



E-News from KPMG's EU Tax Centre

Key Insights of E-News Issue 228

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:

- *Belgium*: Deadline for Pillar Two QDMTT and IIR returns extended
- *Bulgaria*: New R&D super deduction enacted
- *Cyprus*: List of low-tax jurisdictions issued for purposes of local tax defensive measures
- *Finland*: New guidance issued on the application of Pillar Two Safe Harbour provision
- *Ireland*: Revenue clarifies association test for outbound payments defensive measures
- *Italy*: Guidance issued on application of elective alternative CFC tax
- *Malta*: Enhanced deduction for R&D activities enacted as part of 2026 budget measures
- *Montenegro*: Implementation of Pillar Two global minimum taxation rules
- *Switzerland*: Clarifications on the application of Side-by-Side Package and January 2025 Administrative Guidance (Pillar Two)
- *Italy (court decision)*: Italian Supreme Court clarifies "commercial activity" requirement for participation exemption



[Overview of our E-News
E-News - KPMG Global](#)

[ETFs – Euro Tax Flash
Euro Tax Flash - KPMG Global](#)

Table of contents

EU institutions	3
European Commission	3
Study published on how reforms in business taxation can contribute to boosting investment	3
OECD and other International Organizations	4
OECD	4
G20 Secretary-General Tax Report informs on progress made at Inclusive Framework level in the context of Pillar Two	4
Pillar Two: list of signatories of the GIR MCAA updated.....	5
Platform operators: list of signatories of the DPI MCAA updated	5
Local Law and Regulations	6
Belgium	6
Deadline for Pillar Two QDMTT and IIR returns extended.....	6
Bulgaria	7
New R&D super deduction enacted.....	7
Cyprus	7
List of low-tax jurisdictions issued for purposes of local tax defensive measures.....	7
Finland	8
New guidance issued on the application of Pillar Two Safe Harbour provisions.....	8
Ireland	8
Revenue clarifies association test for outbound payments defensive measures.....	8
Italy	9
Guidance issued on application of elective alternative CFC tax	9
Liechtenstein	9
Clarifications on the application of the Side-by-Side Package (Pillar Two).....	9
Malta	10
Enhanced deduction for R&D activities enacted as part of 2026 budget measures	10
Montenegro	10
Implementation of Pillar Two global minimum taxation rules	10
Switzerland	11
Clarifications on the application of Side-by-Side Package and January 2025 Administrative Guidance (Pillar Two)	11
Türkiye	11
Detailed guidance on Domestic Minimum Corporate Income Tax (DMCIT) released	11
Implementation guidance and draft compliance forms released for Türkiye’s Global Minimum Top-up Tax	12
Local courts	13
Belgium	13
Belgian Constitutional Court decision on compatibility of the minimum taxable base with Constitutional principles	13
France	14
French Constitutional Council decision on the constitutionality of the new tax on capital reduction following share buyback...14	
Italy	14
Italian Supreme Court clarifies “commercial activity” requirement for participation exemption	14

KPMG Insights	15
The tax impact of remote work: state of play and future horizons- replay now available.....	15
KPMG European Financial Services Tax perspectives webcast – April 29, 2026.....	15

Key Insights

- European Commission publishes study on how reforms in business taxation can contribute to boosting investment

European Commission

Study published on how reforms in business taxation can contribute to boosting investment

On April 7, 2026, the European Commission [published](#) an Economic Brief on 'Corporate Income Taxation and Investment: A Review of Empirical Findings and Policy Issues in the EU Context'.

The Economic Brief considers the role of tax reforms in EU Member States' business taxation in encouraging investment while safeguarding public revenues amid high debt and considerable fiscal constraints. Key takeaways include:

- *Impact of reduced corporate tax rates:* While corporate tax cuts may stimulate investment, evidence from recent reforms suggests that they are a relatively inefficient tool, as they reduce effective tax rates across all firms regardless of their responsiveness to tax incentives, and the resulting dynamic gains only marginally offset the associated fiscal revenue losses.
- *Impact of targeted investment incentives:* The study notes that targeted measures such as investment tax credits, accelerated depreciation, and enhanced capital allowances may constitute a more cost-effective means of stimulating investment than broad-based rate cuts. The study refers to empirical evidence suggesting that the effectiveness of incentives is significantly enhanced when loss-making firms are also able to benefit, for example through refundable credits or mechanisms allowing offset against payroll taxes. Furthermore, the study notes that R&D tax incentives linked to inputs (e.g., R&D expenditure incurred) are more likely to encourage additional private investment in R&D compared to output-based incentives (e.g., patent boxes) that merely influence decisions on the location of existing intellectual property.
- *Impact of other forms of taxation:* According to the study, taxation on business profits is generally considered less distortive and less detrimental to investment compared to taxes levied on alternative bases such as turnover or real estate. At the same time, it is noted that other forms of tax reform, including changes to labor taxation, can also stimulate investment. The study notes that reductions in labor taxes have shown to boost investment by increasing household consumption and by lowering labor costs for firms. Such reforms may include cuts to personal income taxes or social security contributions.
- *Tax competition and avoidance risks:* Tax competition among small open economies may persist in eroding corporate tax bases and reduce tax revenues across jurisdictions. Moreover, certain features of domestic tax systems continue to facilitate aggressive tax planning, mainly through rules which facilitate debt shifting, strategic location of intellectual property and intangible assets, and misuse of transfer pricing.

