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22 May 2026



HIGHLIGHTS

- **GloBE rules**
 - **OECD explains its "common understanding" for GIR filing – but there are gaps**
- **Curaçao changes its mind on QDMTT – and blames SbS Safe Harbour**
- **Continuation of review of Side-by-Side Package for GloBE rules**
 - **Today: Simplified ETR Safe Harbour (Part 10)**

THIS WEEK'S PODCAST

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

1. GloBE news
2. Simplified ETR Safe Harbour (Part 10)
3. Asia Pacific
 - Australia, Hong Kong, India, Korea
4. Europe
 - EU, Greece, Hungary, UK
5. Americas
 - Curaçao, Grenada, US
6. 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 (Parts 1 to 10) (ITB, 13 & 27 February; 6, 13, 20 & 27 March; 17 & 24 April; 15 & 22 May 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

Lucas de Lima Carvalho
"Agentic AI as a Permanent Establishment"
Tax Notes Today International, Tax Analysts, 12 May 2026.

Joel A. Nitikman
"The Meaning of 'Borne by' in Article 15(2)(c) of the OECD Model: Parts One & Two"
Bulletin for International Taxation, IBFD, 2026 (Vol. 80) – Part One: Issue No. 6; Part Two: Issue No. 7.

INTERNATIONAL TAX QUIZ

THIS WEEK'S NEW QUIZ

XCo 1 and XCo 2 are companies located in jurisdiction X, and they are also Constituent Entities in an MNE Group.

XCo 1 incurs administrative expenses of 250, of which 100 is re-charged to XCo 2. XCo 1 records an expense of 250 and offsets it with 100 of income received from XCo 2. XCo 2 records an expense of 100. Please assume that the 100 satisfies the arm's length principle.

Based on this limited information, is the MNE Group permitted to apply the Simplified ETR Safe Harbour in jurisdiction X?

Answer in next ITB email alert!

LAST WEEK'S QUESTION

ACo, a company resident in jurisdiction A, has issued a bond to BCo, a company resident in jurisdiction B. The bond carries arm's length interest coupons. ACo and BCo are unrelated.

Jurisdiction A imposes a 20% withholding tax on outbound interest payments. There is no double tax treaty between jurisdictions A and B.

BCo sells the next interest coupon to CCo for a price equal to 92% of the coupon's face value. CCo is a company resident in jurisdiction C. CCo is unrelated to both ACo and BCo. The sale of the coupon does not trigger the withholding tax, under jurisdiction A law.

There is a double tax treaty between jurisdictions A and C. The interest article (Art. 11) includes these 2 paragraphs:

Art. 11(1): "Interest derived and beneficially owned by a resident of a Contracting State shall be taxable only in that State."

Art. 11(2): "The provisions of this Article shall not apply if it was the main purpose or one of the main purposes of any person concerned with the creation or assignment of the debt-claim in respect of which the interest is paid to take advantage of this Article by means of that creation or assignment."

The A / C treaty does not contain a principal purpose test.

Based on this limited information, what amount of withholding tax (if any) will apply when ACo pays the interest to CCo?

LAST WEEK'S ANSWER

The question is based on the recent UK Supreme Court decision in the Burlington Loan Management case.

Adopting the Supreme Court's analysis here ...

Prima facie, Art. 11(1) would provide an exemption from A tax. Based on the facts, it appears that CCo is the beneficial owner of the interest coupon.

In regard to Art. 11(2), it can be assumed that one of CCo's main purposes in acquiring the coupon was to benefit from Art. 11(1) of the A / C treaty. However, the key issue is whether one of CCo's main purposes was to "take advantage" of Art. 11(1), as opposed to merely benefiting from it. CCo is unrelated to both ACo and BCo. Therefore, it can be assumed that the price agreed between CCo and BCo (i.e., 92% of face value) is an arm's length price. In this situation, there are no facts which suggest that CCo would obtain the benefit in a manner contrary to the treaty's object and purpose.

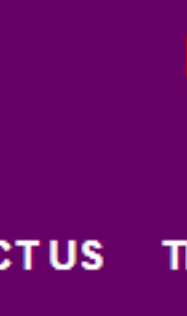
Accordingly, none of CCo's main purposes was to "take advantage" of Art. 11(1).

Final answer: zero withholding tax.

Do you agree?



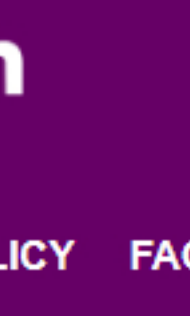
Tax Quiz Archives



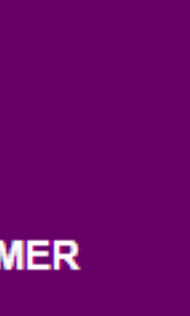
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