IFA Congress 2027 (Stockholm, Sweden)

Subject 1:
Tax Incentives in the Post-BEPS Era

Directives for Branch Reports

General Reporter:
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1. INTRODUCTION

1.1 Aim

Countries compete to attract companies and individuals. One important mechanism by which this competition plays out involves tax incentives. Balancing competition among jurisdictions against the needs of governments to raise revenue from multinational business is a question governments have been focused upon and the tax world has been debating since at least the 1990s. Discussions regarding the appropriate balance between jurisdictional competitiveness, revenue protection, and the concerns around harmful tax competition remain controversial.

It has, however, been a decade since an IFA seminar has addressed issues related to tax incentives. In 2015, the IFA Cahier on Tax Incentives on Research and Development (R&D) examined input-based incentives and their implications for innovation and competitiveness. Since then, substantial changes have occurred in the international tax landscape, particularly following the OECD/G20 BEPS Project (2013–2015) and, more recently, the implementation of the Pillar Two global minimum tax.

The present directive revisits the topic of tax incentives in this post-BEPS environment, focusing specifically on business-related incentives, including both tax and non-tax measures. Individual or purely social incentives are excluded from the scope.

For purposes of this directive, “business incentives” refer exclusively to measures designed to influence corporate investment, location, production, employment, or other forms of economic activity carried out by business enterprises. Such incentives are primarily granted through corporate income tax systems. They may also be granted through business-linked personal income tax allowances, or reductions in employer social security contributions or similar payroll-based mechanisms, but such mechanisms are only within scope of this report where they materially affect business decision-making. More generally, incentives of relatively minor or incidental relevance to business activity fall outside the scope of this report.

The analysis will concentrate on the main categories of incentives, their policy rationales, design features, and interactions with international frameworks such as the BEPS Action 5 Modified Nexus Approach and the OECD’s Pillar Two rules, as those rules continue to evolve.

In 2015, Action 5 of the BEPS project created a framework to ensure a connection between tax incentives and substance, known as the Modified Nexus Approach. However, this framework only applied to the taxation of income related to certain intangible assets and did not cover other types of incentives, such as those linked to costs rather than income (e.g., R&D tax credits). Meanwhile there are many other types of incentives both within tax and outside tax, such as tax holidays and non-tax subsidies, and as an economic matter these different forms of incentives interact and may be similarly motivated.

Pillar 2 as agreed in 2021 and 2022 attempted to divide incentives between tax incentives and non-tax incentives. The original Pillar 2 Model Rules attempted to resolve the longstanding concerns regarding tax competition and tax incentives’ role in tax competition with a general rule based on effective tax rates measured against a common tax base. Initially Pillar 2 dealt with credits in the context of effective tax rate calculations by distinguishing between non-refundable credits, which were treated as a reduction in tax liability fully subject to the Pillar 2 effective tax rate test, and refundable tax credits, which were treated as a form of income in the same way as other governmental grants. Similar to grants, the taxpayer's entitlement to a refundable tax credit is not tied to its income or tax liability, and so grants and refundable tax credits are, in that sense, economically equivalent. Pillar 2 calculations are also based on financial accounting principles, and financial accounting views both grants and refundable tax credits as forms of income. Both refundable tax credits and other grants were accordingly initially treated as forms of income for purposes of Pillar 2 effective tax rate calculations.[1] The original Pillar 2 distinction between non-refundable credits and refundable credits also comported with the financial accounting treatment of these two different types of business income tax credits, and therefore was consistent with Pillar 2's reliance on financial accounting rules as a largely shared global starting point for minimum tax calculations.

However, on January 5, 2026, the OECD/G20 Inclusive Framework on BEPS, comprising 147 countries and jurisdictions, issued the "Side-by-Side Package", which restructures the implementation of Pillar Two of the Global Minimum Tax. In addition to exempting United States-headquartered multinationals from Pillar 2, this new package introduces a distinct treatment for "Qualified Tax Incentives (QTIs)." QTIs are tax incentives based on expenditures or, in certain cases, on production activities linked to tangible assets and economic substance within a jurisdiction. The guidance package establishes a Substance-Based Tax Incentive (SBTI) Safe Harbor, allowing multinational enterprise groups to continue benefitting from such substance-linked incentives while remaining compliant with the 15 percent minimum tax imposed by Pillar 2. The SBTI Safe Harbor limits recognition of those benefits through a "Substance Cap", set at the greater of 5.5 percent of payroll costs or depreciation of tangible assets (or 1 percent of the carrying value of such assets, at the taxpayer's election). The interaction of these rules with the new UPE Safe Harbor also means that multinational groups headquartered in certain jurisdictions besides the United States may not be subject to the Substance Cap imposed by the SBTI Safe Harbor in their home jurisdiction. This new framework marks a significant evolution in the OECD's approach to the interaction between fiscal incentives and international tax competition.