For more information on how countries may modify their tax systems to ensure tax incentives remain effective under Pillar Two, please refer to KPMG's [article](#) on the interaction between tax incentives and Pillar Two.

OECD and other International Organizations

Key Insights

- G20 Secretary-General Tax Report informs on progress made at Inclusive Framework level in the context of Pillar Two
- List of signatories of the GIR MCAA updated
- List of signatories of the DPI MCAA updated

OECD

G20 Secretary-General Tax Report informs on progress made at Inclusive Framework level in the context of Pillar Two

On April 16, 2026, the OECD [published](#) the Secretary-General Tax Report to G20 Finance Ministers and Central Bank Governors providing updates on the latest developments in international tax reforms, including on the OECD's BEPS initiatives, tax transparency efforts and other G20 tax deliverables.

Key takeaways from a Pillar Two perspective include:

- *Side-by-Side Package*: Reference is made to the Side-by-Side Package agreed at Inclusive Framework level on January 6, 2026. For more details, please refer to a [report](#) prepared by KPMG International.
- *Qualified status*: Reference is made to the [central record](#) providing the outcome of the Pillar Two transitional peer review process, identifying jurisdictions that have been granted Transitional Qualified Status concerning the local implementation of the DMTT and IIR. The report notes that the Central Record currently lists 44 Qualified Income Inclusion Rule (IIR) regimes and 46 Qualified Domestic Minimum Top-up Tax (QDMTT) regimes. In addition, the United States has been added as a jurisdiction with a Qualified Side-by-Side Regime. The reports further notes that the Inclusive Framework plans to develop the terms of reference and assessment methodology for the full legislative peer review with reviews expected to commence in the second half of 2026. For more details on the peer review process, please refer to E-News [Issue 197](#).
- *GIR-related work*: According to the report, the Inclusive Framework is working on updates to the GloBE Information Return (GIR) and the GIR XML schema to reflect the changes to the Pillar Two rules agreed as part of the Side-by-Side Package. The report further notes that in January 2026, the Secretariat opened the GIR Multilateral Competent Authority Agreement (GIR MCAA) for signature. The activation of exchange relationships based on the GIR MCAA will enable central filing by groups in-scope of Pillar Two.
- *Global Minimum Tax Implementation Toolkit*: The report notes that an implementation toolkit is being developed at the level of the OECD Forum on Tax Administration (FTA) with a view to identifying best practices that could support consistent and efficient administration of Pillar Two.
- *Other ongoing workstreams*: the report highlights a number of additional items that are being discussed at Inclusive Framework level:

- a permanent routine profit and a de minimis Safe Harbour (in addition to the already agreed permanent Simplified ETR Safe Harbour);
- guidance on related benefits and conditional taxes;
- integrity measures applicable both within and beyond the Simplified ETR Safe Harbour;
- additional administrative guidance on technical GloBE issues (simplifications for Investment Entities and Minority-owned Constituent Entities, clarifications on the treatment of hyperinflationary currencies, Substance-Based Income Exclusion for mobile assets, and Real Estate Investment Vehicles).

Pillar Two: list of signatories of the GIR MCAA updated

On April 15, 2026, the OECD updated the [list of jurisdictions](#) that have signed the GloBE Information Return Multilateral Competent Authority Agreement (GIR MCAA) to include Greece, Isle of Man and Singapore, which signed the Agreement on March 18, April 9, and April 14, 2026 respectively.

The list of 31 signatories now includes Australia, Austria, Belgium, Canada, Croatia, Denmark, Finland, France, Germany, Gibraltar, Greece, Hungary, Ireland, Isle of Man, Italy, Japan, South Korea, Liechtenstein, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland and the UK.

For previous coverage on the GIR MCAA list of signatories, please refer to E-News [Issue 221](#).

Platform operators: list of signatories of the DPI MCAA updated

On April 1, 2026, the OECD updated the list of jurisdictions that have signed the Multilateral Competent Authority Agreement on Automatic Exchange of Information on Income Derived through Digital Platforms (DPI MCAA) to include Austria and France that have formally signed the DPI MCAA on March 17 and March 30, 2026, respectively. On April 1, 2026, the OECD updated the list of jurisdictions that have signed the Multilateral Competent Authority Agreement on Automatic Exchange of Information on Income Derived through Digital Platforms (DPI MCAA) to include Austria and France that have formally signed the DPI MCAA on March 17 and March 30, 2026, respectively.

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, 35 jurisdictions have signed the DPI MCAA and an updated list of the signatories can be found [here](#).

