



# E-News from KPMG's EU Tax Centre

## Key Insights of E-News Issue 206

KPMG's EU Tax Centre compiles a regular update of EU and international tax developments that can have both a domestic and a cross-border impact, with the aim of helping you keep track of and understand these developments and how they can impact your business. Today's edition includes updates on:

- *CJEU*: Referral on the compatibility of the Czech implementation of the Interest and Royalties Directive with EU law
- *Council of the EU*: Outcome of January 2025 ECOFIN meeting
- *European Commission*: Release of Competitiveness Compass communication
- *OECD*: Public consultation on tax incentives
- *France*: New form published for Pillar Two reporting requirements and Country-by-Country Reporting (CbbyC) notifications
- *Germany*: Update of administrative principles on transfer pricing 2024
- *Ireland*: Guidance regarding CFC rules and R&D tax credit updated
- *Italy*: List of qualified status for Pillar Two purposes published
- *Netherlands*: Updated list of low-tax and non-cooperative jurisdictions
- *United Kingdom*: Amended Finance Bill published and public consultation on draft guidance on Pillar Two



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# Infringement Procedures and CJEU Referrals

## Key Insights

- CJEU referral on the compatibility of the Czech implementation of the Interest and Royalties Directive with EU law

### CJEU Referrals

#### CJEU referral on the compatibility of the Czech implementation of the Interest and Royalties Directive with EU law

On November 26, 2024, the Supreme Administrative Court of Czechia (the Supreme Court) submitted a request for a preliminary ruling to the Court of Justice of the European Union (CJEU) (case [C-828/24](#)). The case concerns the compatibility of the Czech implementation of the Interest and Royalty Directive (IRD)<sup>1</sup> with EU law.

The plaintiff was a company resident outside Czechia which applied in June 2019 for an exemption from the Czech withholding tax with respect to royalty payments for the years 2014 -2018. The Czech tax authorities granted the exemption only with respect to 2017 and 2018. The request for 2014 - 2016 was denied on the grounds that the deadline for claiming an exemption had expired. Following several appeals, the case was brought in front of the Supreme Court.

Under the IRD, the source Member State is allowed to require the recipient company to prove at the time of the payment that it is entitled to a tax exemption through an attestation certifying that the relevant conditions are met. Moreover, the source Member State can make the application of the exemption conditional upon a preceding decision issued by the tax authorities. Czechia implemented both options.

Whilst the Czech legislation does not provide for a time limit for submitting an application for a tax exemption decision, the lower court in the case at hand ruled that, in the absence of a national deadline, the applicable time limit is the one set out by the IRD. In the lower court's opinion that maximum period amounted to two years.

The Supreme Court raised two key concerns. First, it questioned whether a document certifying that the recipient was entitled to the exemption could be issued retroactively. The Supreme Court stated that if a taxpayer attests to meeting the exemption conditions only after the taxable event has occurred, granting the exemption would, in effect, amount to a retroactive application of the exemption.

Second, the Supreme Court found it unclear whether the exemption decision constitutes a substantive or a formal condition for granting the exemption. If the issuance of an exemption decision is considered a substantive condition—meaning an essential prerequisite for the exemption—then an exemption could not be granted for periods when the taxpayer had not yet obtained the decision. However, if the exemption decision is deemed a formal condition, the exemption could potentially apply to earlier periods, provided the substantive criteria for the exemption were met at that time. With the aim of interpreting the wording of the IRD, the Supreme Court highlighted inconsistencies across different language versions of the IRD. In the

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<sup>1</sup> Directive 2003/49/EC on a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States.

Supreme Court's view, these inconsistencies further contribute to the ambiguity regarding the retroactive issuance of an exemption decision.

The referring court therefore asked the CJEU to clarify:

- Whether the IRD allows a source state to grant, on the basis of an exemption decision, a tax exemption with respect to a period that preceded the date when the taxpayer submitted the required attestation, or that preceded the date when the exemption decision itself was issued.
- If the answer to the first question is affirmative, whether the EU law sets: i) a deadline for submitting the attestation to obtain the exemption decision, and ii) a limit on how far back the exemption can apply before the attestation was provided.