While this directive considers developments connected to OECD initiatives, including the BEPS Project and Pillar Two, national reporters are also very much encouraged to describe business incentive regimes that have developed independently of and operate without taking into account OECD frameworks. This includes incentives adopted in jurisdictions that have not implemented Pillar Two, as well as incentives shaped by regional or supranational legal constraints (such as European Union law) or other economic and legal frameworks. The analysis should therefore not be limited to OECD-driven developments but should reflect the broader global diversity of approaches to business investment incentives accomplished through tax policy.

This directive aims to provide a coherent framework for assessing how tax incentives—especially tax credits—have evolved and will continue to evolve in light of recent multilateral developments in international tax policy, and to guide national branch reporters in identifying, categorizing, and analyzing the key features of their domestic regimes within this broader international context. It also seeks to understand the relationship between tax incentives and non-tax incentives in the broader evolving international economic environment, where multi-decade international understandings – notably regarding the enforceability of WTO rules on matters such as subsidies as well as broader principles such as nondiscrimination – appear to be fading away.

[1] **See** paragraph 236 of the OECD's October 2020 Pillar Two Blueprint **"The** rationale, from an accounting perspective, for treating refundable tax credits in the same way as grants is that, similar to grants, the taxpayer's entitlement to a refundable tax credit is not tied to its income or tax liability, and so in terms of economic substance grants and refundable tax credits are equivalent." See also ASC 832-10-55-4. IFRS expressly addresses government grants under IAS 20. US GAAP relies on ASC 832, *Government Assistance* (which largely incorporates the framework from IAS 20), to account for refundable tax credits not covered under ASC 740 (income taxes). ASC 832-10-55-4 provides that refundable tax credits not covered under ASC 740 should be treated as government grants.

1.2 Structure of the Subject

To ensure analytical clarity and comparability across jurisdictions, the subject is divided into two main parts, which address distinct but closely related dimensions of business tax incentives in the post-BEPS environment.

Part I: Focuses on the domestic framework and design of business tax incentives, examining how jurisdictions structure, justify, and administer their principal tax and non-tax incentive regimes under domestic law. This part is primarily descriptive and analytical, aiming to map the existing incentive landscape, including policy objectives, legal forms, eligibility conditions, substance requirements, fiscal costs, and evaluation mechanisms.

Part II: Turns to the international coordination and post-BEPS implications of these incentives. It explores how domestic regimes interact with evolving international standards, including the weakening of multilateral trade disciplines and the emergence and reform of the Pillar Two global minimum tax and related safe harbors. This part is more evaluative in nature, focusing on adaptation, redesign, or persistence of incentives in response to international constraints and competitive pressures.

While analytically distinct, the two parts are intended to be read together: Part I establishes the domestic baseline against which the international developments examined in Part II can be properly understood.

1.3 Scope of the Subject and Exclusions

The purpose of this subject is not to provide a comprehensive or purely domestic evaluation of national incentive regimes in isolation. Accordingly, branch reports should avoid detailed policy debates on the desirability of incentives from a purely internal perspective, or extensive descriptions of minor or peripheral regimes. The focus is instead on those business tax and non-tax incentives that are economically significant, structurally representative, or analytically relevant for understanding how domestic incentive frameworks interact with international tax coordination, international business investment trends, and broader developments in the international economic order.

However, the analysis is intended to include incentives adopted at the national level that target specific regions, geographic areas, or economic zones (such as free trade zones or special economic zones), as well as sector-specific regimes designed to promote important industries or activities. Geographically or sectorally targeted measures should be reported where they are economically significant and form part of a country's broader strategy to attract, retain, or structure business investment.

Individual, social, or personal income tax incentives generally fall outside the scope of this subject, except where strictly necessary for contextual understanding.

2. GENERAL INFORMATION

2.1 General reporter's contact information

The general reporter is Professor Itai Grinberg of Georgetown University Law Center in the United States. Branch reporters who wish to contact the general reporter are invited to do so using the following email address: ig76@georgetown.edu. They are also asked to copy Professor Grinberg's assistant, Erika Rist, whose email address is: er933@georgetown.edu, and Professor Grinberg's research assistant, Rafaela Jacoby, whose email address is rj635@georgetown.edu.

