Appendix Table 1 Participation Exemptions in OECD Countries

	Participation Exemptions for Dividends		Participation Exemptions for Capital Gains	
Country	**Deduction or Exemption**	**Applicable criteria**	**Deduction or Exemption**	**Applicable criteria**
Australia	100%	Dividends from foreign subsidiaries of which Australian companies hold at least 10% are considered "Nonassessable, Nonexempt" (NANE) income, which is excluded from taxable income.	100%	Capital gains and losses on the disposal of shares, proportionate to the degree to which the company's assets are used in active business. In both cases Australian entity or individual must hold 10% interest or participation.
Austria	100%	Dividends received by a nonresident company if the company is similar to an Austrian company. Parent holds 10% equity or capital. The 10% is held for a year continuously. From January 2019 the exemption method changed to a credit method.	100%	Capital gains on the sale of qualifying participations are tax-exempt. From January 2019 the exemption method changed to a credit method. (incorporation of CFC rules).
Belgium	100%	€2.5 million acquisition value requirement. 10% holding. The distributor must be subject to CIT on the profits. Full ownership for a period of at least 1 year.	100%	€2.5 million acquisition value requirement. 10% holding. The distributor must be subject to CIT on the profits. Full ownership for a period of at least 1 year.
Canada	100%	Dividends received by corporate shareholders out of the "exempt surplus" of foreign affiliates are not taxable; "exempt surplus" generally relates to active business income in a country with which Canada has an income tax treaty.	50%	Applies to all capital gains, regardless of tax residency of affiliates.
Chile	No	N/A	No	Chile had a special regime that excluded dividends from withholdings on publicly traded stock corporations. The regime was repealed, and it will phase out in 2022.
Colombia	100%	Applies to domestic holding companies.	No	None.
Czech Republic	100%	Dividends are exempt when transactions are made between EU or EEA residents and the holding is more than 10% for an uninterrupted period of 12 months. Dividends are exempt for sales of shares in non-EU/EEA resident subsidiaries when that subsidiary is a tax resident in a country that has concluded a tax treaty with Czech Republic, has a specific legal form, meets the requirements for the dividend exemption under the EU parent-subsidiary directive, and is subject to a home country tax of at least 12%.	100%	Capital gains are exempt when transactions are made between EU or EEA residents and the holding is more than 10% for an uninterrupted period of 12 months. Capital gains are exempt for sales of shares in non-EU/EEA resident subsidiaries when that subsidiary is a tax resident in a country that has concluded a tax treaty with Czech Republic, has a specific legal form, meets the requirements for the dividend exemption under the EU parent-subsidiary directive, and is subject to a home country tax of at least 12%.
Denmark	100%	Dividends and capital gains received by a Danish company on subsidiary shares and group shares are generally exempt.	100%	Dividends and capital gains received by a Danish company on subsidiary shares and group shares are generally exempt.

Appendix Table 1 Participation Exemptions in OECD Countries, *Continued*

Country	Participation Exemptions for Dividends: Deduction or Exemption	Participation Exemptions for Dividends: Applicable criteria	Participation Exemptions for Capital Gains: Deduction or Exemption	Participation Exemptions for Capital Gains: Applicable criteria
Estonia	100%	CIT is not charged again in a distribution of dividends if there is a 10% holding for EEA members, or Switzerland. For non-EEA countries a 10% holding is required, and income tax was paid or withheld in the foreign jurisdiction.	100%	CIT is not charged on capital gains unless there is a distribution. For non-EEA countries a 10% holding is required, and income tax was paid or withheld in the foreign jurisdiction.
Finland	100%	Dividends received from companies in the EEA or EU members are exempt.	100%	Capital gains from the sale of shares are exempt when earned from sales of fixed assets that are deemed to be part of the seller's business income generating assets if: seller owns at least 10% of capital; shares held at least for 1 year; shares are not of a real estate or LLC.
France	95%	95% net dividend exclusion. French parent holding 5% of subsidiary. 2-year holding period. 99% exemption on dividends in consolidated groups.	88%	French parent holding 5% of subsidiary. 2-year holding period. 88% of capital gains exempted if gains arise from the sale of shares that form part of a substantial investment, and the shares have been held for at least 24 months.
Germany	95%	Not applicable if dividends are tax-deductible for the payer.	95%	95% of capital gains from the sale of shares exempt if taxpayer held a 1% direct or indirect interest within the last 5 years.
Greece	100%	Exemption applies for dividends received from domestic or EU subsidiaries if 10% of shares held for a minimum of 24 months in hands of the parent company.	100%	Exemption applies for capital gains from domestic or EU subsidiaries if 10% of shares held for a minimum of 24 months in hands of the parent company.
Hungary	100%	Applies to dividends without any holding requirements.	100%	Applies to capital gains derived from the sale of an investment, if the taxpayer holds a subsidiary (a non-CFC) for at least one year and the acquisition must be reported to the Hungarian authorities. Similar rules apply for capital gains derived from the sale of qualifying intellectual property.
Iceland	100%	Dividends paid to a company within the EEA are not taxed if a tax return from the company is submitted.	100%	Tax withheld will be reimbursed in the year following the year of the payment. Capital gains from a sale of shares of a company are exempt.
Ireland	0%	Dividend exemption for Irish dividends and other EEA company dividends with specific requirements. Tax credit for withholding and underlying corporate tax is available for foreign-sourced dividends.	100%	Exempts capital gains between treaty countries (5% holding requirement). Investee must be a trading company or a member of a trading group. Interest held for a continuous 12-month period, ending with 2 years from the date of the disposal.