# EU Institutions

## Key Insights

- EU finance ministers support tax simplifications at ECOFIN meeting to boost EU's competitiveness
- European Commission publishes Competitiveness Compass as roadmap to policy-making for the current five-year legislative term

## Council of the EU

### Outcome of January 2025 ECOFIN meeting

On January 21, 2025, in the course of the meeting of the Economic and Financial Affairs Council of the EU (ECOFIN), Finance Ministers of EU Member States discussed simplifications in tax area with a view to boosting the EU's competitiveness. Although the part of the ECOFIN meeting where decluttering was discussed was not public, it has been reported that the discussion resulted in strong support for the reduction of the administrative burden for businesses. According to a Council [press release](#) ministers participated in a policy debate focused on enhancing Europe's global business competitiveness through simplification, decluttering, and reducing regulatory burdens. They strongly endorsed the idea of easing and streamlining reporting requirements for businesses and expressed a united commitment to taking meaningful steps toward regulatory simplification, recognizing it as an effective approach to boosting the competitiveness of the EU economy.

In this regard, the Ministers welcomed the Commission's plans for a proposal on so-called 'Omnibus simplification packages' which is understood as various packages for reducing bureaucracy in certain areas.

## European Commission

### Release of Competitiveness Compass communication

On January 29, 2025, the European Commission published its [roadmap](#) to policy-making for the current five-year legislative term – the Competitiveness Compass for the EU, focused on simplifying, investing and accelerating the EU's economic priorities.

The communication builds on recommendations previously proposed by former European Central Bank President, Mario Draghi, in his report on the future of European competitiveness (for more information on the Draghi Report see E-News [Issue 204](#)). The Draghi report provides recommendations aimed at boosting competitiveness, with a focus on three core areas - innovation, decarbonization and security.

The Compass sets out an approach to address these recommendations by proposing a selection of enablers such as simplification, lowering barriers to the single market, financing competitiveness, promoting skills and quality jobs and better coordination between EU and national policymaking.

From a direct tax perspective, key measures include:

- *Innovation*: The Commission proposes offering innovative companies the possibility to operate across the entire EU under a single set of rules (the so-called 28<sup>th</sup> legal regime). This aims to simplify and harmonize EU-wide rules, including tax law and other business-related legal fields, to reduce costs and facilitate operations for innovative companies across the Single Market.
- *Decarbonization and competitiveness*: The Commission aims to encourage Member States to adjust tax systems, including depreciation rules and tax credits, to support private investment in clean technologies. In this context, reference is also made to the upcoming EU Clean Industrial Deal.
- *Simplification*: The Commission aims to cut reporting burdens by at least 25 percent for all companies and 35 percent for SMEs, with a future goal of extending these reductions to all administrative costs (i.e., not only reporting requirements).

The report notes that key levers for competitiveness, such as taxation, are in the hands of governments of EU Member States, which is why coordinated national reforms are crucial.

As a next step, the Commission will publish its 2025 Work Programme on February 11, 2025.

For more information, please refer to the EC [press release](#).

# OECD and other International Organisations

## Key Insights

- Joint initiative by IMF, OECD, UN and World Bank launches consultation on tax incentives principles

### OECD

#### Public consultation on tax incentives

On December 10, 2024, the Platform for Collaboration on Tax (PCT), a joint initiative by the International Monetary Fund (IMF), the OECD, the United Nations (UN), and the World Bank Group released a public consultation [draft](#) on "Tax Incentives Principles" to gather feedback from tax policymakers, practitioners, and experts in this area. The initiative aims to boost tax collection and improve tax systems in developing and emerging countries.

The principles to be discussed cover six broad areas (justification, design, international considerations, legislation, implementation, and evaluation of incentives) and build on the 2015 PCT [report](#) on "Options for Low Income Countries' Effective and Efficient Use of Tax Incentives for Investment". The principles are intended to help policymakers identify potential social gains from tax incentives while avoiding pitfalls.