Key Insights

- Belgium: Deadline for Pillar Two QDMTT and IIR returns extended
- Bulgaria: New R&D super deduction enacted
- Cyprus: List of low-tax jurisdictions issued for purposes of local tax defensive measures
- Finland: New guidance issued on the application of Pillar Two Safe Harbour provision
- Ireland: Revenue clarifies association test for outbound payments defensive measures
- Italy: Guidance issued on application of elective alternative CFC tax
- Liechtenstein: Clarifications on the application of Side-by-Side Package (Pillar Two)
- Malta: Enhanced deduction for R&D activities enacted as part of 2026 budget measures
- Montenegro: Implementation of Pillar Two global minimum taxation rules
- Switzerland: Clarifications on the application of Side-by-Side Package and January 2025 Administrative Guidance (Pillar Two)
- Türkiye: Detailed guidance on Domestic Minimum Corporate Income Tax and implementation guidance and draft compliance forms for Türkiye's Global Minimum Top-up Tax released

Belgium

Deadline for Pillar Two QDMTT and IIR returns extended

On April 3, 2026, the Belgian tax authorities announced an extension of the filing deadline for the QDMTT and the IIR returns.

As a reminder, under the original rules, the QDMTT return was due 11 months after the end of the relevant fiscal year. For the first fiscal year (FY 2024), the Belgian tax authorities had already granted an extension to June 30, 2026. This deadline has now been further extended to September 30, 2026.

For the IIR return, the statutory filing is:

- 18 months after the end of the fiscal period beginning no later than December 31, 2024; and
- 15 months after the end of the fiscal period beginning on or after January 1, 2025.

The Belgian tax authorities have extended the filing deadline for the first IIR returns to September 30, 2026.

The extension applies only with respect to the QDMTT and IIR returns. The notification deadline for the GIR remains unchanged, i.e., June 30, 2026 (i.e., 18 months after fiscal year-end).

At this stage, it is not yet possible to file the QDMTT and IIR returns via the Belgian e-filing portal. The Belgian tax authorities have not yet published the final return forms or the accompanying technical and procedural instructions. Further guidance on the filing process is expected at a later stage.

For more details, please refer to a [report](#) prepared by KPMG in Belgium. For more information on local Pillar Two filing requirements, please refer to the [KPMG BEPS 2.0 Tracker](#) in Digital Gateway.

Bulgaria

New R&D super deduction enacted

On March 27, 2026, Bulgaria [published](#) in the Official Gazette legislation introducing a new enhanced deduction for qualifying R&D expenditure.

Key features of the measure include:

- Taxpayers will be entitled to an additional deduction equal to 25 percent of qualifying R&D operating expenditure (super deduction).
- Capital expenditure in relation to eligible R&D activities will benefit from a deemed 25 percent uplift in their acquisition cost for tax purposes, which increases tax depreciation over the useful life of qualifying fixed assets.
- The super deduction is not applicable where the taxpayers obtained public funding (from the EU or individual EU countries) relating to these expenses.

The new incentive has been introduced with retroactive effect from January 1, 2026.

For more information on R&D tax incentives available across the globe, please refer to KPMG's [Global R&D Incentives Guide](#), which will be updated on a regular basis.

Cyprus

List of low-tax jurisdictions issued for purposes of local tax defensive measures

On April 9, 2026, the tax administration in Cyprus issued a [list of jurisdictions](#) that are considered low-tax jurisdictions for purpose of applying local tax defensive measures.

As a reminder, new legislation introduced in Cyprus from 2026 requires the application of withholding tax on dividend distributions (rate: five percent) to associated entities registered in any low-tax jurisdictions and that are not tax resident in another jurisdiction that is not low-tax. Furthermore, interest and royalty payments to those associated entities are non-deductible for corporate tax purposes. Low-tax jurisdictions are defined as jurisdictions with a corporate tax rate that is lower than 50 percent the corporate tax rate in Cyprus (currently 15 percent).

The list of jurisdictions published by the tax administration includes Anguilla, Bahamas, Bahrain, Bermuda, British Virgin Islands, Cayman Islands, Guernsey, Isle of Man, Jersey, Turks and Caicos Islands, and Vanuatu.

It is noted that for Anguilla and Vanuatu a different set of tax defensive measures applies as both countries were also listed in the October 2025 version of the EU list of non-cooperative jurisdictions (Annex I). Payments made to associated entities, which are resident in a jurisdiction featured on the EU list of non-cooperative jurisdictions or incorporated / registered in such jurisdiction and not a tax resident in another jurisdiction (i.e., that is not listed on Annex I) are subject to withholding tax at 17 percent (dividends and interest) and 10 percent (royalties).

For more details on the tax defensive measures applied by Cyprus, please refer to E-News [Issue 227](#).

For more details on defensive measures adopted by EU Member States against non-cooperative jurisdictions, please refer to our dedicated [summary](#).

Finland

New guidance issued on the application of Pillar Two Safe Harbour provisions

On April 13, 2026, the Finnish tax authorities issued new [guidance](#) providing clarifications and examples on the application of Pillar Two Safe Harbour provisions in Finland.

The guidance provides clarifications on the application of the transitional Country-by-Country Reporting Safe Harbour, transitional UTPR Safe Harbour, exclusion for the initial phase of international activity, simplified calculations for non-material Constituent Entities in accordance with the OECD Consolidated Commentary.