Appendix Table 1 Participation Exemptions in OECD Countries, *Continued*

Country	Participation Exemptions for Dividends: Deduction or Exemption	Participation Exemptions for Dividends: Applicable criteria	Participation Exemptions for Capital Gains: Deduction or Exemption	Participation Exemptions for Capital Gains: Applicable criteria
Israel	100%	Only for an Israeli holding company, investing abroad. Dividend exemption for dividends from a qualifying subsidiary.	100%	Only for an Israeli holding company, investing abroad. Capital gains from the sale of shares of the subsidiary are exempt.
Italy	95%	Domestic and foreign dividends are 95% exempt from CIT. No minimum requirements for the exemption.	95%	Capital gains are 95% exempt if they: have been held for 12 or 13 months continuously; are classified as financial fixed assets; are not located in low-tax jurisdiction; and the company carries on business activities.
Japan	95%	To qualify for the exemption, the taxpayer's ownership stake in the foreign firm must be at least 33.3% with a holding period of more than 6 months.	0%	No exemption applies.
Korea	0%	No exemption applies.	0%	No exemption applies.
Latvia	100%	Redistributed dividends are exempt when: the payer pays corporate tax in its country of residence, and the dividends have been subject to withholding at the distributing jurisdiction; the payer is not from a "blacklist" country; dividends are not treated as a tax-deductible expense in the payer's residence.	100%	Applies to holding companies that have held shares for at least 36 months. Does not apply to gains from sale of shares where more than 50% of assets are Latvian real estate or from sale of shares of companies in low-tax jurisdictions.
Lithuania	100%	Dividends are exempt from CIT if the company holds at least 10% of the shares of the subsidiary for at least 12 months.	100%	Capital gains derived by a Lithuanian resident holding company or PE, if the company is in Lithuania or in an EU/EEA member or the country has a treaty with Lithuania. The company must hold 10% of the voting rights for at least 2 years. In the case of a reorganization the period is 3 years.
Luxembourg	100%	See applicable criteria for participation exemption for capital gains.	100%	Dividends and capital gains exempted if: held for uninterrupted period of 12 months; at least 10% or not below acquisition price of €1.2 million (€6 million for capital gains).
Mexico	No	N/A	No	N/A
Netherlands	100%	See applicable criteria for participation exemption for capital gains.	100%	Dividends and capital gains derived from 5% shareholder: subsidiary is not a mere portfolio investment; reasonable effective tax rate (subject to tax test); less than 50% of the assets are passive (asset test). If the exemption is not applicable credit is available.

Appendix Table 1 Participation Exemptions in OECD Countries, *Continued*

	Participation Exemptions for Dividends		Participation Exemptions for Capital Gains	
Country	**Deduction or Exemption**	**Applicable criteria**	**Deduction or Exemption**	**Applicable criteria**
New Zealand	100%	None.	100%	None.
Norway	97%	Dividends received by a Norwegian resident limited company from another company in the EEA are 97% exempt. If it is nonresident in the EEA, then there is a 10% holding requirement for at least 2 years. Intragroup dividends are 100% exempt.	100%	Capital gains derived from the disposal of shares by a Norwegian Limited company or EEA resident are exempt. In low-tax jurisdictions the exemption applies when the company held has business activities. For shares in non-EEA countries there is a 10%- and 2-years holding requirement. The sold company cannot be in a low-tax jurisdiction.
Poland	100%	Dividends received by a Polish resident company from other Polish companies or EU/EEA, or Swiss companies are exempt. To qualify for the exemption there must be economic reality to the transaction.	No	N/A
Portugal	100%	See applicable criteria for participation exemption for capital gains.	100%	Dividends received and capital gains realized by a resident company from a domestic or foreign shareholding are exempt, provided that the shareholder is not considered a transparent entity and has held directly or indirectly 10% of the capital or voting rights of other company for at least 12 months. The subsidiary may not be resident in a listed tax haven and must be subject to an income tax that is equal to at least 60% of the Portuguese corporate tax rate.
Slovak Republic	100%	Dividends are exempt to the extent they have not been deducted by the payer of the dividends and Slovakia has a treaty or an agreement for the exchange of information with the other country.	100%	Capital gains from the sale of shares and ownership interests are exempt from tax if: income arises no earlier than 24 months after the acquisition date of at least a 10% direct interest in the registered capital. the taxable person carries out significant functions in Slovakia and has the personnel and equipment to carry the functions.
Slovenia	95%	95% dividend exemption on dividends received from another Slovene company, an EU subsidiary, or from any other country that is not "blacklisted" in Slovenia.	47.50%	Capital gains exemption applies if at least 8% of shares have been held for more than six months. Capital gains subject to the EU merger directive are exempt.
Spain	95% (prior to January 1, 2021 a 100% exemption applied).	See applicable criteria for participation exemption for capital gains.	95% (prior to January 1, 2021 a 100% exemption applied).	Dividends and capital gains from shareholdings in Spanish and foreign subsidiaries may be exempt if 5% is held in the subsidiary for a one-year period.

