Briefing

# International review for June

## Speed read

**After years of preparation (and if not blood, then plenty of sweat and tears), it's finally here: not the FIFA World Cup, but the first GloBE Information Return filings under Pillar Two. This month's update examines the OECD's latest release on central filing of GIRs ahead of the 30 June 2026 deadline. An Advocate General opinion in the EU suggests withholding tax relief under the Parent-Subsidiary Directive could still be denied in abusive structures, even where activities look genuine. Australia and New Zealand's Budget announcements contain several measures of interest to business and finally, the World Cup kicks off with a last-minute tax twist, as the US will reportedly allow national associations to apply for tax-exempt status.**

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### OECD clarifies GloBE information return (GIR) central filing

On 18 May 2026, the OECD published documents on various aspects of the Global Minimum Tax (GMT), including support for central GIR filing and exchange. With the impending deadline of 30 June 2026 for calendar-year MNEs to file their GIR for the 2024 reporting year, this will be the current focus of many multinational enterprises (MNEs).

Most MNEs had anticipated that they would file their GIR in a single jurisdiction which would then share the GIR with other relevant jurisdictions (referred to as 'central filing'), with GIR exchange being supported by the OECD-drafted GIR Multilateral Competent Authority Agreement (MCAA) and EU Directive 2025/872 on Administrative Cooperation (DAC 9). However, jurisdictions have been slow to sign and activate bilateral exchange relationships based on the GIR MCAA and some EU Member States are yet to implement DAC 9, meaning that, absent this latest OECD guidance, calendar-year MNEs may have been required to file GIRs locally.

The OECD guidance sets out a common understanding among 33 of the 38 jurisdictions that have implemented the GMT for 2024 that they will waive penalties and forgo enforcement for the absence of a local GIR filing, provided an MNE centrally files their GIR in one of the 33 jurisdictions and files the local GIR notification form. However, this comes with important caveats:

- The commitment to relieve penalties and not enforce local filing obligations only applies to the extent this is permitted under domestic law.
- Parties to the Common Understanding may take action to pursue local filing if the relevant portion of a centrally filed GIR is not received from the central filing jurisdiction by 31 December 2026.
- The Bahamas, North Macedonia, Slovak Republic and Vietnam are OECD Inclusive Framework members and have implemented the GMT for 2024, but they have not joined the Common Understanding; therefore timely local GIR filings may be needed in these jurisdictions to avoid penalties. This may also be the case for Finland, which it is understood may only accept centralised filing carried out in other jurisdictions if an exchange of information agreement is in force before the filing deadline, despite Finland being an Inclusive Framework member and a signatory to the Common Understanding.
- Cyprus has implemented the GMT for 2024 but is not a member of the OECD Inclusive Framework and so is not part of the Common Understanding. The Cypriot tax administration's position on penalty relief and information exchange will therefore need to be monitored separately.
- Greece and Poland only provide the relief for central filings that are made in other EU Member States.

MNEs will therefore need to review where they are planning to file their GIR. Exchange relationships will likely be maximised by filing with an EU Member State that has implemented DAC 9 and activated exchange relationships under the GIR MCAA, however MNEs that want to change where they file their GIR should consider other implications, for example the requirement to adjust registration and notification filings. GIR planning exercises should also consider penalties that could still arise in jurisdictions with no active bilateral exchange relationship with the central filing jurisdiction.

Many jurisdictions have also recently published their own domestic guidance on GIR filing and notification requirements, including Australia, Belgium, Indonesia and Ireland, which MNEs should review where relevant.

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### EU: CJEU Advocate General opinion on application of anti-abuse rule of Parent-Subsidiary Directive

On 21 May 2026, the CJEU published the opinion of its Advocate General (AG) in Case C-203/25 which found that the withholding tax exemption under the Parent-Subsidiary Directive (PSD) may be denied, even where the direct recipient of the dividends is the beneficial owner and carries out genuine economic activities, if the recipient passes the dividends on to the ultimate beneficiary through an artificial arrangement.

In this case, a Lithuanian entity paid dividends to its Cypriot parent company and treated the dividends as exempt from dividend withholding tax under local rules implementing the PSD. Following a tax audit, the Lithuanian tax authorities applied the PSD's anti-abuse rule and imposed the standard 15% withholding tax on the dividends on the grounds that the dividends were economically transferred to the ultimate beneficial owner through a chain of artificial transactions. The Lithuanian Tax Disputes Commission subsequently referred several questions to the CJEU.

The AG's opinion found that if the dividend recipient meets the basic beneficial ownership test under the PSD, this generally indicates that there is no abuse. However, in exceptional circumstances, an abuse may exist if the overall transaction was carried out from the outset with the aim of obtaining a tax benefit that is contrary to the PSD. The AG noted that the mere onward transfer of dividends does not, in and of itself, constitute a non-genuine arrangement, and close temporal proximity between receipt and redistribution of dividends is neither a sufficient nor a necessary condition for establishing abuse. In addition, in a chain of transactions, it is not necessary to prove that the distributing subsidiary knew of a non-genuine arrangement, as the decisive factor is primarily the knowledge of the person who decides to implement the arrangement.