In addition, the guidance provides clarifications on the application of the Side-by-Side Safe Harbour, UPE Safe Harbour and Substance-based Tax Incentive (SBTI) Safe Harbour, which were implemented into Finnish legislation in March 2026 following the publication of the Inclusive Framework's Side-by-Side Package in January 2026.

With respect to the treatment of Qualified Tax Incentives (QTI) under the SBTI Safe Harbour, key takeaways include:

- The guidance clarifies that QTIs are added back to the ETR numerator (Covered Taxes) with the increase being limited to the lower of (i) the tax value of the QTI and (ii) the applicable Substance Cap linked to payroll and tangible assets in the jurisdiction.
- According to the guidance, the tax value of the QTI refers to the maximum amount by which the tax liability can be reduced.
- According to the guidance, the investment credit in accordance with the Act on Tax Credits for Certain Large Investments Aiming at a Climate-Neutral Economy in Finland and the R&D enhanced deduction are tax incentives that meet the QTI conditions.

For previous coverage on the Pillar Two rules in Finland, please refer to E-News [Issue 209](#) and [Issue 227](#).

Ireland

Revenue clarifies association test for outbound payments defensive measures

On March 30, 2026, Irish Revenue published updated [guidance](#) on outbound payments defensive measures.

Ireland's outbound payments defensive measures may impose withholding tax on certain interest, royalty payments and distributions made by Irish resident companies (or Irish branches of non-resident companies) to associated entities resident in countries listed in Annex I of the EU list of non-cooperative jurisdiction or in no-tax territories. A key element in determining whether the measures apply is the association test, which establishes whether the recipient of a relevant payment is regarded as associated with the Irish payer.

The updated guidance provides clarifications on the application of the association test, with a particular focus on Irish partnerships. Irish Revenue confirms that, as Irish partnerships do not have separate legal personality, the association test must be applied on a look-through basis to the partners. In this context, a partner and the partnership are treated as associated where the partner holds more than 50 percent of the beneficial interest in the partnership; similarly, where a partnership owns a subsidiary, the partner and the subsidiary are associated if the partner holds more than 50 percent beneficial interest in the partnership.

The guidance further clarifies that partners holding five percent or less of the beneficial interest, with no management rights, are not treated as associated people.

The guidance also expands the individual-based association rule, confirming that entities may be treated as associated not only where an individual directly holds more than 50 percent of each entity, but also where such ownership or economic rights are held directly or indirectly through persons connected with that individual.

For more details on defensive measures adopted by EU Member States against non-cooperative jurisdictions, please refer to our dedicated [summary](#).

Italy

Guidance issued on application of elective alternative CFC tax

On March 31, 2026, the Italian tax administration issued [guidance](#) on the application of the elective 15 percent tax under Italian CFC regime.

As a reminder, under Italian CFC rules, the low taxation test is generally applied by assessing if there is a relevant threshold of 15 percent effective taxation in the CFC jurisdiction. In alignment with Pillar Two, such assessment is based on the ratio of the foreign tax burden (including current and deferred taxes, and the portion of QDMTT attributable to the CFC) to the CFC's accounting pre-tax profits. In addition, recent updates to the Italian CFC rules provide for an election allowing taxpayers to determine the CFC's effective taxation through a simplified method, by applying a 15 percent tax on the CFC's net accounting profits, which results in the standard CFC ETR test being deemed satisfied, subject to certain conditions.

The new guidance provides clarifications with respect to this new elective 15 percent tax with a particular focus on eligibility conditions, the duration of the election, the determination of the tax base and the treatment of profit distributions from CFCs. It also confirms the retroactive application of the new regime as from January 1, 2024.

For background, please refer to E-News [Issue 214](#).

Liechtenstein

Clarifications on the application of the Side-by-Side Package (Pillar Two)

On March 31, 2026, Liechtenstein published in the Official Gazette an [amended version](#) of the ordinance on the application of the existing minimum taxation rules to confirm the application of the Inclusive Framework's Side-by-Side Package.

As a reminder, the Liechtenstein Minimum Tax Ordinance does not transpose various elements of the OECD Commentary into the national legislative text. Instead, the Ordinance clarifies that the legislation must be interpreted and applied in accordance with the OECD Commentary, Administrative Guidance and Safe Harbour provisions agreed at the level of the OECD/G20 Inclusive Framework.

The amendment confirms that, under Liechtenstein minimum tax rules, the following Safe Harbour provisions may be applied to fiscal years beginning on or after January 1, 2026, where the respective conditions are met:

- Side-by-Side Safe Harbour,
- UPE Safe Harbour,
- Substance-based Tax Incentive Safe Harbour, and
- Simplified ETR Safe Harbour.

The amendment further confirms the extension of the transitional Country-by-Country Reporting Safe Harbour to fiscal years beginning no later than December 31, 2027, and ending no later than June 30, 2029.

For more information on the Pillar Two rules in Liechtenstein, please refer to E-News [Issue 193](#) and to the [KPMG BEPS 2.0 tracker](#) in Digital Gateway.