The PCT seeks responses to several questions regarding the appropriateness and balance of the principles, areas needing more guidance, and recommendations for refining the principles based on experiences with tax incentives.

The deadline for submissions is February 11, 2025.

# Local Law and Regulations

## Key Insights

- UK proposes further amendments to local Pillar Two rules and releases supplementary Pillar Two draft guidance
- Denmark, France and Liechtenstein publish clarifications on Pillar Two administrative requirements
- Italy publishes list of qualified status for Pillar Two purposes
- Kenya publishes revised 2024 Finance Bill (including introduction of minimum taxation rules under Pillar Two)
- Germany publishes administrative principles on transfer pricing 2024 (including clarifications regarding Amount B)
- Ireland updates guidance in respect of CFC rules, and in respect of the R&D tax credit
- Netherlands update list of low-tax and non-cooperative jurisdictions
- Malta publishes DAC6 annual notification form for non-disclosing intermediaries
- Czechia and Malta update DAC7 regulations
- Sweden launches implementation of DAC8
- France seeks public input on tax dispute resolution and various other updated guidelines
- Spain ends temporary 1.2 percent levy on major energy companies

## Czechia

### Updates on exchange of Information under DAC7 published

On November 6, 2024, the Ministry of Finance of Czechia signed a declaration on the application of the Multilateral Competent Authority Agreement on Automatic Exchange of Information on Income Derived through Digital Platforms (DPI MCAA).

The DPI MCAA establishes an international framework for the automatic exchange of information reported by platform operators, as developed by the OECD. The DPI MCAA itself is a multilateral framework agreement. However, the exchange relationships for the DPI information are bilateral in nature. Therefore, the exchange of information will in principle only take place if both jurisdictions have filed the required notifications under Section 7 of the MCAA and have listed each other as intended exchange partners. Currently, 29 jurisdictions have signed the DPIMCAA and an updated list of the signatories can be found [here](#).

On December 10, 2024, following the signing of the DPI MCAA, the Czech Ministry of Finance [published](#) a list of three jurisdictions that currently have met the conditions for the exchange of information to a similar extent as under the Council Directive 2021/514 (DAC7): the UK, Canada and New Zealand.

As from January 1, 2025, reporting platform operators should collect information about sellers that are tax resident of the listed jurisdictions and report the information to the tax authorities by January 31, 2026. The information is to be included in the notification together with the information to be reported on other sellers under DAC7.

## Denmark

### New draft Executive Order on Pillar Two registration and notification requirements

On December 18, 2024, the Danish Ministry of Finance opened a public consultation on a draft [Executive Order](#) on the registration and notification requirements under the Danish Minimum Taxation Act.

Key takeaways include:

- *Registration:* The draft order specifies the information that must be provided for registration. This includes the name and address of the local entity, the CRV (“Centrale Virksomhedsregister”) number, and the date from which the entity is in scope of the law. Based on the Danish Minimum Tax Act, all local constituent entities are required to register within six months after the end of the fiscal year.
- *Changes in group information:* The draft order also provides that a group entity must notify the Tax Administration:
  - in case the information provided to the tax authorities changes after registration, or if errors are found in the provided information, and
  - in case the group entity is no longer subject to the Minimum Taxation Act.This notification must be given within eight days of when the change occurred, or the error is discovered.
- *Penalties:* The draft order also clarifies that penalties may be imposed for failing to meet the registration deadline, or for providing false or misleading information.

Comments were due by January 21, 2025.

## France

### New form published for Pillar Two reporting requirements and County-by-Country Reporting (CbyC) notifications

On January 24, 2025, the French tax authorities released a new [Pillar Two reporting form](#). This release follows the publication of a decree on December 5, 2025, outlining the Pillar Two filing and notification obligations (for previous coverage, please refer to E-News [Issue 204](#)).

The form requires entities subject to Pillar Two to provide certain information, including:

- the name, address and tax number of the Ultimate Parent Entity,
- the identity of the designated entity responsible for filing the GloBE Information Return (GIR),
- the identity of the designated paying entity (if different) for DMTT purposes.