What is expected from the branch reporters

Two specific tasks should be completed by each branch reporter:

1) First, branch reporters need to draft a branch report for the jurisdiction that they represent. The report should be prepared on the basis of the present directives and, as explained below, should focus on the relevant tax and non-tax legislation, tax and other international economic treaty provisions and guidance produced in that jurisdiction, by courts, administrative organs and tax administrations. The report should be preceded by a **1,000** word "Summary and conclusions" section that will constitute a short "executive summary" of the report.

2) Second, as indicated in Annex 2, branch reporters are invited to provide to the general reporter a copy of the most relevant legislation, court decisions and administrative pronouncements that are referred to in their branch report. Preferably, such guidance should be available in English and in electronic form. Where, however, the information is not available in English, it should be provided in its original language.

2.2 Language and format of the branch reports

While IFA rules allow the branch reports to be submitted in English, French or German, it is clear that branch reports that are in English will reach a much larger audience as branch reports in French and German will not be translated. Also, if a report is submitted in either French or German, summaries/conclusions in English will need to be provided by the branch reporters. It is not permitted to use automated text, artificial intelligence and data mining to produce the branch report.

Each branch report should be readable on its own without reference to these directives, which will not be reproduced in the Cahiers. Therefore, even when the directives formulate questions, please do not just directly reply to them, but include an articulated and self-standing answer. The branch reports need not attempt to address all the issues included in these directives since these issues are merely illustrative of issues that may be covered under each subsection. In order to facilitate comparison and to make sure that the same topics are covered, branch reports should, however, follow the general structure of these directives as per the format of the Table of Contents attached hereto as Annex 1.

The maximum length for a branch report is **10,000** words (including footnotes, appendices and bibliography). This, however, does not include the Summary and conclusions section and the text of court decisions and administrative pronouncements that branch reporters are also invited to provide (as indicated above). Branch reporters should allocate that overall limit based on the law and guidance that is available, in their jurisdiction, on the various topics covered in these directives since it is unlikely that, in any jurisdiction, there will be guidance on all the issues raised in these directives. This topic is also broader than most IFA reports, and therefore judgment will need to be exercised by branch reporters as to the core representative tax incentives and non-tax corporate subsidy structures to focus upon in their respective jurisdictions.

In order to facilitate the comparison between the different jurisdictions, branch reporters should follow the various headings and the section numbering found in the Table of Contents attached to these directives as Annex 1. Headings under which a branch reporter has little to contribute should still appear in the branch report, if only to report that there is no guidance on the topic in that jurisdiction.

The branch report should not contain references to page numbers of the report itself.

Relationship between Description of the Subject and Annex 1: The Description of the Subject that follows the general information part of these directives provides branch reporters with an overview of the Subject. Annex 1 contains the table of contents and the headings to be used in the Branch reports. The information that the Branch reporters are requested to give under each heading is described in Section 3.2 of this Directive.

2.3 Timetable

By 30th of September 2026, branch reporters are strongly encouraged to send to the general reporters a close-to-final or final draft of the branch report. The final deadline for submission of the branch reports to the general reporters and the IFA General Secretariat is the **15th of December 2026**. This deadline date must be strictly adhered to, in view of editing and publication schedules. The Cahiers must be made available electronically well in time before the start of the congress. Furthermore, the deadline is important to the general reporters to allow him/her sufficient time to write their General Report for submission by the **15th of June 2027.** In the case of delays, a branch report may not be considered for drafting the General Report and may not be published.

2.4 Addendum

If a branch reporter expects radical changes in his domestic legislation relating to the subject between the date of submission of the report and the publication date thereof, he may, following prior consultation with the General Secretariat, supply an additional one-page Addendum to the report, for publication in the Cahiers, explaining such changes in legislation, but not subsequent to the **15th of February**.

2.5 Reporters' biographies

The branch reporters are requested to include an abstract with a maximum of 400 words together with a half page biography with a maximum of 300 words and a color photo in portrait style and high resolution which shall be included in the digital publication of the Cahiers. Full personal biographies will not be printed, but shortened at IFA's discretion.