Malta

Enhanced deduction for R&D activities enacted as part of 2026 budget measures

On March 10, 2026, the Budget Measures Implementation Act, 2026 was [introduced](#) to implement a number of the measures introduced as part of the Malta Budget 2026.

From a corporate income tax perspective, the most relevant measure is the introduction of a deduction for expenditure on research, development, and innovation (RDI) activities. Key features include:

- Eligible taxpayers may claim a deduction equal to 175 percent of the amount of expenditure incurred in relation to qualifying RDI activities.
- The enhanced deduction is to be spread equally over the year in which it is incurred and the five subsequent years.
- The enhanced deduction is not applicable where the expenditure already qualifies for capital allowances under other provisions of the Maltese Income Tax Act. Accordingly, taxpayers are precluded from obtaining a double deduction, both under the pre-existing capital allowance regime and under the newly introduced deduction in respect of the same expenditure.

The new deduction is intended to apply from the year of assessment 2027 and thus, will take effect from such date as may be prescribed by Malta's Minister for Finance. Further guidance on the computation of this deduction is expected to be issued throughout 2026.

For more information on Maltese corporate tax incentives, please refer to the dedicated [webpage](#) created by KPMG in Malta.

Montenegro

Implementation of Pillar Two global minimum taxation rules

On March 10, 2026, Montenegro [published](#) the law on the Global Minimum Tax on Corporate Profits in the Official Gazette providing, amongst others, for the implementation of a 15 percent domestic minimum top-up tax (DMTT).

Key takeaways include:

- *DMTT*: Montenegro has opted to implement only a DMTT. The IIR and Undertaxed Profits Rule (UTPR) are not included in the domestic legislation.
- *Safe Harbour*: The law includes a placeholder Safe Harbour provision allowing top-up tax to be deemed zero where the effective level of taxation fulfills the conditions of a 'qualifying international agreement on Safe Harbours'.
- *Application of OECD guidance*: The law includes a dynamic reference clause requiring interpretation of the rules in line with the OECD Commentary.
- *Compliance*: In-scope entities are required to file their GIR and local DMTT returns electronically within 18 months following the end of the relevant fiscal year, deviating from the standard 15-month GIR filing deadline under the GloBE Rules (for tax years other than the first years in which an in-scope group files the GIR return, for which an 18-month deadline is available).

The law is expected to apply from January 1, 2026.

Switzerland

Clarifications on the application of Side-by-Side Package and January 2025 Administrative Guidance (Pillar Two)

On April 7, 2026, the Swiss federal tax administration issued [official statements](#) clarifying the application of the Side-by-Side Package and January 2025 Administrative Guidance under the Swiss Pillar Two rules. Key takeaways include:

- *January 2025 Administrative Guidance:* The communication confirms the application of the January 2025 Administrative Guidance under the Swiss Pillar Two rules, which excludes certain deferred tax assets (DTAs) from recognition under the transitional rules. The communication notes that those rules are generally to be applied to respective DTAs arising after November 30, 2021. However, it also highlights that consideration is being given by the Federal Council to a possible amendment to the Swiss Pillar Two rules that would apply the January 2025 Administrative Guidance only to DTAs arising from January 1, 2025.
- *January 2026 Side-by-Side Package:* The communication confirms the application of the different Safe Harbour rules agreed as part of the Inclusive Framework's Side-by-Side Package in January 2026. Provided the relevant conditions are met, the Side-by-Side Safe Harbour, UPE Safe Harbour and Substance-based Tax Incentive Safe Harbour may be applied to fiscal years beginning on or after January 1, 2026. The Simplified ETR Safe Harbour may be applied to fiscal years beginning on or after December 31, 2025. The transitional Country-by-Country Reporting Safe Harbour may be applied to fiscal years beginning no later than December 31, 2027, and ending no later than June 30, 2029.

Please note that the Swiss minimum tax ordinance directly refers to the GloBE Model Rules and provides that the Swiss minimum tax rules are to be interpreted in accordance with the OECD Commentary and related OECD/G20 Inclusive Framework materials. As a result, new OECD Commentary generally becomes applicable without further legislative steps.

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

Türkiye

Detailed guidance on Domestic Minimum Corporate Income Tax (DMCIT) released

On April 2, 2026, the Turkish Revenue Administration provided [detailed guidance](#) on the application of the domestic minimum corporate tax regime introduced by Law No. 7524. The rules apply from the 2025 accounting period and introduce a 10 percent minimum tax on corporate income.

Key takeaways include:

- *Minimum tax mechanism:* Under the new rules, corporate income tax payable may not fall below 10 percent of corporate income base calculated before certain deductions and exemptions. Where the regular corporate tax liability is lower, the difference is payable as additional minimum tax.
- *Scope and exemption:* The regime applies to capital companies, cooperatives, public economic enterprises and business partnerships, including non-resident entities required to file a Turkish corporate income tax return. Exclusions apply to entities already exempt from corporate tax, newly established companies during their first three accounting periods, and taxpayers using the revenue-based earnings determination method.
- *Tax base and calculation:* The minimum tax base is generally determined starting from commercial balance sheet profit, adjusted by adding back non-deductible expenses. Certain items may reduce the minimum tax base, including participation exemptions, income from free zones and technology development zones, R&D and design expenditures, and venture capital fund allocations. By contrast, items such as foreign branch earnings, gains from the sale of immovable property and certain export-related deductions do not reduce the minimum tax base.

