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[Subscribe](#)**22 August 2025****HIGHLIGHTS**

- EU and US announce trade framework agreement
- 5 international tax cases
  - From Brazil, India, Uganda, and US

**HAPPY FRIDAY!**

India turns inward; Russia launches MAX; and "You look fabulous in that suit!"

Meanwhile, in the tax world...

US and EU agree on 19 points; India provides an early Diwali gift; Nestlé blows tax authorities' argument *Sky High*; Rwenzori can't fill parliament's gap; free speech includes tax items on invoices; and everyone is planning a **DST**!

And ... at the beach this summer, have you seen anyone wearing a facekini?

Have a great weekend!

Steve

**THIS WEEK'S PODCAST**

(For ITB video subscribers, please log in to access the video and documents/reports)

1. Tariff wars
  - EU / US
2. GloBE news
  - OECD, Bahrain
3. Asia Pacific
  - Australia, China, India, Malaysia, Taiwan, Vietnam
4. Europe
  - Germany, Poland, Romania, Slovakia, UK
5. Africa
  - South Africa, Uganda
6. Americas
  - Brazil, Canada, Colombia, US

**ITB series on Pillar One**

- Report on Amount B in Pillar One (ITB, 23 February 2024)
- Consultation document on Amount B in Pillar One (ITB, 28 July 2023)
- Draft MLC provisions for commitments on DSTs and other relevant similar measures (ITB, 6 January 2023)
- Consultation document on Amount B in Pillar One (ITB, 16 December 2022)
- Progress Report on Amount A in Pillar One (ITB, 22 July 2022)
- Draft model rules for Amount A in Pillar One:
  - Tax certainty (ITB, 10 June 2022)
  - Regulated Financial Services exclusion from scope (ITB, 13 May 2022)
  - Extractives exclusion from scope (ITB, 22 April 2022)
  - Scope (ITB, 8 April 2022)
  - Tax base determinations (ITB, 25 February 2022)
  - Nexus and revenue sourcing (ITB, 11 February 2022)
- Inclusive Framework's final agreement on Pillars One & Two (ITB, 15 October 2021)

