

## Briefing

## International review for March

## Speed read

Once again, the US dominates the international tax news cycle, with developments this month centred around the long-awaited US Supreme Court decision on the legality of universal tariffs under IEEPA. Singapore's 2026 Budget contains tax incentives to help the country achieve its strategic priorities, including becoming an AI-powered hub and encouraging overseas expansion. The CJEU has issued a judgement that the prior Belgian CFC rules were incompatible with the EU Anti-Tax Avoidance Directive, and in a separate case has ruled on the procedural framework for obtaining WHT relief under the EU Interest and Royalties Directive.



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## US update

US Supreme Court rules on legality of 'Liberation Day' tariffs

On 20 February 2026, the Supreme Court of the United States (SCOTUS) handed down its long-awaited decision on the legality of the April 2025 'Liberation Day' tariffs imposed by the United States on foreign trading partners under the International Emergency Economic Powers Act (IEEPA).

SCOTUS voted six to three that these tariffs were not legally authorised on the basis that IEEPA, which grants the President the power simply to regulate importation, does not authorise the President to impose tariffs of unlimited amount and duration, on any product from any country. On the same day as the decision, President Trump signed an executive order terminating the collection of the IEEPA tariffs in question.

The SCOTUS decision did not address whether refunds will be issued or establish a refund process for IEEPA tariffs paid to date. However, on 4 March 2026, the US Court of International Trade (CIT) issued an order – in a case that was filed with the court on 27 February 2026 seeking the refund of duties imposed under IEEPA following the SCOTUS decision – directing US Customs and Border Protection (CBP) to liquidate or reliquidate entries that are not final without regard to duties imposed under IEEPA. The order states that all importers of record whose entries were subject to IEEPA duties are entitled to the benefit of the SCOTUS decision. The order also states that the Supreme Court decision gave the CIT exclusive subject matter jurisdiction to hear claims for IEEPA refunds.

In a 6 March 2026 court filing in response to the CIT order, CBP disclosed that it had collected around \$166bn in IEEPA tariffs since last year, involving more than 330,000 importers who made more than 53m entries. It said that existing technology, process and manpower

constraints meant it could not immediately comply with the CIT order to process IEEPA tariff refunds. In a further court filing on 12 March 2026, CBP explained that it was currently developing new functionality in its Automated Commercial Environment (ACE) system (the centralised digital system for processing imports and export) to administer IEEPA refund claims at scale, however it noted that the full refund-processing timeline could extend for several months.

## New s 122 global tariff

Also on 20 February 2026, the White House announced that the President had signed a new proclamation imposing a temporary import duty under s 122 of the Trade Act 1974 to address 'fundamental international payment problems'. The proclamation imposes a 10% global tariff on articles imported into the United States for 150 days, effective from 24 February 2026. According to the White House release, certain goods are exempt, including critical minerals, pharmaceuticals, certain electronics, and USMCA-compliant goods from Canada and Mexico.

There have been reports in the press that the US Administration is considering increasing the tariff rate to 15%, the maximum allowed under legislation, however at the time of writing the rate remains at 10%.

Section 122 only provides the President with temporary unilateral authority to impose tariffs for up to 150 days: any extension to this will require Congressional action. Having taken effect on 24 February 2026, without additional Congressional approvals, the 10% global tariff will end on 24 July 2026.

## The White House has indicated its intention to pursue additional tariffs under other authorities including investigations under s 301

## New s 301 investigations

Unsurprisingly given s 122's 150-day limitation, following the SCOTUS decision the White House indicated its intention to pursue additional tariffs under other authorities including investigations under s 301 of the Trade Act 1974 ('Unfair Trade Practices' tariffs) as longer term trade measures.

On 11 March 2026, the Office of the United States Trade Representative (USTR) announced the initiation of section 301 investigations focussed on the manufacturing sectors of Bangladesh, Cambodia, China, the European Union (EU), India, Indonesia, Japan, Korea, Malaysia, Mexico, Norway, Singapore, Switzerland, Taiwan, Thailand, and Vietnam. The investigations will examine whether 'structural excess capacity' (production capacity that exceeds domestic and global demand, often sustained through governmental interventions or policies) practices are unreasonable or discriminatory and whether they burden or restrict US commerce. USTR will hold a hearing in connection with these investigations starting on 5 May 2026.