Implementation guidance and draft compliance forms released for Türkiye's Global Minimum Top-up Tax

On April 8, 2026, the Turkish Revenue Administration published an official [announcement](#) detailing the Global Minimum Top-up Tax filing, registration and notification requirements. The announcement also included draft returns and forms, shared for preliminary information purposes in response to taxpayer questions.

Key takeaways include:

- *Registration:* Entities falling within the scope of the Global Minimum Top-up Tax — namely Turkish-resident ultimate parent entities (UPEs), intermediate parent entities, or partially owned parent entities of multinational enterprise (MNE) groups — are required to register with their corporate tax office under tax code “0064 – Global Minimum Top-up Corporate Tax.”
- *Notification Forms:* Turkish constituent entities that do not qualify as Global Top-up Tax taxpayers must submit a notification form. Where a Turkish-resident Global Top-up Tax taxpayer exists within the group, the notification is limited to basic identification and taxpayer information. Where no such taxpayer exists, the notifying entity must confirm whether the jurisdiction in which the GIR has been filed is a signatory to the GIR Multilateral Competent Authority Agreement (GIR-MCAA).
- *Draft compliance documents published:*
 - *Local tax return for Pillar Two – Global Minimum Top-up Tax Return:* This return serves as the primary filing for GloBE taxpayers. It includes reporting on the IIR, ETR, Safe Harbour status, top-up tax base, calculated tax liability, and the portion of tax attributable to the taxpayer. The return must be filed together with the GIR or the GIR notification and the individual financial statements of constituent entities.
 - *GIR:* This return is broadly aligned with the OECD GIR and provides detailed information on group structure and ownership, deferred tax adjustments, Substance-Based Income Exclusion calculations, QDMTT application, and jurisdiction-by-jurisdiction allocation of taxes under the IIR and the UTPR. The obligation to file the GIR in Türkiye depends on the jurisdiction of the UPE and the availability of qualifying information exchange mechanisms.
- *General information form:* A draft General Information Form on the MNE Group has been introduced. This form applies where the GIR is not filed in Türkiye or in a jurisdiction party to the GIR-MCAA.
- *Filing deadline:*
 - The local Pillar Two tax return must be filed within 15 months following the end of the fiscal year (18 months for the 2024 fiscal year). For calendar-year taxpayers, the 2024 return and related annexes are therefore expected to be filed by June 30, 2026.
 - The GIR must also be filed within 15 months after the end of the fiscal year (18 months for the 2024 fiscal year).

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

Local courts

Key Insights

- Belgian Constitutional Court decision on compatibility of the minimum taxable base with Constitutional principles
- French Constitutional Council decision on the constitutionality of the new tax on capital reduction following share buyback
- Italian Supreme Court clarifies “commercial activity” requirement for participation exemption

Belgium

Belgian Constitutional Court decision on compatibility of the minimum taxable base with Constitutional principles

On April 9, 2026, the Belgian Constitutional Court (Grondwettelijk Hof / Cour constitutionnelle) issued its decision ([No. 41/2026](#)) in a series of joined cases following preliminary questions referred by several lower courts concerning the compatibility with the Belgian Constitution of article 207(7) of the Belgian Income Tax Code 1992, which restricts the use of loss carry-forwards where a punitive tax surcharge of at least 10 percent is imposed following late or incorrect corporate income tax filings.

The disputes concerned several companies that had been subject to a tax increase due to late or inaccurate tax returns. Under the contested provision, where such a surcharge is effectively applied, taxable income may no longer be reduced by prior tax losses or certain deductions. In the case of companies in liquidation, this mechanism results in a definitive loss of unused tax losses, as no further taxable periods remain in which those losses could be offset. The referring courts questioned whether this identical treatment of liquidated and non-liquidated companies was compatible with constitutional principles of equality, non-discrimination and tax legality.

The Constitutional Court first examined compliance with the principle of tax legality, recalling that – while the legislature may grant limited discretion to the tax authorities, that discretion must be sufficiently framed by law and remain subject to judicial review. The Court then assessed whether the absence of a distinction between companies in liquidation and those continuing their activities resulted in unconstitutional unequal treatment, noting that the disputed rule aims to ensure effective taxation and to prevent penalties from being neutralized through the use of loss carry-forwards.

In this context, the Court held that companies in liquidation and non-liquidated companies are not in materially different situations with regard to the objective pursued, since both categories are subject to the same obligation to file correct and timely tax returns. The fact that a company in liquidation definitively loses the benefit of its tax losses was considered not to stem from the contested provision itself, but rather from the inherent consequence of the termination of its activities. The Court further noted that the tax authorities and the courts retain the possibility, in the absence of bad faith, to waive the minimum 10 percent surcharge, thereby preventing disproportionate outcomes.