2.6 Publication of the Cahiers

The printed publication of the Cahiers consists of the General Reports of both Subject 1 and Subject 2, the topical and special reports (if existing), and the Summary and conclusions of all branch reports. The digital publication consists of the General Reports, the topical and special reports (if existing), and all branch reports, including biographies, abstracts, and directives. The digital publication will be made available through the secured section of the website of IFA, and the website of its sister organisation, the IBFD. The digital publication will contain easy access to all reports, making it more available for its audience. It will be featured with a user-friendly search function, and all reports can be downloaded for offline consultation.

2.7 Meetings with the general reporters

The following preparatory meetings will be hosted online and onsite:

- Online meetings to be arranged by the general reporter
- Sunday 18 October 2026, – onsite meeting at the venue of the IFA 2026 Melbourne Congress. Please note that this meeting will not be streamed online.

A summary of the discussion during each preparatory meeting will be distributed to all branch reporters via email.

3. DESCRIPTION OF THE SUBJECT

3.1 General Overview

This subject examines the evolution and current landscape of business-related tax incentives, with particular emphasis on tax credits in the post-BEPS and Pillar Two environment. Countries have long used fiscal incentives to attract investment, foster innovation, and stimulate economic growth. However, such measures often raise complex questions about tax competition, base erosion, and fairness.

The international tax community has grappled for decades with how to balance the legitimate use of incentives for policy goals with the need to maintain revenue and the desire to promote global coherence. The OECD’s work on harmful tax competition in the late 1990s, followed by the BEPS Project (2013–2015) and more recently the Pillar Two global minimum tax (2021–2022), has progressively redefined the internationally accepted parameters for incentive design.

This directive revisits the topic through this modern lens, focusing exclusively on business incentives—those directed at legal entities carrying on business activities. It excludes individual or social incentives, such as personal income tax credits or welfare benefits. Detailed analyses of minor business incentive regimes, except when illustrative of broader policy trends, are also meant to be excluded from branch reporter analysis.

3.2 Structure of the Report

To ensure consistency and comparability across jurisdictions, the subject will be divided into two main parts, as follows:

Part I – Domestic Framework and Design of Tax Incentives

Branch reporters should provide a comprehensive overview and analysis of the most important business incentives available under domestic law, encompassing both tax and non-tax measures. The goal is to understand how each jurisdiction promotes business activity through fiscal policy, and how these incentives are structured, justified, and implemented. Inevitably branch reporters will need to use judgment to decide which incentives merit inclusion. However, in those jurisdictions which publish tax expenditure-type budgets, the most expensive business tax expenditures should be included among the incentives that are discussed.

This part should include the following elements:

2. Policy Context and Objectives

2.1 Identify the main policy goals pursued by domestic incentives (e.g., investment promotion, R&D, regional development, green transition). Note that national reporters may wish to refer to their country’s report in the IFA 2026 Melbourne Cahiers for a more detailed discussion of green business incentives.

2.2 Specify whether in the view of the branch reporter there is or is not a unified national strategy governing the adoption, coordination, or systematic evaluation of tax incentives, and if so specify the parameters of that national strategy.

2.3 Describe any constitutional or supra-national (e.g. EU State Aid) limitations that limit your jurisdiction's ability to either provide incentives or to limit incentives to domestically-headquartered MNEs, or to MNEs headquartered in countries that meet certain criteria?[2]

3. Legal and Administrative Framework

3.1 Identify the relevant legislative instruments (e.g., income tax law, investment code, special regimes) and competent administrative authorities that provide the country's key tax and non-tax business incentives.

3.2 Indicate whether incentives are permanent, temporary, or discretionary.

4. Forms of Business Incentives

4.1 Describe the principal types of tax incentives (credits, deductions, exemptions, deferrals, reduced rates) and non-tax incentives (grants, subsidies). Please quantify the magnitude of these incentives, ideally as a percentage of national GDP, in order to allow for cross-jurisdictional comparisons.

4.2 Clarify the scope of the principal types of tax incentives (sectoral, regional, or activity-based) and eligibility criteria. Again, please then quantify the magnitude of these tax incentives, ideally as a percentage of national GDP, in order to allow for cross-jurisdictional comparisons.

4.2.1 Note that quantifying the magnitude of an incentive may help determine whether the incentive is material enough to be appropriately within scope of the report. It remains the case that certain incentives may deserve mention even if they are relatively inexpensive.

4.3 Are there major business tax incentives granted outside the corporate income tax system (e.g., employer social security contribution reductions or business-linked personal income tax allowances)? Please report such incentives only if they are highly significant and materially important to business decision-making.