The form now also includes the notification form for CbyC reporting, which was previously submitted in a separate form. Entities in scope must file the new form alongside their corporate income tax (CIT) return within three months after the end of the fiscal year.

For entities with a fiscal year ending in December 2024, the filing deadline is May 19, 2025, provided the CIT return is filed electronically.

### France seeks public input on tax dispute resolution and various other updated guidelines

On January 15, 2025, the French tax authorities published new and updated guidelines for consultation on mutual agreement procedures (MAP) and arbitration procedures. Key takeaways include:

- *New guidelines (under the EU Tax Dispute Resolution Directive - 2017/1852/EU):* the new guidelines provide comprehensive insights into the:
  - [mutual agreement procedure \(MAP\)](#): detailed procedures and conditions under which taxpayers can initiate MAP to resolve tax disputes arising from double taxation scenarios; and
  - [arbitration procedure](#): steps and requirements for entering arbitration when disputes remain unresolved through MAP.

- *Updated guidelines:* In addition to the new publications, the tax authorities have updated existing guidelines on [transfer pricing rules](#), [convention on the elimination of double taxation](#), [bilateral dispute resolution mechanisms](#), and advance pricing agreements (APA) procedures for both [unilateral](#) and [bilateral](#) APAs.
- *List of tax treaties with arbitration clauses:* the authorities have also released a [list](#) of 27 tax treaties concluded by France and in force as of June 30, 2024 that include arbitration clauses.

Interested parties are invited to submit their comments on the new and updated guidelines by March 1, 2025.

### French tax authority issues new guidelines on foreign tax credits

On December 18, 2024, the French tax authorities issued a [ruling](#) stating that foreign taxes levied in violation of double tax treaties are entirely ineligible for foreign tax credits in France. Previously, such taxes could be partially credited and partially deducted as expenses. Now, the full amount can only be deducted as an expense.

## Germany

### Updated administrative principles on transfer pricing 2024

On December 12, 2024, the German Federal Ministry of Finance published the final [administrative principles](#) on transfer pricing 2024.

The update includes fundamental amendments to the rules on intra-group financing relationships and financing services. Additional changes include guidelines for qualified supplies of goods that fall within the scope of the OECD Amount B initiative to simplify and streamline the application of the arm's length principle to baseline marketing and distribution activities. Based on the new administrative principles, qualified transactions with transfer prices based on the approach provided for in the OECD's Amount B report of February 19, 2024, will be accepted as correct by the German tax authorities.

The administrative principles generally apply for the assessment period 2024 and later.

For more details on the German administrative principles, please refer to a [report](#) prepared by KPMG in Germany. For more information on Amount B, please refer to a [report](#) by KPMG International.

### Parliamentary query on the effects of the German anti-tax avoidance regulations

On December 23, 2024, the German government [responded](#) to parliamentary questions concerning additional taxable income resulting from the controlled foreign corporations (CFC) regime and other statistics about anti-tax avoidance regulations, e.g. under the German Foreign Transactions Tax Act.

Key takeaways include:

- For corporations, the additional taxable income resulting from the application of the CFC regime amounted on averaged to EUR 433.8 million, peaking in 2017 (EUR 596.4 million) and reaching a low in 2019 (EUR 243.6 million).
- For individuals, the average was EUR 46.8 million, with a steady decline from EUR 78.2 million (2017) to EUR 15.4 million (2021).
- During the monitored period, a total number of 2,828 CFCs were registered.

Note that the responses are based on statistical data up to December 31, 2021. As such, the responses do not take into consideration statistical data following the introduction of the German ATAD Implementation Act.