In light of the above, the Constitutional Court concluded that article 207(7) of the Income Tax Code, read in conjunction with the relevant provisions, does not infringe the constitutional principles of equality, non-discrimination or tax legality, and is therefore compatible with the Belgian Constitution.

France

French Constitutional Council decision on the constitutionality of the new tax on capital reduction following share buyback

On March 27, 2026, the French Constitutional Council (Conseil Constitutionnel) issued its decision ([No. 2026-1189 QPC](#)) confirming the constitutionality of the new tax on capital reductions following share buybacks, introduced by the Finance Law for 2025.

The tax applies to companies with their seat in France and annual turnover exceeding EUR 1 billion during their last fiscal year. It is levied at a rate of eight percent on the amount of capital reduction resulting from the cancellation of repurchased shares, together with a proportionate fraction of capital-related share premiums. A similar levy also applies retrospectively to share buybacks carried out between March 1, 2024, and February 28, 2025. The claimants argued that this method of calculation could lead to materially different tax liabilities for transactions carried out under comparable financial conditions, depending on the level of share premiums recorded in the companies' accounts, and that the tax base lacked a sufficient link to the companies' actual ability to pay. On this basis, they alleged breaches of the constitutional principles of equality before the law and equality before public charges.

The Constitutional Council first examined the alleged breach of the principle of equality before public charges. It observed that both share capital and capital premiums reflect the level of shareholders' contributions and that a share buyback followed by cancellation corresponds economically to the reimbursement of those contributions. The inclusion of a proportion of capital premiums in the tax base was regarded as coherent with the objective of taxing the contributive capacity of the company.

The Council then assessed compliance with the principle of equality before the law, noting that the contested provisions apply uniformly to all companies within scope. It held that differences in tax outcomes resulting from variations in capital premium amounts arise from companies' own accounting and financial structures, rather than from discriminatory legislative treatment.

In light of the above, the Constitutional Council concluded that the contested provisions do not infringe the constitutional principles of equality before the law or equality before public charges and declared them compatible with the French Constitution.

Italy

Italian Supreme Court clarifies "commercial activity" requirement for participation exemption

On March 20, 2026, the Italian Supreme Court (Corte di Cassazione) issued Order [No. 6732/2026](#), clarifying the scope of the participation exemption regime under Article 87 of the Italian Income Tax Code (TUIR), with specific focus on the requirement that the subsidiary must carry out a commercial activity.

The case concerned capital gains realized on the disposal of a shareholding in a subsidiary involved in a real estate redevelopment project. The subsidiary had carried out only preparatory activities, including urban planning procedures, administrative steps to obtain building rights and the arrangement of financing. However, the shares were sold before the project entered an operational phase. The Italian tax authorities denied the application of the participation exemption, arguing that the subsidiary did not perform a genuine commercial activity.

While the lower tax courts ruled in favor of the taxpayers, the Supreme Court overturned those decisions. The Court held that the commercial activity requirement presupposes the effective and continuous exercise of a business activity and cannot be satisfied by activities limited to preparatory or organizational phases, even where these are substantial or economically relevant. The mere existence of a structure potentially capable of carrying out a business activity is insufficient.

The Court further clarified that the commerciality requirement must be met throughout the statutory holding period preceding the disposal and that preparatory activities, such as obtaining authorizations or arranging financing, do not qualify, unless followed by the effective commencement of business operations. This interpretation was regarded as consistent with the rationale of the participation exemption regime, which is intended to apply only to participations in subsidiaries carrying out genuine economic activity.

[The tax impact of remote work: state of play and future horizons- replay now available](#)

Global workforce mobility remains a key issue for multinational groups, both from the perspective of retaining and attracting talent and in responding to the increased flexibility now expected by employees. These developments have driven a significant transformation in how international workforces are managed. In many regions, remote work – whether temporary or permanent, has increased substantially in recent years, both in scale and in permanence.

Against this background, in November 2025, the OECD released its highly anticipated update to the Commentary on the Model Tax Convention (MTC), addressing aspects of the permanent establishment risks arising from cross-border remote working arrangements.

During the March 25 session, a team of KPMG speakers explored key insights on the impact of the updated Commentary as well as outstanding issues that should be addressed in the future, including:

- Clarifications brought by the revised Commentary, as well as expected approaches to the application of the revised Commentary by jurisdictions across the globe.
- Remaining unresolved corporate tax, transfer pricing and personal income tax implications.
- Best practices and practical challenges for businesses in managing the global mobility of individuals.
- Potential future OECD initiatives in this area and their anticipated impact on multinational groups.

The webcast playback and presentation materials are now available. Please click on the [link](#) to access them.

[KPMG European Financial Services Tax perspectives webcast – April 29, 2026](#)

With Europe’s tax landscape evolving at speed, asset managers, banks and insurers are facing a level of change and scrutiny that is reshaping how they operate across the region.