4.4 Describe whether any of the jurisdiction's most important tax incentives are explicitly linked to economic substance (e.g., employment, payroll, tangible assets, or local production)?
If so, please describe the mechanism, eligibility criteria, and how "substance" is verified.

4.4.1 Describe whether any of your jurisdiction's most important tax incentives are expenditure-based (e.g., R&D credits, super deductions) or production-based (linked to output or tangible assets) as defined for OECD purposes as "Qualified Tax Incentives (QTIs)?

4.4.2 Detail the local substance or performance requirements (e.g., local R&D, employment thresholds, regional investment).

[2] Note that this question excludes the issue of whether bilateral treaties might limit your jurisdiction's ability to choose to limit incentives to MNEs headquartered in specific jurisdictions. However, if your jurisdiction does not permit tax treaty overrides by statute, please feel free to note whether the reporter believes the non-discrimination provision of tax treaties would — taking into account how the legislature in your jurisdiction might draft limits on incentives and courts in your jurisdiction would rule about such legislation — likely impose a further restraint on selective granting of tax incentives based on nationality of the enterprise or the residence of the enterprise's ultimate parent entity.

4.5 Are there quantitative limits (caps) on the amount of tax benefit available? If so, what are the most relevant limits?

4.6 Is there any policy discussion in your jurisdiction about whether tax incentives interact with accelerated depreciation or expensing to produce negative effective tax rates, and if so under what circumstances? If a combination of expensing and tax incentives produces negative effective tax rates, is there discussion or analysis of whether that policy result (negative effective tax rates) is intended or appropriate?

5. Effectiveness and Safeguards

5.1 Identify any anti-abuse rules, recapture provisions, or sunset clauses that substantially limit misuse or overextension of benefits.

5.2 Discuss governmental mechanisms for evaluating both the fiscal cost and the effectiveness of incentives. If there is a tax expenditure budget or similar instrument for the country that identifies and quantifies the cost of tax incentives, please describe that instrument and specify whether it makes any comparison between tax and non-tax business incentives.

PLEASE SPECIFY:

- the issuing authority (e.g., Ministry of Finance, Tax Administration, Parliament, or other institution);
- the frequency of publication;
- whether the report includes estimates of revenue impact;
- whether it covers both tax and non-tax incentives or only tax measures, and
- to the extent the cost of business tax incentives is specifically quantified, please list the most expensive business tax incentives in your jurisdiction as reported by the relevant governmental authority.

If no such instrument exists, please explain how information about tax incentives is otherwise disclosed or monitored.

5.3 Discuss non-governmental economic studies evaluating the fiscal cost and the effectiveness of incentives in the jurisdiction.

5.4 Specify whether there is any data available in your country on the extent to which business tax incentives are incorporated ex ante into business decisions, as opposed to being identified and claimed afterward through look-back studies or similar mechanisms by multinational firms or their advisors?

5.5 If important, discuss whether administrative practices, compliance requirements, audit approaches, or judicial interpretations materially affect access to business incentives in practice. For example:
• Are reporting or documentation requirements so burdensome that they significantly limit uptake?
• Have aggressive audit positions or restrictive interpretations effectively narrowed the scope of incentives beyond their formal legislative design?
• Have court decisions played a significant role in expanding or limiting access to such incentives?

For federal countries, Branch Reporters are not expected to cover subnational jurisdictions in Part I, except where such regimes are of particular relevance. Where subnational incentives play a highly significant role in the overall design or economic impact of the national incentive framework — as may be the case in certain federal systems — a discussion can be added if the

Reporter deems it appropriate, or alternatively a contextual reference should at minimum be included to ensure analytical completeness.

Part II – International Coordination and Post-BEPS Implications

This section addresses how domestic incentives interact with international standards and coordination mechanisms. Please provide an overview of your sense of how the jurisdiction's domestic incentives interact with international standards and coordination mechanisms.

6. OECD Impact – Interaction with International Standards

6.1 Assess how OECD projects, beginning with the BEPS project that started in 2013, have or have not affected national policy choices regarding tax incentive design and competitiveness.

6.2 Specify whether your jurisdiction has any major output or income-based tax incentives. If it does not, specify whether it had such tax incentives before the adoption of the BEPS Action 5 Modified Nexus Approach or before the adoption of the OECD's Pillar Two rules.

If such incentives existed in the past and were repealed or amended consistent with internationally accepted norms, briefly describe the repealed incentives.