A significant takeaway from this case is the AG's comments on the need for a direct link between the abusive part of the arrangement and the granting of a tax advantage under EU law, in order for the Member State of the paying subsidiary to be allowed to deny EU law benefits under the PSD. In this context, the AG rejected an approach under which alleged abuse of domestic rules in the state of the ultimate beneficiary could automatically justify denying the withholding tax exemption under the PSD. The AG further argued that if the anti-abuse provision in the PSD were interpreted in this way, so as to allow each Member State to deny Directive benefits based on alleged abuse occurring in another Member State, it would create significant uncertainty for cross-border corporate groups. This could lead to multiple states refusing tax advantages for the same reason, thereby undermining legal certainty and discouraging cross-border structures. As a result, in the AG's view, this interpretation would weaken the Directive's goal of facilitating corporate groups and freedom of establishment within the EU.

It is important to note that AG opinions are not binding on the CJEU, and it remains to be seen whether the CJEU will follow the AG's recommendations.

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### Australia 2026 Budget

Australia's 2026 federal Budget was delivered on 12 May 2026 and reflects the Government's efforts to navigate a complex economic and geopolitical environment, balancing fiscal discipline with cost-of-living relief while managing inflation risk.

From a multinational tax perspective, the Budget measures reinforce a continued alignment with global reforms and a more targeted approach to taxing economic activity connected to Australia. The key business tax measures include:

- implementation of the Pillar Two side-by-side package, with amendments applying from 1 January 2026;
- funding for the ATO to continue delivery of the counter fraud strategy, strengthen powers to address fraud and undertake targeted compliance activity;
- various R&D tax incentive changes, including a 25–50% increase to the R&D tax offset rate (depending on the applicable corporate tax rate), a decrease in the R&D intensity threshold from 2% to 1.5% and an increase in the annual cap from $150m to $200m, countered by exclusion of supporting activities and an increase in the minimum R&D expenditure threshold to $50,000;
- reintroduction of a two-year loss carry-back for companies with aggregated turnover of less than $1bn and introduction of loss refundability for start-ups with aggregated turnover of less than $10m;
- permanent $20,000 instant asset write-off; and
- $47.5m of funding over four years to strengthen and streamline foreign investment approvals, including a new performance target to finalise all low-risk foreign investment applications within 30 days from 1 January 2027 and the removal of ineffective conditions on existing approvals.

### New Zealand 2026 Budget

New Zealand's 2026 Budget, delivered on 28 May 2026, introduced a collection of reforms, some of which aligned with expectations and others which came out of the blue.

One of the surprises in the Budget was in respect of R&D tax credits, with a large drop in the cap on non-administrative internal software development spend from $25m to $3m. Impacted businesses will no doubt be disappointed with this tightening, and some have suggested it may send the wrong signal on the adoption of software to improve productivity. The Budget announcement of the introduction of in-year tax credits so businesses can get the R&D tax credit sooner should help support cashflow for impacted businesses and the flexibility should reduce overall compliance cost.

Another measure of interest to business is the change to the Fringe Benefit Tax (FBT) rules for private motor vehicle use, with the removal of the requirement for detailed logbooks and the implementation of a category approach for determining the application of FBT to privately used employer-provided motor vehicles. Businesses will no doubt welcome the removal of the need to maintain accurate logbooks and the associated reduction in compliance costs, albeit the introduction of a category approach to FBT on motor vehicles will have a more mixed response: although the change will simplify compliance for all, some employers will find themselves having more tax to pay and others less.

### Reported FIFA 2026 World Cup tax deal allows teams to seek s 501(c) tax-exempt status

And finally, it has been reported that FIFA has secured a last-minute breakthrough with the US Treasury Department just days before the start of the tournament, allowing national associations to seek exemption from US federal income tax on their 2026 FIFA World Cup tournament earnings by applying for tax-exempt status under s 501(c).

Following months of lobbying, this reported agreement moves the US closer to host partners Canada and Mexico, which have already enacted federal-level relief for national associations. Although this policy decision reduces federal tax exposure on team-level tournament earnings, it does not provide a blanket tax holiday for individuals.

Players, coaches and support staff remain subject to US federal income tax on US-source income, and double taxation treaties continue to drive individual tax exposure. Additionally, commercial sponsorships, state and local taxes, worker classification and social security obligations remain fully in play and unaffected by the federal exemption.

With different tax rules to tackle in each host nation, both national associations and individuals will have to get their tactics spot on to avoid scoring any tax compliance own goals. ■

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- The Pillar Two Side-by-Side package: how UK groups should approach compliance (J Gifford, 11.2.26)