## Ireland

### Guidance regarding CFC rules updated

On January 24, 2025, the Irish Revenue published [eBrief 023/25](#), including updates on the tax and duty manual on Controlled Foreign Company (CFC) rules, following amendments introduced by the Finance Act 2024. Key amendments include:

- Updated guidance related to the incorporation of the October 2024 update of the EU list of non-cooperative jurisdictions for tax purposes. For more information on the updated list, please refer to E-News [Issue 201](#).
- Updated guidance related to the rules for calculating the undistributed income of the CFC, following the introduction of a participation exemption in respect of certain qualifying foreign distributions.
- Updated guidance to include Pillar Two related amendments to the CFC rules. Among others, amendments that clarify when a QDMTT under the Pillar Two rules may qualify as creditable tax under the CFC rules, as well as when a foreign QDMTT may be taken into account for the effective tax rate exemption (i.e., the test is whether the foreign tax paid by the CFC in its tax residency jurisdiction is at least half the potential Irish corporate tax that would have been paid if the CFC would have been a resident of Ireland, in such case no CFC tax should be due).

### Guidance regarding R&D tax credit updated

On January 10, 2025, the Irish Revenue published [eBrief 009/25](#), including updates on the tax and duty manual on the Research and Development (R&D) corporation tax credit to reflect the changes from the Finance Act 2024.

The R&D tax credit provides a company up to 30 percent of the qualifying R&D expenditure in a tax credit or in cash (subject to certain conditions being met). The credit is first offset against the corporate tax liabilities. In case of insufficient corporate tax liability, the balance may be repaid to the company in a three-year fixed payment schedule, including up to EUR 75,000 (previously EUR 50,000) on the first instalment (see E-News [Issue 201](#) for more information).

Key changes to the manual include:

- Updated guidance in respect of the increase of the first installment amount that can be paid in full in the first year.
- Existing examples have been updated where relevant and new examples have been included to reflect the increased first installment amount.

For more information on the Irish R&D incentives, please refer to a [report](#) prepared by KPMG in Ireland.

## Italy

### List of qualified status for Pillar Two purposes published

On January 23, 2025, the Italian Ministry of Economy and Finance published a [document](#) listing the jurisdictions that have been awarded the Transitional Qualified Status in relation to the local implementation of the DMTT and IIR. The list also indicates which of those DMTTs are considered to be eligible for the QDMTT Safe Harbour.

The list follows the outcome of the transitional peer review process in form of a central record, which was published by the Inclusive Framework (IF) on BEPS on January 15, 2025.

With reference to the previously published ministerial decree on the application of the DMTT (from July 2024), the document notes that the qualified status list is relevant for purposes of determining whether and to what extent top-up tax may need to be collected in Italy (under the IIR or UTPR) with respect to foreign low-taxed jurisdictions.

For previous coverage on the IF release, please refer to E-News [Issue 205](#). For more information on the Italian DMTT decree, please refer to E-News [Issue 198](#).

## Bill on various tax amendments published

On December 16, 2024, Italy published Legislative Decree [No. 192/2024](#) in the Official Gazette, implementing reforms in corporate income taxation.

Key measures include:

- *Dormant company rules:* Italy provides for a special taxation regime for dormant companies (i.e., minimum alternative taxation based on assets rather than income). Companies are deemed dormant if they fail a vitality test based on average financial performance over the current and two preceding fiscal years. To pass the vitality test, a company must generate revenue from core business activities, inventory increases, and other ordinary income that exceed the sum of specific threshold values based on assets. These thresholds now generally have been lowered as part of the CIT reform.
- *Tax loss carry-forward restrictions:* Companies that experience both a change of control (majority voting rights transfer) and a change in core business activity within the same or adjacent fiscal years as the change of control (two years before or after) lose the ability to carry forward tax losses. However, exemptions apply if the company demonstrates sufficient business activity in the fiscal year before the change of control. In such cases, losses can still be carried forward within certain limits and conditions.

Additional adjustments include taxation amendments on demergers and liquidation income.

The measures generally apply from December 31, 2024.

## Kenya

### Revised 2024 Finance Bill published (including introduction of minimum taxation rules under Pillar Two)

On December 11, 2024, the Tax Amendment Act was assented by the President. This follows the initial Finance Bill proposal that was tabled in May and annulled in June 2024 – for previous coverage, please refer to E-News [Issue 196](#).