6.2.1 What changes, if any, were introduced to your jurisdiction's business tax incentives following the completion of BEPS 1 in 2015?

6.2.2 Please describe whether tax or non-tax business incentives in your jurisdiction have been substantially amended since December 2019, when the WTO Appellate Body lost its quorum and therefore stopped being able to hear WTO appeals. Please pay particular attention to whether your jurisdiction adopted business incentives that were arguably violative of WTO rules (e.g. the Agreement on Subsidies and Countervailing Measures, National Treatment rules across various WTO agreements) after the WTO Appellate Body ceased being able to hear appeals. The December 2019 date is interesting because since that time WTO cases can be appealed "into the void" and are therefore never resolved.

6.2.3 What changes, if any, were brought into effect to your jurisdiction's business tax incentives following the initial agreement on Pillar Two and the issuance of the Pillar 2 rules in March 2022?

6.2.4 What changes, if any, were contemplated during the period from March 2022 to January 2026, when Pillar Two seemed likely to come into full force without special allowances such as the OECD's Substance-Based Tax Incentive (SBTI) Safe Harbor for QTIs? Please describe these proposed changes even if they did not come into force, especially if they were subsequently rejected or modified after the issuance of the OECD "Side-by-Side Package" in January 2026.

6.2.5 Since January 2026, have your jurisdiction's policymakers considered redesigning incentives to qualify under the OECD's Substance-Based Tax Incentive (SBTI) Safe Harbor? If so, describe the expected changes or policy discussions.

6.2.6 Have any existing incentives been reclassified or adjusted to ensure they meet the definition of "Qualified Tax Incentives (QTIs)"?

When discussing measures introduced or amended in the various periods discussed above, please indicate whether the measures were introduced to preserve competitiveness or to ensure compliance with OECD standards, best practices, or agreements, and what evidence exists for such conclusions.

ANNEX 1

CONTENTS OF THE BRANCH REPORT

Outline

A – Outline: Table of contents

B – Extended outline

The extended outline should be read in conjunction with the table of contents and the "Description of the Project" section. Together, these elements are intended to provide branch reporters with a clearer understanding of the structure, level of detail, and overall format in which the General Reporter is expected to receive the country reports.

Branch reporters are encouraged to use these materials as a reference when organizing their analysis, so as to ensure consistency, coherence, and comparability across jurisdictions, while still adapting the content to the specific features of their domestic tax system.

0 – Summary and conclusions
The report should be preceded by a "Summary and conclusions" section that will constitute a short "executive summary" of the report. This summary should not exceed 1000 words and should logically be prepared after the report has been completed. The Summary and conclusions section shall be printed in the Cahiers.

1 – Introduction
[*mere overview: less than one page*]
In this introductory section, Branch reporters are requested to provide a concise overview of the subject of this project and to explain how it is reflected in, and relevant to, their domestic tax system.

The purpose of this section is to situate the country report within the broader framework of the project, by briefly outlining the role and significance of business-related tax incentives—particularly business tax credits, super deductions, and functionally equivalent mechanisms—in the reporter's jurisdiction. Branch reporters should explain how the general themes addressed by this project (including policy objectives, incentive design, and interaction with evolving international standards) manifest themselves at the domestic level.

This overview should be descriptive and contextual in nature. Any normative conclusions reached or asserted by the government are appropriate to describe in the introduction. Detailed technical analysis, quantitative assessments, or discussion of specific incentive regimes should be reserved for the subsequent sections of the report. Normative analysis by the reporter themselves is welcome in the conclusion. The focus here is on explaining the overall relevance, structure, and positioning of business tax incentives within the national system, and how these features align with or diverge from the issues explored by this project.

Part I – Domestic Framework and Design of Tax Incentives
Branch reporters should provide a comprehensive overview and analysis of the most important business incentives available under domestic law, encompassing both tax and non-tax measures. The goal is to understand how each jurisdiction promotes business activity through fiscal policy, and how these incentives are structured, justified, and implemented. Inevitably branch reporters will need to use judgment to decide which incentives merit inclusion. However, in those

jurisdictions which publish tax expenditure-type budgets, the most expensive business tax expenditures should be included among the incentives that are discussed.

2 – Policy Context and Objectives

2.1 Main policy goals pursued through business incentives

– Identify the main policy goals pursued by domestic incentives (e.g., investment promotion, R&D, regional development, green transition).

2.2 Existence (or absence) of a unified national incentive strategy

– Indicate whether incentives are permanent, temporary, or discretionary.

