or Work Permit holders, which include proposals to increase minimum qualifying salaries for Employment Pass and S Pass holders and to adjust the foreign worker levy rates for certain S Pass and Work Permit holders.

Ukraine

**Temporary tax, currency, and labor provisions introduced**

New tax, currency, and labor regulations have been introduced that are expected to remain in effect while martial law is in force in Ukraine. The key tax provisions are temporary and include relief from certain tax penalties and audits and an option for certain taxpayers to elect to be subject to a 2% unified tax in lieu of corporate income tax and VAT.

Tax treaty round up

Recent developments with respect to the following tax treaties: Antigua and Barbuda-United Arab Emirates, Colombia-Netherlands, Finland-Iran, Greece-Singapore, Ireland-Kosovo, Malta-Poland, and Netherlands-Poland.

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