Key takeaways from the Tax Amendment Act include:

- *Minimum Top-up Tax (MTT):* the Act provides for the implementation of a 15 percent MTT from January 1, 2025. The law aims to align with the GloBE rules but remains general in its current form, indicating that more detailed regulations (e.g., safe harbour provisions, administrative clarification in relation to filing and payment, etc.) will be needed to ensure full compliance with the OECD standards. The IIR and UTPR are not covered by the Act.
- *Significant economic presence tax:* the bill abolishes the current 1.5 percent digital service tax (DST) and replaces it with a significant economic presence (SEP) tax. The SEP tax is charged at an effective rate of 3 percent on non-resident persons whose income is generated through a digital marketplace and where the user of the service is located in Kenya.

The Tax Amendment Act came into effect on December 27, 2024.

For more information, please refer to a [report](#) prepared by KPMG in Kenya.

## Liechtenstein

### Clarifications on Pillar Two registration and filing requirements

On December 13, 2024, Liechtenstein published in the Official Gazette an [amended version](#) of the ordinance on the application of the existing minimum taxation rules (under Pillar Two) that were previously published in the Official Gazette on December 22, 2023. Key takeaways include:

- *GIR:* the GIR must be filed within 15 months after the end of the fiscal year (18 months for the transitional year).

- *Local returns*: a combined local return for the QDMTT and IIR must be submitted within twelve months after the end of the financial year. The tax administration can extend the submission deadline upon a reasoned written request.
- *Registration*: local constituent entities and local excluded entities are required to register within six months after the end of the fiscal year during which the group falls within the scope of the GloBE rules. The related [registration form](#) was released on January 9, 2025 and outlines the information that must be provided for registration.

Note that Liechtenstein applies the IIR and DMTT for fiscal years starting on or after January 1, 2024. The start date for the UTPR has not yet been determined.

For more information on Pillar Two in Liechtenstein, please refer to the [KPMG BEPS 2.0 Tracker](#) in Digital Gateway.

## Luxembourg

### Updated guidance on certificates of residence for collective investment funds

On December 27, 2024, an updated version of [Circular L.G.-A. No. 61](#) was published. The circular replaces a 2017 version, setting out the conditions for obtaining Certificates of Residence (CoTR) for collective investment funds.

The updated circular does not change the conditions under which a CoTR may be obtained, but it revises the list of tax treaties for which it is possible (or not) to obtain a CoTR for investment companies with variable capital (SICAVs) or fixed capital (SICAFs):

- New income tax treaty for which a CoTR can be delivered: Botswana, Cyprus, Ethiopia, France, Hungary, Kosovo, Rwanda, and United Kingdom.
- New income tax treaty for which a CoTR cannot be delivered: Senegal.

For more information, please also refer to a [report](#) prepared by KPMG in Luxembourg.

## Malta

### DAC7 regulations updated

On January 17, 2025, [amendments](#) to the Regulation on Cooperation with Other Jurisdictions on Tax Matters were published in the Official Gazette of Malta.

The amendments aim to align the domestic transposition of the EU Directive 2021/514 (DAC7) with the requirements of the Directive by providing changes in relation to the conduct of joint audits, data protection and penalties for non-compliance by reporting platform operators in Malta.

In principle, the amended regulations apply retroactively as from January 20, 2023. An exception applies to the new provisions introducing administrative penalties for failure to comply with the DAC7 regulations, which apply as from January 17, 2025.

### DAC6 annual notification form for non-disclosing intermediaries published

On January 8, 2025, the Commissioner for Revenue of Malta [announced](#) that the annual DAC6 notification form to be submitted by non-disclosing intermediaries is available for download.

Based on the mandatory disclosure rules implementing Council Directive (EU) 2018/822 (DAC6) in Malta, non-disclosing intermediaries (intermediaries who have a right to waive their reporting obligations), should notify the Commissioner for Revenue on an annual basis of those reportable cross-border arrangements in respect of which the reporting obligation was waived to another intermediary or the relevant taxpayer.