Appendix Table 1 Participation Exemptions in OECD Countries, *Continued*

	Participation Exemptions for Dividends		Participation Exemptions for Capital Gains	
Country	**Deduction or Exemption**	**Applicable criteria**	**Deduction or Exemption**	**Applicable criteria**
Sweden	100%	See applicable criteria for participation exemption for capital gains.	100%	Dividends and capital gains derived from another resident company are exempted if the shares qualify as business related. Shares must be held for at least one year. The same exemption applies in specific cases for nonresident companies; features need to be like Swedish LLC or economic associations. Shares in an EU resident company can qualify as tax-exempt if the holding represents at least 10% of the capital.
Switzerland	100%	Dividends received from a qualifying participation in a resident or nonresident company. A participation is considered qualifying if the recipient company owns at least 10% of the capital of the payer company or the value of the participation is at least CHF 1 million.	100%	There is a participation relief for capital gains if 10% of shares in a company have been held for more than one year.
Turkey	100%	See applicable criteria for participation exemption for capital gains.	100%	In the case of foreign companies, nonresident payor is a foreign company or an LLC; the taxpayer owns 10% of the paid in capital in the last year; foreign profits are subject to at least 15% foreign income tax; dividends remitted to Turkey by the date that the corporate tax return is due; capital gains derived from the sale of foreign participations held at least for two years are exempt from corporate income tax.
United Kingdom	100%	Exemption applies to dividends except for dividends received by banks, insurance companies, and other financial traders.	100%	Capital gains are exempt when the selling company continuously owned at least 10% of the shares of the company sold for at least 12 months in the 6 years before the disposal.
United States	100%	Parent holds 10% of a foreign corporation, 100% dividend received deduction allowed (foreign portion of the dividend).	No	N/A

Source: Deloitte International Tax Highlights 2021, https://dits.deloitte.com/#TaxGuides; Bloomberg Country Tax Guides 2021, https://www.bloomberglaw.com/product/tax/toc_view_menu/3380; EY Worldwide Corporate Tax Guides 2021; PwC Worldwide Tax Summaries, https://taxsummaries.pwc.com/.

Appendix Table 2 Controlled Foreign Corporation Rules in OECD Countries

			CFC Determination	CFC Rule Applicability			Income Assessable
Country	CFC Regime?	Year Implemented	Shareholding Requirement	Corporate Tax Requirement	Income Type Requirement	Other Application Metrics or Exemptions	Type of Income Taxed If CFC Rules Apply
Australia	Yes	1990	One of three tests must be satisfied: 1) 40% shareholding for a single entity, no other controlling 2) 50% shareholding for up to 5 shareholders 3) up to 5 shareholders have effective managerial control.	None	5% passive (tainted)	Status as an "unlisted" country. If passive income and tainted sales and services income are less than 5% of total income then no CFC inclusion. "Whitelist" countries CFCs only include certain passive income.	Passive
Austria	Yes	2019	50% through either direct or indirect ownership (profits, shares, or voting rights).	12.5% effective rate	33% passive	CFC with substantive economic activities exempted.	Passive
Belgium	Yes	2017	50% through either direct or indirect ownership (capital, profits, or voting rights).	50% of Belgian effective rate	Income from non-genuine arrangements	None	Passive (connected to non-genuine arrangements)
Canada	Yes	1976	50% through either direct or indirect means.	None	None	Multiple rules may exempt CFC from taxation.	Passive
Chile	Yes	2014	50% through either direct or indirect means or bylaws can be unilaterally amended by the Chilean entity.	30% of Chilean effective rate	10% passive; 80% passive triggers full inclusion	The passive income is less than 10% of the total profits; the value of the assets of the CFC that may generate passive income do not exceed 20% of the total value of its assets; or CFC with lower than 30% rate requirement exempt if there is a treaty between third party and Chile.	Generally proportional to passive income
Colombia	Yes	2017	10% through direct or indirect means.	None	80% passive	If 80% or more of total income is passive, then 100% is deemed passive. If 80% or more of total income is active, then 100% is deemed active.	Generally proportional to passive income
Czech Republic	Yes	2019	50% through either direct or indirect ownership.	50% of Czech effective rate	None	None	Passive