On April 29, 2026, a panel of KPMG tax specialists will share their insights on the tax initiatives poised to have the greatest impact on financial services, including a closer look at:

- Tax Simplification Initiative – what the European Commission’s plans for simplification in Tax could mean for financial services institutions and what to prepare for.
- Bank Taxes in Europe – survey of the plethora of new, and not so new, specific taxes that can impact banks (and also their customers).
- Non-Harmonized Directives Across the EU – navigating the practical risks created for FS organizations by fragmented approaches across Member States.

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

KPMG's EU Tax Centre team



Raluca Enache
Associate Partner
Head of KPMG's EU Tax Centre



Ana Puşcaş
Associate Director
KPMG's EU Tax Centre



Marco Dietrich
Senior Manager
KPMG's EU Tax Centre



Maud Gendebien
Senior Manager
KPMG's EU Tax Centre



Damian Cassar
Consultant
KPMG's EU Tax Centre

Key EMA Country contacts

Christoph Marchgraber
Partner
KPMG in Austria
E: cmarchgraber@kpmg.at

Kris Lievens
Partner
KPMG in Belgium
E: klievens@kpmg.com

Alexander Hadjidimov
Associate Partner
KPMG in Bulgaria
E: ahadjidimov@kpmg.com

Maja Maksimovic
Partner
KPMG in Croatia
E: mmaksimovic@kpmg.com

Margarita Liasi
Principal
KPMG in Cyprus
E: Margarita.Liasi@kpmg.com.cy

Ladislav Malusek
Partner
KPMG in Czechia
E: lmalusek@kpmg.cz

Birgitte Tandrup
Partner
KPMG in Denmark
E: birgitte.tandrup@kpmg.com

Joel Zernask
Partner
KPMG in Estonia
E: jzernask@kpmg.com

Jussi Järvinen
Partner
KPMG in Finland
E: jussi.jarvinen@kpmg.fi

Patrick Seroin Joly
Partner
KPMG in France
E: pseroinjoly@kpmgavocats.fr

Gerrit Adrian
Partner
KPMG in Germany
E: gadrian@kpmg.com

Antonia Ariel Manika
Director
KPMG in Greece
E: amanika@cpalaw.gr

Zsolt Srankó
Partner
KPMG in Hungary
E: Zsolt.Sranko@kpmg.hu

Ágúst K. Gudmundsson
Partner
KPMG in Iceland
E: agudmundsson@kpmg.is

Colm Rogers
Partner
KPMG in Ireland
E: colm.rogers@kpmg.ie

Lorenzo Bellavite
Partner
KPMG in Italy
E: lbellavite@kpmg.it

Ilze Berga
Partner
KPMG in Latvia
E: iberga@kpmg.com

Vita Sumskaite
Partner
KPMG in Lithuania
E: vsumskaite@kpmg.com

Olivier Schneider
Partner
KPMG in Luxembourg
E: olivier.schneider@kpmg.lu

John Ellul Sullivan
Partner
KPMG in Malta
E: johnellulsullivan@kpmg.com

Erwin Nijkeuter
Partner
KPMG in the Netherlands
E: Nijkeuter.Erwin@kpmg.com

Thor Leegaard
Partner
KPMG in Norway
E: Thor.Leegaard@kpmg.no

Michał Niznik
Partner
KPMG in Poland
E: mniznik@kpmg.pl

António Coelho
Partner
KPMG in Portugal
E: antoniocoelho@kpmg.com

Ionut Mastacaneanu
Associate Partner
KPMG in Romania
E: imastacaneanu@kpmg.com

Zuzana Blazejova
Executive Director
KPMG in Slovakia
E: zblazejova@kpmg.sk

Marko Mehle
Senior Partner
KPMG in Slovenia
E: marko.mehle@kpmg.si

Julio Cesar García
Partner
KPMG in Spain
E: juliocesargarcia@kpmg.es

Caroline Valjemark
Partner
KPMG in Sweden
E: caroline.valjemark@kpmg.se

Stephan Kuhn
Partner
KPMG in Switzerland
E: stefankuhn@kpmg.com

Timur Cakmak
Partner
KPMG in Turkey
E: tcakmak@kpmg.com

Matthew Herrington
Partner
KPMG in the UK
E:Matthew.Herrington@kpmg.co.uk



Key links

Visit our [website](#) for earlier editions



[Privacy](#) | [Legal](#)

You have received this message from KPMG International Limited and its related entities in collaboration with the EU Tax Centre. Its content should be viewed only as a general guide and should not be relied on without consulting your local KPMG tax adviser for the specific application of a country's tax rules to your own situation.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

If you wish to unsubscribe from Euro Tax Flash mailing list, please e-mail KPMG's EU Tax Centre mailbox (kpmgeutaxcentre@kpmg.com) with "Unsubscribe Euro Tax Flash" as the subject line. For non-KPMG parties – please indicate in the message field your name, company and country, as well as the name of your local KPMG contact.

If you have any questions, please send an e-mail to kpmgeutaxcentre@kpmg.com. KPMG's EU Tax Centre, Laan van Langerhuize 9, 1186 DS Amstelveen, Netherlands

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

KPMG refers to the global organization or to one or more of the member firms of KPMG International Limited ("KPMG International"), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more detail about our structure please visit [home.kpmg/governance](#).

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.