2.3 Constitutional and Supranational Constraints on Tax Incentives

– Describe any constitutional or supra-national (e.g. State Aid) limitations that limit your jurisdiction's ability to either provide incentives or to limit incentives to domestically-headquartered MNEs, or to MNEs headquartered in countries that meet certain criteria?

3 – Legal and Administrative Framework

3.1 Legislative basis of business tax incentives and competent authorities and administrative implementation

– Identify the relevant legislative instruments (e.g., income tax law, investment code, special regimes) and competent administrative authorities that provide the country's key tax and non-tax business incentives.

3.2 Permanence, temporariness, and discretionary features of incentives

– Indicate whether incentives are permanent, temporary, or discretionary.

4 – Forms and Design of Business Incentives

4.1 Tax incentives

– Describe the principal types of tax incentives (credits, deductions, exemptions, deferrals, reduced rates) and non-tax incentives (grants, subsidies).

4.2 Scope and eligibility criteria

– Clarify their scope (sectoral, regional, or activity-based) and eligibility criteria.

4.3 Incentives Granted Outside the Corporate Income Tax System

– Identify and describe any highly significant business incentives granted outside the corporate income tax system (e.g., employer social security contribution reductions, payroll-based mechanisms, or business-linked personal income tax allowances), explaining their structure, mode of operation (automatic or approval-based), and interaction with corporate income tax incentives within the broader investment policy framework.

4.4 Economic substance requirements (e.g. payroll, assets, local activity)

– Describe whether any of the jurisdiction's most important tax incentives are explicitly linked to economic substance (e.g., employment, payroll, tangible assets, or local production)?
If so, please describe the mechanism, eligibility criteria, and how "substance" is verified.

4.4.1 Expenditure-based and production-based incentives

– Describe whether any of your jurisdiction's most important tax incentives are expenditure-based (e.g., R&D credits, super deductions) or production-based (linked to output or tangible assets) as defined for OECD purposes as "Qualified Tax Incentives (QTIs)?

4.4.2 Local substance and performance requirements

– Detail the local substance or performance requirements (e.g., local R&D, employment thresholds, regional investment).

4.5 Quantitative limits (caps) and other key restrictions on the benefit amount
– Is there a quantitative limit (cap) on the amount of benefit available? Are there any important limits?

4.6 Interaction of Tax Incentives with Expensing and Effective Tax Rates
– Is there any policy discussion in your jurisdiction about whether tax incentives interact with accelerated depreciation or expensing to produce negative effective tax rates, and if so under what circumstances? If a combination of expensing and tax incentives produces negative effective tax rates, is there discussion or analysis of whether that policy result (negative effective tax rates) is intended or appropriate?

5 – Effectiveness and Safeguards
5.1 Anti-abuse rules, recapture provisions, and sunset clauses
– Identify anti-abuse rules, recapture provisions, or sunset clauses that limit misuse or overextension of benefits.

5.2 Governmental evaluation of fiscal cost and effectiveness
– Discuss governmental mechanisms for evaluating both the fiscal cost and the effectiveness of incentives. If there is a tax expenditure budget or similar instrument for the country that identifies and quantifies business investment please describe that instrument and specify whether it makes any comparison between tax and non-tax business incentives.

Please specify:
- the issuing authority (e.g., Ministry of Finance, Tax Administration, Parliament, or other institution);
- the frequency of publication;
- whether the report includes estimates of revenue impact ;
- whether it covers both tax and non-tax incentives or only tax measures, and
- to the extent the cost of business tax incentives is specifically quantified, please list the most expensive business tax incentives in your jurisdiction as reported by the relevant governmental authority.

If no such instrument exists, please explain how information about tax incentives is otherwise disclosed or monitored.

5.3 Non-governmental assessments and economic studies
– Discuss non-governmental economic studies evaluating the fiscal cost and the effectiveness of incentives in the jurisdiction.

5.4 Timing of Tax Incentive Utilization
– Specify whether there is any data available in your country on the extent to which business tax incentives are incorporated ex ante into business decisions, as opposed to being identified and claimed afterward through look-back studies or similar mechanisms by multinational firms or their advisors?

5.5 Administrative and Judicial Constraints on Access to Incentives
– Discuss whether administrative practices, compliance requirements, audit approaches, or judicial interpretations materially affect practical access to business incentives, including whether burdensome reporting obligations limit uptake, whether aggressive audit positions or restrictive interpretations narrow incentives beyond their legislative design, and whether court decisions significantly expand or constrain their effective availability.

