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17 July 2026


HIGHLIGHTS

- **OECD updates its estimate of additional corporate income tax revenue from GloBE rules**
- **Germany publishes new model double tax treaty**
- **Netherlands concludes that certain foreign DSTs are tax deductible**

THIS WEEK'S PODCAST

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

1. GloBE rules
2. Asia Pacific
 - Australia, China, Korea, Malaysia, Singapore, Vietnam
3. Europe
 - EU, France, Germany, Greece, Lithuania, Luxembourg, Netherlands, Norway, Poland, Ukraine, UK
4. Africa
 - Botswana, Tanzania
5. Middle East & Central Asia
 - UAE
6. Americas
 - Chile, Dominican Republic, Peru, US
7. 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

Roland Ismer, Andrés Báez Moreno, Katerina Perrou, Sophia Piotrowski, and Lucasz Stankiewicz

"[Société Générale and Cross-Border Loss-Relief for Non-Residents: CJEU, Please Don't Get It Wrong!](#)"

EC Tax Review, Kluwer, 2026 (Vol. 35), Issue 4.

Reuven S. Avi-Yonah

"[Implicit Support and the Arm's-Length Standard](#)"

Tax Notes Today International, Tax Analysts, 15 July 2026.

Frederik Heitmüller, Aisha Isa, Florian Dierich, and Yvette Nakibuule Wakabi

"[Relieving Double Taxation on Cross-Border Services: A Comparative Analysis of Major Exporting Countries](#)"

Bulletin for International Taxation, IBFD, 2026 (Vol. 80), No. 8.

INTERNATIONAL TAX QUIZ

THIS WEEK'S NEW QUIZ

ACO is a company which is a resident under the country X tax law. ACO conducts a freight carriage business on a worldwide basis. For that purpose, it uses ships which it owns. Although ACO has a number of "operating centres" throughout the world, the key management and commercial decisions for its global business are made by the senior management and the directors in country X.

ACO has an operating centre in country Y ("Y centre"), which is registered as a branch in country Y. Y centre is one of 5 such operating centres which ACO has globally. Y centre consists of 2 floors in an office building (which are leased by ACO), and 50 employees, including some senior employees. Y centre employees enter into contracts with customers to carry freight on ACO's ships which operate in the region; they enter into contracts with suppliers (e.g., ports in the region, ship crews, etc.); and they also manage ACO's shipping operations in the region.

ACO's ships carry freight between 2 ports within country Y and ports in 6 other countries. Some freight is carried from one port in country Y, for unloading at the other port in country Y.

BCO is a company which is also a resident under the country X tax law. BCO is part of the ACO group, and it acts as the treasury company for the group. BCO lends money to ACO as working capital for all of its 5 operating centres. Country Y law requires the preparation and auditing of financial statements for the country Y branch. In those financial statements, Y centre's allocated amount of the BCO loan is shown as a liability, and its allocated amount of the interest paid to BCO is shown as an expense. BCO is the beneficial owner of the interest income, and it does not have a PE in country Y.

Under the X/Y treaty (which is identical to the 2014 OECD model treaty), what is the country Y tax position of (i) ACO, and (ii) BCO? Why?

Answer in next ITB email alert!

LAST WEEK'S QUESTION

ACO is a company which is resident in country A. BCO is a company which is resident in country B. BCO has a fixed place of business PE in country C.

ACO lends money to BCO to finance its country C PE. The interest on the loan is shown as an expense in the PE's financial statements. ACO is the beneficial owner of the interest, and it does not have a PE in either country B or country C.

The A/B, A/C and B/C double tax treaties are identical to the 2014 OECD model treaty. The MLI does not apply to any of those 3 treaties.

Under the domestic tax law of each of the 3 countries: (i) the corporate income tax rate is 30%, (ii) the worldwide income of residents is taxed, and (iii) the interest withholding tax rate is 20%. In calculating foreign tax credits, assume that ACO is not required to allocate any deductions against foreign source income.

If the amount of interest which is paid by BCO to ACO is \$100, what amount of tax will be levied on that \$100 in each of the 3 countries?

LAST WEEK'S ANSWER

Country B:

1. A/B treaty: Art. 11(5), 1st sentence applies (payer is resident in B); Art. 11(5), 2nd sentence does not apply (as the PE is not in a Contracting State). Thus, interest arises in B.
2. A/B treaty allows B to impose tax of 10% on gross interest: Art. 11(1) & (2).
3. Thus, \$10 tax paid in B.

Country C:

1. A/C treaty: Art. 11(5), 1st sentence does not apply (payer is not resident in C); Art. 11(5), 2nd sentence applies (interest is relevantly connected with PE in C). Thus, interest arises in C.
2. A/C treaty allows C to impose tax of 10% on gross interest: Art. 11(1) & (2).
3. Thus, \$10 tax paid in C.

Country A:

1. Under A/B treaty, A must allow credit for B tax of \$10: Art. 23A(2) or Art. 23B(1).
2. Under A/C treaty, A must allow credit for C tax of \$10: Art. 23A(2) or Art. 23B(1).
3. After gross-up and credit for the B and C taxes, A tax will be = (\$100 x 30%) - \$10 - \$10 = \$10.

Thus: \$10 tax paid in each of A, B and C, giving total tax of \$30.

Note: This "double foreign tax / double foreign tax credit" situation occurs because of the words, "in a Contracting State", in Art. 11(5), 2nd sentence. See paragraphs 28-31 in OECD Commentary.

Do you agree?



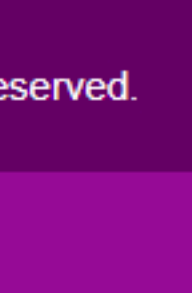
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