**ITB series on Pillar Two**

- GloBE Implementation Framework:
  - GloBE Information Return (ITB, 28 July 2023)
  - Tax Certainty for the GloBE rules (ITB, 13 January 2023)
  - GloBE Information Return (ITB, 13 January 2023)
  - Guidance on Safe Harbours and Penalty Relief (ITB, 6 January 2023)
- GloBE model rules:
  - January 2025 Administrative Guidance on GloBE rules: Application of Article 9.1 to deferred tax assets arising from tax benefits provided by General Government (Parts 1 & 2) (ITB, 30 May & 13 June 2025)
  - June 2024 Administrative Guidance on GloBE rules: Treatment of Securitisation Vehicles (ITB, 23 May 2025)
  - June 2024 Administrative Guidance on GloBE rules: Allocation of profits and taxes in structures including Flow-through Entities (Parts 1 to 5) (ITB, 28 March; 4 & 11 April; 2 & 9 May 2025)
  - June 2024 Administrative Guidance on GloBE rules: Allocation of profits and taxes in structures including Flow-through Entities (Parts 1 to 4) (ITB, 28 March; 4 & 11 April; 2 May 2025)
  - June 2024 Administrative Guidance on GloBE rules: Allocation of Cross-border Current Taxes (Parts 1 to 5) (ITB, 15 & 22 November; 6, 13 & 20 December 2024)
  - June 2024 Administrative Guidance on GloBE rules: Divergences between GloBE and accounting carrying values (Parts 1 to 7) (ITB, 23 & 30 August; 6 & 13 September; 4, 11 & 18 October 2024)
  - June 2024 Administrative Guidance on GloBE rules: DTL recapture (Parts 1 to 4) (ITB, 28 June; 5, 12 & 19 July 2024)
  - December 2023 Administrative Guidance on GloBE rules: Transitional filing deadlines, and Simplified Calculation Safe Harbour (ITB, 28 April 2024)
  - December 2023 Administrative Guidance on GloBE rules: Allocation of blended CFC taxes (Parts 1 & 2) (ITB, 5 & 12 April 2024)
  - December 2023 Administrative Guidance on GloBE rules: Additional guidance on application of GloBE rules (ITB, 22 March 2024)
  - December 2023 Administrative Guidance on GloBE rules: Transitional CbCR Safe Harbour (Parts 1 to 4) (ITB, 19 January; 16 February; 1 & 8 March 2024)
  - GloBE rules commence operation in 2024 (ITB, 12 January 2024)
  - December 2023 Administrative Guidance on GloBE rules: overview (ITB, 22 December 2023)
  - July 2023 Administrative Guidance on GloBE rules: Transitional UTPR Safe Harbour & Summary of Safe Harbours (ITB, 8 December 2023)
  - July 2023 Administrative Guidance on GloBE rules: QDMTT Safe Harbour (Parts 1 & 2) (ITB, 10 & 17 November 2023)
  - July 2023 Administrative Guidance on GloBE rules: QDMTTs (Parts 1 to 6) (ITB, 15, 22 & 29 September; 6 & 27 October; 3 November 2023)
  - July 2023 Administrative Guidance on GloBE rules: Substance-based Income Exclusion (Parts 1 & 2) (ITB, 18 & 25 August 2023)
  - July 2023 Administrative Guidance on GloBE rules: Tax credits (Parts 1 to 3) (ITB, 4, 11 & 18 August 2023)
  - July 2023 Administrative Guidance on GloBE rules: overview (ITB, 28 July 2023)
  - Administrative Guidance on GloBE rules: Transition (Parts 1 to 3) (ITB, 16 & 23 June; 14 July 2023)
  - Administrative Guidance on GloBE rules: Income & taxes (Parts 1 to 8) (ITB, 31 March; 14, 21 & 28 April; 5, 12 May; 2 & 9 June 2023)
  - Administrative Guidance on GloBE rules: Scope (Parts 1 to 3) (ITB, 10, 17 & 24 March 2023)
  - Administrative Guidance on GloBE rules: Allocation of taxes arising under Blended CFC Tax Regimes (ITB, 3 March 2023)
  - Administrative Guidance on GloBE rules: QDMTTs (Parts 1 & 2) (ITB, 10 & 24 February 2023)
  - Art. 7.4 on ETR computation for Investment Entities (ITB, 2 December 2022)
  - Corporate Restructurings and Holding Structures (Parts 1 to 7) (ITB, 23 & 30 September; 7, 14 & 21 October; 11 & 18 November 2022)
  - Scope (Parts 1 & 2) (ITB, 24 June; 1 July 2022)
  - Charging Provisions (Parts 1 to 5) (ITB, 6, 13 & 20 May; 10 & 17 June 2022)
  - Computation of Effective Tax Rate and Top-up Tax (Parts 1 to 6) (ITB, 18 & 25 March; 1, 8, 22 & 29 April 2022)
  - Flow-through Entities and Hybrid Entities (ITB, 4 March 2022)
  - Computation of Adjusted Covered Taxes (Parts 1 to 9) (ITB, 11, 18 & 25 February; 29 July; 5, 12, 19 & 26 August; 16 September 2022)
  - Computation of GloBE Income or Loss (Parts 1 to 4) (ITB, 7, 14, 21 & 28 January 2022)
- Subject to Tax Rule (STTR):
  - STTR (Part 4) (ITB, 15 December 2023)
  - STTR (Parts 1 to 3) (ITB, 6 & 20 October; 3 November 2023)
  - Subject to Tax Rule (STTR): overview (ITB, 28 July 2023)

**WORTH READING**

Joanna Wheeler

"When Does a Tax Treaty Apply? Timing in Tax Treaties; and a Better Classification of the Distributive Articles"

World Tax Journal, IBFD, 2025 (Vol. 17), No. 3.

Mima S. Scropanje

"The Complexities of Transfer Pricing for Luxury Brands: Case Studies and Critical Reflections"

International Transfer Pricing Journal, IBFD, 2025 (Vol. 32), No. 5.

Mohamed Hemdan and Karolina Tetlak

"Place of Effective Management as a Treaty Tie-breaker Rule: Historical Evolution, Challenges, and Future Perspectives"

Intertax, Kluwer, Vol. 53, Issue 10.

**INTERNATIONAL TAX QUIZ****LAST WEEK'S QUESTION**

YCo is a company incorporated in jurisdiction Y. YCo is treated as fiscally transparent under the tax laws of jurisdiction Y, but instead as a taxable entity under the tax laws of jurisdiction X.

XCo, located in jurisdiction X, is the UPE of an MNE Group. XCo owns 60% of the Ownership Interests of YCo. The remaining 40% of the Ownership Interests of YCo are owned by non-Group Entities.

What is XCo's Allocable Share of YCo's Top-up Tax?

**LAST WEEK'S ANSWER**

A short, but tricky, question ...

YCo is a Flow-through Entity and a Reverse Hybrid Entity (Art. 10.2.1).

The first step is to allocate 40% of YCo's Financial Accounting Net Income or Loss (FANIL) to the non-Group Entities: Art. 3.5.3.

After that step, the remaining balance of YCo's FANIL is allocated to it (YCo): Art. 3.5.1(c). Similarly, YCo's GloBE Income for the purposes of the allocation of Top-up Tax in Art. 2.2 "shall not include any income allocated, pursuant to Article 3.5.3, to an owner that is not a Group Entity": Art. 2.2.4.

Therefore, XCo's Inclusion Ratio in Art. 2.2.2 will be 100% (not 60%).

And therefore, XCo's Allocable Share of YCo's Top-up Tax will be 100%.

Do you agree?



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