

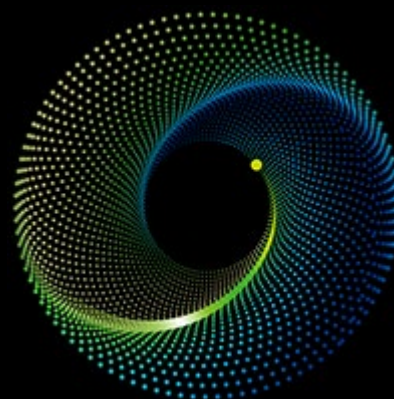
World Tax Advisor

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Highlights of US proposed regulations on corporate separations and reorganizations

This article discusses two sets of proposed regulations recently released by the Treasury Department and the Internal Revenue Service that would provide guidelines on corporate separations and reorganizations under sections 355 and 368 of the Internal Revenue Code, as well as other corporate income tax matters and related reporting requirements. Comments on the proposed regulations are due by 17 March 2025.



Germany

BFH clarifies trade tax deduction requirements for certain real estate income

The federal tax court has ruled that a real estate company could not take a deduction for trade tax purposes for income from real estate activities where the company sold all of its real estate at the beginning of the last day of its fiscal year, in contravention of the requirement



India

CBDT issues guidelines for application of principal purpose test

The Central Board of Direct Taxes has issued a circular that provides guidance on the application of the principal purpose test (PPT) under India's tax treaties with other jurisdictions, including guidance on the period for which the PPT provision is envisaged to be

that real estate activities must be conducted for the entire fiscal year.

applied and the interaction of the PPT provision with certain treaty-specific bilateral commitments.



OECD

Requirements for main documentation package for ICAP updated

The OECD has announced an update to the requirements for the main documentation package for the International Compliance Assurance Programme (ICAP). This documentation package comprises certain information that multinational enterprise groups that apply to participate in the ICAP must provide after the selection stage and before the risk assessment begins.



Philippines

VAT at 12% introduced on supply of digital services

The Bureau of Internal Revenue has published regulations that implement the provisions of the law imposing VAT on the supply of digital services. This article discusses the key points of the regulations that may be of particular relevance to nonresident digital service providers, which will be subject to VAT on supplies of digital services as from 1 June 2025.



Switzerland

Safe harbor intercompany interest rates for 2025 announced

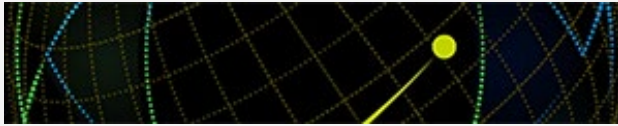
The Swiss Federal Tax Administration has published the 2025 “safe harbor” interest rates for intercompany loans and advances denominated in Swiss francs or foreign currencies. These rates are used by the tax authorities to assess the arm’s length nature of interest rates on intragroup loan receivables or payables and provide a level of tax certainty from a Swiss tax perspective.



Thailand

Emergency decree on top-up tax enacted

An emergency decree on top-up tax has been officially enacted and published in the royal gazette. The decree is effective for fiscal years beginning on or after 1 January 2025 and is generally intended to be in line with the global anti-base erosion (GloBE) or “Pillar Two” model rules published by the OECD inclusive framework.



United Kingdom

HMRC consults on supplementary draft Pillar Two guidance

The tax authorities have published supplementary draft manual guidance on multinational top-up tax and domestic top-up tax, which follows earlier releases of draft guidance issued in June 2023, December 2023, and September 2024. The tax authorities are inviting feedback on the new draft guidance, as well as any previously released draft guidance, by 8 April 2025.



United States

Summary of proposed regulations on certain employee remuneration above USD 1 million

Section 162(m) of the Internal Revenue Code generally imposes a USD 1 million limit on the deduction allowable to a publicly held corporation for applicable employee remuneration paid to a covered employee. Proposed regulations have been released that would provide rules to assist taxpayers in the determination of individuals included in a new category of covered employees.

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