On 12 March 2026, USTR announced that s 301 investigations would be initiated against 60 of the US's largest trading partners, including China, the EU, India, Japan, Singapore and the UK. USTR says these investigations will determine whether acts, policies, and practices of each of these economies related to the failure to impose and effectively enforce a ban on the importation

of goods produced with forced labour are unreasonable or discriminatory and burden or restrict US commerce.

As we have grown accustomed to recently, the US tax and tariff landscape is fast-moving and businesses will need to carefully monitor developments in the coming weeks and months and be prepared to act quickly as new policy emerges.

### Singapore Budget 2026

On 12 February 2026, Singapore delivered its 2026 Budget focused on three key priorities: accelerating the country's pivot towards an AI powered future; providing stronger support for companies expanding overseas, to deepen Singapore's footprint in fast-growing markets; and a renewed focus on talent and jobs, in recognition that rapid technological change is reshaping the world of work.

In terms of new tax policies, a Corporate Income Tax rebate of 40% will be granted for year of assessment 2026: companies that are active with at least one local employee in 2025 will receive minimum benefit of S\$1,500 in cash payout, up to a maximum of S\$30,000. The Budget also expands the Enterprise Innovation Scheme (EIS), which provides businesses with 400% tax deductions or allowances on qualifying expenditure in activities like R&D, innovation and capability development. For years of assessment 2027 and 2028, businesses will be allowed to claim EIS on up to S\$50,000 of qualifying AI expenditure incurred per year of assessment.

## Singapore's 2026 Budget includes a focus on accelerating the country's pivot towards an AI powered future

Singapore's Double Tax Deduction for Internationalisation (DTD<sub>i</sub>) scheme, which provides a double tax deduction on qualifying expenses for companies undertaking international market expansion and investment development activities, will be enhanced from year of assessment 2027. The expenditure cap for claims which do not require prior approval will be raised from S\$150,000 to S\$400,000 per year of assessment. The scope of claims which do not require prior approval will be expanded to cover qualifying activities such as investment feasibility or due diligence studies; master licensing and franchising and overseas business development.

### CJEU rules prior Belgian CFC rules incompatible with ATAD

On 26 February 2026, the CJEU issued a judgment (C-524/23) that the prior Belgian controlled foreign company (CFC) rules were incompatible with the EU Anti-Tax Avoidance Directive (ATAD).

Contrary to the Advocate General's recommendation, the court found that Belgium's failure to transpose the deduction required under Article 8(7) of ATAD constituted a breach of its obligation to implement the directive. The judgment also clarified that the foreign tax credit (FTC) under Article 8(7) is mandatory for both situations covered by the CFC rules, i.e. both for model A and model B. Note that Belgium modified its CFC rules in December 2023, shifting from model B to model A and implementing Article 8(7) of the directive.

The CJEU decision confirms that, although a directive represents a minimum standard that member states can go beyond, there are nevertheless limitations to the flexibility afforded to member states upon implementation into domestic law. In the court's view, when a directive exhaustively regulates a particular issue, member states retain no discretion to omit or neutralize that rule by introducing stricter domestic measures.

### CJEU decision on withholding tax relief under the Interest and Royalties Directive

On 5 March 2026, the CJEU delivered its decision in Case C828/24, which examined the procedural framework for obtaining withholding tax (WHT) relief under the Interest and Royalties Directive (IRD of the Directive).

The dispute arose in Czechia, where the tax authorities required both an attestation showing that the recipient met the Directive's substantive conditions (including residence, beneficial ownership, eligible legal form, and the association/holding requirements) and a prior administrative decision from the tax authorities granting the exemption.

The plaintiff was a company resident outside Czechia that applied in 2019 for exemption from Czech WHT in respect of royalty payments made in 2014 to 2018. While exemption was granted by the Czech tax authorities for 2017/18, it was refused for 2014 to 2016 on the basis that the time limit for claiming relief had expired.

Following several appeals, the case was brought before the Czech Supreme Court who in turn referred the matter to the CJEU. The CJEU held that under the IRD Member States may grant withholding tax exemptions retroactively, meaning that the exemption can apply not only from the date when the administrative decision was issued, but also to earlier periods, including those preceding the taxpayer's submission of the required documentation.

The court also held that the Directive does not impose EU-level deadlines for submitting the attestation that it meets the substantive requirements under the Directive or other supporting documents, nor does it limit the period prior to their submission for which a withholding tax exemption may be granted. Instead, such deadlines must be determined under national law. ■



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