

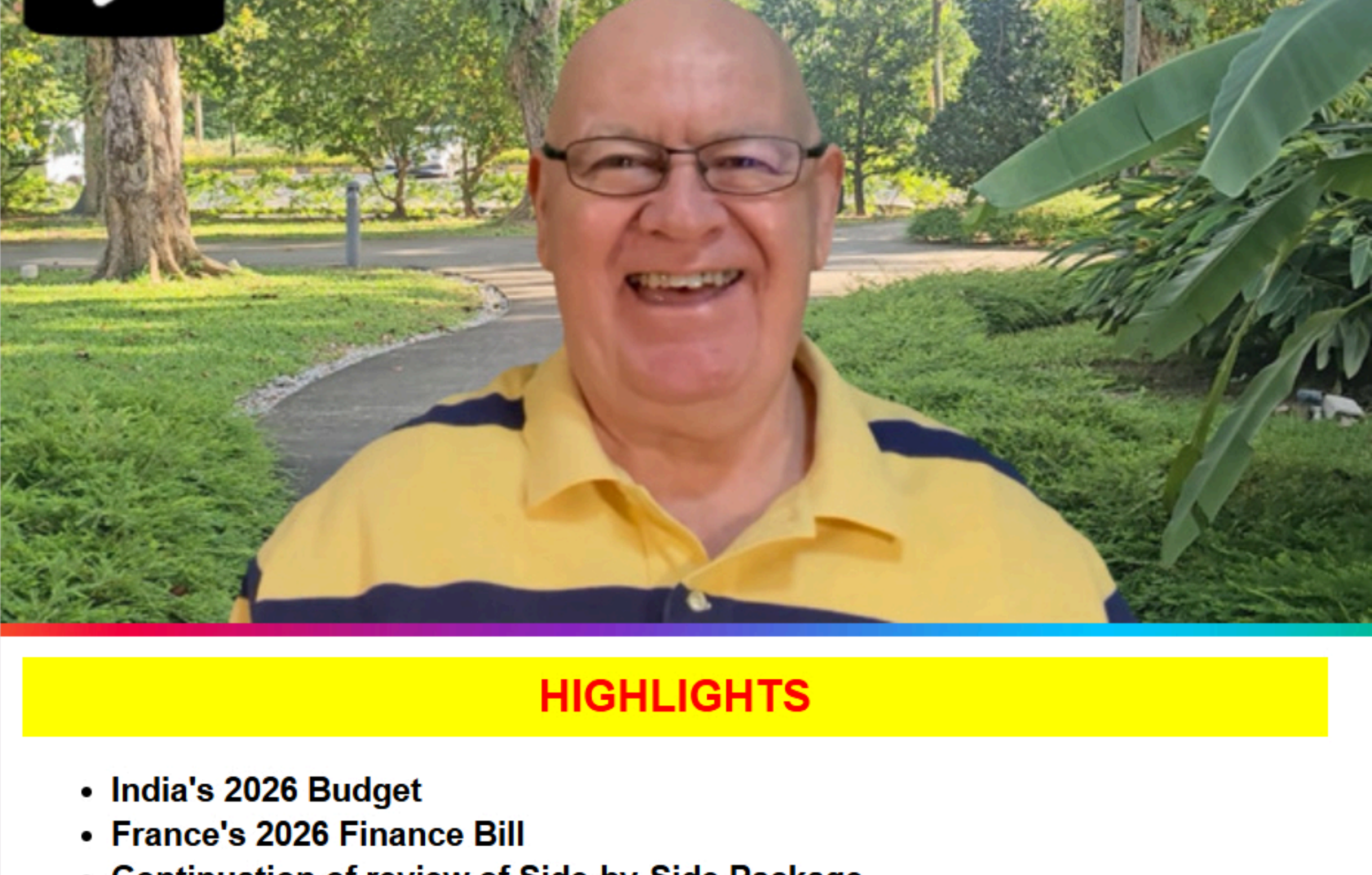
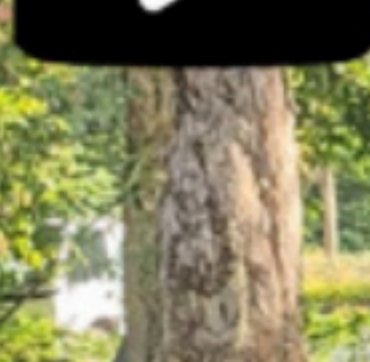
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13 February 2026



## HIGHLIGHTS

- **India's 2026 Budget**
- **France's 2026 Finance Bill**
- **Continuation of review of Side-by-Side Package**
  - **Today: Simplified ETR Safe Harbour (part 1)**