The deadline for the submission of the notification is February 28, 2025.

For more information on the DAC6 notification requirements for intermediaries in Malta, please refer to E-News [Issue 173](#).

## Netherlands

### Updated list of low-tax and non-cooperative jurisdictions

On December 19, 2024, the updated lists of jurisdictions that have a statutory corporate tax rate of less than 9 percent or that are on the EU's list of non-cooperative jurisdictions was [published](#) in the Official Gazette of the Netherlands.

Key changes include the removal of Antigua and Barbuda, Belize, and the Seychelles. Consequently, as from January 1, 2025, the list consists of:

American Samoa, Anguilla, Bahamas, Bahrain, Barbados, Bermuda, British Virgin Islands, Cayman Islands, Fiji, Guam, Guernsey, Isle of Man, Jersey, Palau, Panama, Russia, Samoa, Trinidad and Tobago, Turkmenistan, Turks and Caicos Islands, U.S. Virgin Islands, and Vanuatu.

The list is relevant for Dutch CFC rules, Dutch conditional withholding tax on interest, royalties and dividends, and the request of international tax rulings with the Dutch tax authorities.

For more details on defensive measures adopted by EU Member States against non-cooperative jurisdictions, please refer to the dedicated [report](#) from KPMG's EU Tax Centre.

## Spain

### Congress repeals energy levy on major energy companies

On January 22, 2025, the Spanish Congress decided to repeal Royal Decree-Law 10/2024. The Decree had been previously passed on December 23, 2024 and had extended the application of the temporary 1.2 percent levy on major energy companies to 2025.

As a result of the repeal, the levy that had been introduced in 2022 to address rising energy prices is no longer applicable in Spain.

For previous coverage, please refer to E-News Issue 168.

## Sweden

### Consultation launched on implementation of DAC8

On December 20, 2024, the Swedish Ministry of Taxation launched a consultation on a [draft bill](#) to transpose Council Directive (EU) 2023/2226 (DAC8) into domestic law. Key takeaways include:

- In accordance with DAC8, the bill would introduce rules on due diligence procedures and reporting requirements for crypto-asset service providers and platforms. In-scope crypto-asset service providers would be required to collect and verify information from EU clients, in line with specific due diligence procedures. Subsequently, certain information would be reported to the relevant competent authorities in Sweden. This information would then be exchanged by the tax authorities of Sweden with the tax authorities of the Member State where the reportable user is tax resident.
- As required under DAC8, the bill would expand the scope of the automatic exchange of advanced cross-border rulings to also include rulings issued to individuals (DAC3).
- The bill also provides for amendments to the reporting obligations in respect of cross-border arrangements (DAC6). This includes changes to the notification requirements for intermediaries bound by legal professional privilege and amendments to the information reportable under DAC6.

The deadline for submitting feedback to the public consultation is March 28, 2025.

The measures generally are proposed to take effect from January 1, 2026.

For more information about DAC8, please refer to Euro Tax Flash [Issue 553](#).

## United Kingdom

### Amended Finance Bill published

On January 27, 2025, HMRC published [amendments](#) to the Finance Bill 2024-2025, including further amendments to the UK Pillar Two rules.

Key highlights include:

- *UTPR*: several amendments are proposed for the draft UTPR rules, including provisions for determining the allocation of the UTPR top-up tax liability between UK entities, and special rules applying for joint venture groups.
- *OECD June 2024 Administrative Guidance*: The bill incorporates several provisions from the OECD June 2024 Administrative Guidance, including rules on allocating cross-border current and deferred tax expenses, and the updated guidance on DTL recapture rules.
- *Qualification of permanent establishments (PE) as Excluded Entity*: an amendment was introduced to allow a PE, in which a main entity does not have an ownership interest, to qualify as Excluded Entity. This change would apply retroactively for accounting periods beginning on or after December 31, 2023.

For previous coverage of the Finance Bill 2024-2025, please refer to E-News [Issue 203](#).