For federal countries, Branch Reporters are not expected to cover subnational jurisdictions, except where such regimes are of particular relevance. Where subnational incentives play a highly significant role in the overall design or economic impact of the national incentive framework — as may be the case in certain federal systems — a discussion should be added if the Reporter deems it appropriate, or alternatively a contextual reference can be included to ensure analytical completeness.

Part II – International Coordination and Post-BEPS Implications

This section addresses how domestic incentives interact with international standards and coordination mechanisms. Please provide an overview of your sense of how the jurisdiction's domestic incentives interact with international standards and coordination mechanisms.

6 – OECD Impact – Interaction with International Standards

6.1 General interaction with OECD standards and international coordination

– Assess how OECD projects in the last 15 years have or have not affected national policy choices regarding incentive design and competitiveness.

6.2 Impact of BEPS Action 5 and the Modified Nexus Approach

– Specify whether your jurisdiction has any major output or income-based tax incentives.
– If it does not, specify whether it had such tax incentives before the adoption of the BEPS Action 5 Modified Nexus Approach or before the adoption of the OECD's Pillar Two rules?
– If such incentives existed in the past and were repealed or amended consistent with internationally accepted norms, briefly describe the repealed incentives.

6.2.1 Changes following the BEPS Project

– What changes, if any, were introduced to your jurisdiction's business tax incentives following BEPS 1?

6.2.2 Developments after the loss of WTO Appellate Body quorum

– Please describe whether tax or non-tax business incentives in your jurisdiction have been substantially amended since December 2019, when the WTO Appellate Body lost its quorum and therefore stopped being able to hear WTO appeals. Please pay particular attention to whether your jurisdiction adopted business incentives that were arguably violative of WTO rules such as non-discrimination or Agreement on Subsidies and Countervailing Measures after this date.

6.2.3 Adjustments following the adoption of the Pillar Two rules (2022)

– What changes, if any, were introduced to your jurisdiction's business tax incentives following the initial agreement on Pillar Two and the issuance of the Pillar 2 rules in March 2022?

6.2.4. Incentive design during the pre–Side-by-Side Package period (2022–2026)

– What changes, if any, were contemplated during the period from March 2022 to January 2026, when Pillar Two seemed likely to come into full force without special allowances such as the OECD's Substance-Based Tax Incentive (SBTI) Safe Harbor or for QTIs? Please describe these proposed changes even if they did not come into force, and especially if they were rejected or modified after the issuance of the OECD "Side-by-Side Package".

6.2.5 SBTI-Driven Incentive Redesign

– Since January 2026, have your jurisdiction's policymakers considered redesigning incentives to qualify under the OECD's Substance-Based Tax Incentive (SBTI) Safe Harbor? If so, describe the expected changes or policy discussions.

6.2.6 Alignment with QTI Requirements

– Have any existing incentives been reclassified or adjusted to ensure they meet the definition of "Qualified Tax Incentives (QTIs)"?

7 – Concluding Remarks

Please provide brief concluding observations highlighting the core elements of the report and clarifying its overall message.

ANNEX 2

DOCUMENTS TO BE PROVIDED AS ANNEX TO THE BRANCH REPORT

Branch reporters are invited to provide to the general reporters a copy of any of the following documents which are referred to in their branch report.

- interpretative provisions found in a treaty itself, in a protocol to a treaty, in a memorandum or letter of understanding between the Contracting States or in any other instrument prepared in connection with a treaty, including an instrument prepared by one Contracting State and endorsed by another Contracting State;
- court decisions;
- publicly available mutual agreements;
- publicly available decisions by any administrative review board that may be part of or independent from a tax administration (e.g. assessment board or appeal board that would not constitute a court);
- legislative texts, such as an interpretative provision found in a statute, regulation or decree;
- circulars, rulings or other official administrative pronouncements by the tax authorities;
- any other similar document that can be considered to be an official statement with respect to the subject of this report originating from that jurisdiction.

Preferably, these documents should be provided in English and in electronic form as the objective is to make such information available on the IFA website. Where, however, the information is not available in English, it should be provided in its original language.

The documents provided should not exceed 200 pages (in print form). Branch reporters of jurisdictions where documents referred to in the branch report would greatly exceed that limit are invited to exercise discretion in choosing which documents to provide and to send what they consider as likely to be the most useful and influential documents for other countries (e.g. for judicial decisions, those that are most recent or rendered by the highest courts).