## THIS WEEK'S PODCAST

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

1. Tariff wars
2. Simplified ETR Safe Harbour (part 1)
3. Other global developments
4. Asia Pacific
  - Australia, China, Hong Kong, India, Malaysia, New Zealand
5. Europe
  - EU, France, Guernsey, Luxembourg, Netherlands, UK
6. Africa
  - Botswana, South Africa
7. Middle East & Central Asia
  - Bahrain, Saudi Arabia
8. Americas
  - Canada, Colombia, US
9. Treaty news

## 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:**
  - **Simplified ETR Safe Harbour (part 1) (ITB, 13 February 2026)**
  - **Substance-based Tax Incentive Safe Harbour (ITB, 30 January 2026)**
  - **UPE Safe Harbour (ITB, 23 January 2026)**
  - **Side-by-Side Safe Harbour (ITB, 16 January 2026)**
  - **Side-by-Side Package: Overview (ITB, 9 January 2026)**
  - **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, 26 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

Robert Goulder

"India's *Tiger Global* Decision: When Courts Trample Treaties"

Tax Notes Today International, Tax Analysts, 6 February 2026.

Neil Pereira

"The Evolution of Australia's GAAR: From Peabody to PepsiCo"

Bulletin for International Taxation, IBFD, 2026 (Vol. 80), No. 2.

Scott L. Semer

"Section 892 and the Regulatory-Policy Paradox"

Tax Notes Today International, Tax Analysts, 4 February 2026.

## INTERNATIONAL TAX QUIZ

### LAST WEEK'S QUESTION

ACo, a company located in jurisdiction A, is a Constituent Entity in an MNE Group which is "within scope" of the GloBE rules. It is the only Constituent Entity located in jurisdiction A.

Under the jurisdiction A corporate income tax law, ACo qualifies for a tax credit if its cumulative R&D expenditure over the previous 3 years exceeds \$1 million. If it does, then it is entitled to a tax credit which is calculated as 20% of its cumulative R&D expenditure over the previous 3 years plus its current year R&D expenditure. The credit is payable in cash during the next year, to the extent that ACo does not have a sufficient corporate income tax liability and/or property tax liability in the current year to fully utilise the credit.

Is the tax credit a "Qualified Tax Incentive" (QTI) for the purposes of the Substance-based Tax Incentive Safe Harbour?

### LAST WEEK'S ANSWER

Paragraph references are to chapter 4 of the Side-by-Side Package ...

The tax credit is a "Qualified Refundable Tax Credit" (QRTC) (defined in Art. 10.1.1).

ACo can make an Annual Election to treat certain QRTCs as a "Qualified Tax Incentive" (QTI): para. 21.

Does the QRTC in this question qualify for that election? Para. 22: the election can only be made for a QRTC that meets the definition of a QTI.

Condition #1: generally available (paras. 15 & 16) – satisfied.

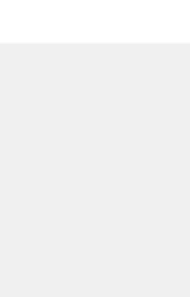
Condition #2: expenditure-based or production-based – satisfied (the tax credit in this question is expenditure-based: paras. 4 to 8, and para. 13).

Condition #3: reduces liability for a Covered Tax (para. 3) – see below.

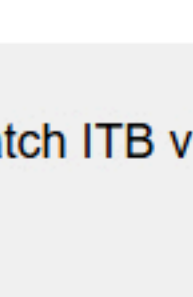
The tax credit in this question can be used against a corporate income tax liability (Covered Tax) and / or a property tax liability (non-Covered Tax). Para. 3: "The definition generally applies to tax incentives that reduce the liability for a Covered Tax of the taxpayer. It therefore does not apply to an incentive that reduces the liability for a non-Covered Tax ...".

The guidance is not clear on whether the ability of the tax credit to be used against a non-Covered Tax disqualifies it from being a QTI, even though it can be used against a Covered Tax.

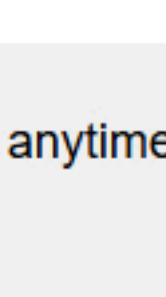
What do you think?



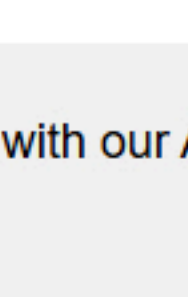
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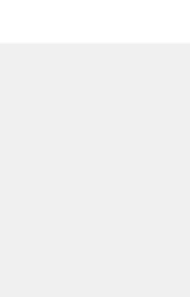
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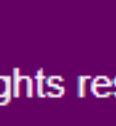
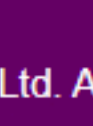
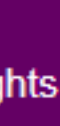
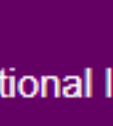
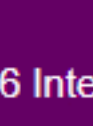
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