### Public consultation on draft guidance on Pillar Two

On January 28, 2025, HMRC opened a public consultation on supplementary [draft guidance](#) on the UK Pillar Two legislation.

The draft guidance addresses a range of topics, including additional clarifications on the UTPR, the transitional CbyC Reporting Safe Harbour, and guidance relevant to flow-through entities and joint ventures. The document also clarifies that HMRC does not intend to publish guidance on eligible distribution tax systems, deductible dividend regimes, or multi-parent groups, as these regimes and entities are not found within the UK.

Comments are due by April 8, 2025. Following HMRC's review of the feedback received, the finalized guidance is expected to be published in Spring 2025.

For more information on the previous released guidance, please refer to E-News [Issue 201](#).

## EU Financial Services Tax Perspectives Webcast – February 25, 2025

The European Commission is set to launch their new work program on February 11, where a number of new initiatives could be announced/clarified. Throughout 2025 we are expecting significant tax policy change from both the US and Germany and France's tax policies may need to adapt to political realities. Pillar Two is now 1 year old and the international landscape continues to evolve. So what implication might these developments have for financial services institutions? How best can they navigate the challenges in the year ahead?

On February 25, 2025, a panel of KPMG tax specialists will share their insights with respect to some of the latest proposals that are likely to impact asset managers, banks and insurers, including a closer look at:

- Status of key tax initiatives including FASTER – practical issues and insights from EU Commission working group.
- Latest developments impacting Financial Services institutions across Europe with a spotlight on the US, France and Germany.
- Pillar 2 ... 1 year on – key priorities and predictions for 2025.

Please access the [event page](#) to register.

## Recent Pillar Two releases by the Inclusive Framework on BEPS

On January 15, 2025, the Inclusive Framework on BEPS released a series of documents on the application of the GloBE Rules. The primary focus is compliance and reporting obligations, though there was also some limited additional Administrative Guidance that amends certain aspects of the Commentary to the GloBE Model Rules.

The release covered five items:

- Revised GIR including Administrative Guidance on Articles 8.1.4 and 8.1.5, covering the rules that should be relied upon to complete the GIR.
- GIR Multilateral Competent Authority Agreement (“GIR MCAA”) which will provide a framework for jurisdictions that are signatories to the Convention on Mutual Administrative Assistance in Tax Matters to automatically exchange the GIR.
- GIR XML Schema and User Guide for Tax Administrations, which has been designed to facilitate the exchanges of GIR information between tax administrations but can also be used for domestic GIR filings where permitted by tax administrations.
- Central Record of Legislation with Transitional Qualified Status listing the jurisdictions that have Qualified Income Inclusion Rules (QIIR), Qualified Domestic Minimum Top-up Taxes (QDMTT), or QDMTT Safe Harbours that apply for financial years beginning in 2024.
- Additional Administrative Guidance on Article 9.1 of the Model Rules.

For more information, please refer to the [KPMG Tax Policy webpage](#).

## Recent developments in international tax rules

Recently Grant Wardell-Johnson, Global Tax Policy Leader, KPMG International and Michael Lennard, Chief of the International Tax Corporation Unit of the Financing for Sustainable Development Office, United Nations met to discuss the most recent developments in international tax rules with a focus on the progress made at UN level in respect of international tax cooperation.

Please access the [KPMG Tax Policy webpage](#) for a recording of the discussion.

## Talking tax series

With tax-related issues rising up board level agendas and developing at pace, it's more crucial than ever to stay informed of the developments and how they may impact your business.

With each new episode, KPMG Talking Tax delves into a specific topic of interest for tax leaders, breaking down complex concepts into insights you can use, all in under five minutes. Featuring Grant Wardell-Johnson, KPMG's Global Head of Tax Policy, the bi-weekly releases are designed to keep you ahead of the curve, empowering you with the knowledge you need to make informed decisions in the ever-changing tax landscape.

Please access the dedicated KPMG webpage to explore a wide range of subjects to help you navigate the ever-evolving world of tax.

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