Appendix Table 2 Controlled Foreign Corporation Rules in OECD Countries, *Continued*

			CFC Determination	CFC Rule Applicability			Income Assessable
Country	**CFC Regime?**	**Year Implemented**	**Shareholding Requirement**	**Corporate Tax Requirement**	**Income Type Requirement**	**Other Application Metrics or Exemptions**	**Type of Income Taxed If CFC Rules Apply**
Denmark	Yes	1995	50% through either direct or indirect ownership.	None	33 1/3% passive triggers inclusion	None	Passive
Estonia	Yes5	2000	Separate rules for natural persons and companies. For companies, 50% through either direct or indirect means (shares, profits, voting rights).	None	Income from fictitious transactions with a purpose to obtain a tax advantage	CFCs in countries that are Estonian tax treaty partners are exempt. A CFC is exempt if the entity has accounting profits of no more than EUR 750,000 and non-trading income of no more than EUR 75,000.	All income from fictitious transactions
Finland	Yes	1995	25% through either direct or indirect means (voting, or assets).	60% of Finnish effective tax rate	Primarily passive	No exemption if CFC is in a blacklist jurisdiction. Exemption applies if CFC is in whitelist jurisdiction (based on exchange of information agreements). Other exemptions apply based on activities and substance.	All income
France	Yes	1980	50% ownership requirement through either direct or indirect means. Tax liability owed by single shareholders if portion of attributable profits exceeds 5%.	60% of French effective tax rate	None	CFC exempt if located in EU or EEA and not an artificial arrangement or if CFC carries out trading or manufacturing (commercial or industrial) activity.	All income
Germany	Yes	1972	50% through either direct or indirect means.	25% of German effective rate	None	CFC exempt if located in EU or EEA and not an artificial arrangement; income amounting to no more than 10% of company's total gross earnings (if it does not exceed a value of EUR 80,000) is excluded.	Passive
Greece	Yes	2014	50% through either direct or indirect means (shares, voting rights, equity, right to profits).	50% of Greek effective tax rate	30% passive	Principal shares are not traded on a regulated market; subsidiary located in a non-cooperative state. CFC exempt if located in EU or EEA and not an artificial arrangement.	Passive

Appendix Table 2 Controlled Foreign Corporation Rules in OECD Countries, *Continued*

			CFC Determination	CFC Rule Applicability			Income Assessable
Country	**CFC Regime?**	**Year Implemented**	**Shareholding Requirement**	**Corporate Tax Requirement**	**Income Type Requirement**	**Other Application Metrics or Exemptions**	**Type of Income Taxed If CFC Rules Apply**
Hungary	Yes	1997	50% through either direct or indirect means.	50% of the Hungarian nominal rate	50% passive	CFC exempt if located in EU, OECD, EEA, and treaty countries and not an artificial arrangement. Accounting profits not to exceed HUF 243,952,500 and non-trading income does not exceed HUF 24,395,250. Accounting profits not more than 10% of its operating costs.	All income associated with non-genuine arrangements
Iceland	Yes	2010	50% through either direct or indirect means.	67% of Icelandic statutory tax rate	None	Exemption if CFC is resident in a treaty country and its income is not mainly financial income. CFC exempt if located in EEA countries, or has a double-tax treaty with Iceland and not an artificial arrangement.	All income
Ireland	Yes	2019	50% through either direct or indirect means.	50% of Irish effective rate	None	Exclusions include: CFC with accounting profits of €750,000 or less. Non- trading income of €75,000 or less. Transfer pricing exemption. Essential purpose test, income that comes from arrangements that do not have the purpose to secure a tax advantage. Several exemptions do not apply if the CFC is in jurisdiction on the EU list of non-cooperative jurisdictions.	All income associated with non-genuine arrangements

Appendix Table 2 Controlled Foreign Corporation Rules in OECD Countries, *Continued*

			CFC Determination	CFC Rule Applicability			Income Assessable
Country	**CFC Regime?**	**Year Implemented**	**Shareholding Requirement**	**Corporate Tax Requirement**	**Income Type Requirement**	**Other Application Metrics or Exemptions**	**Type of Income Taxed If CFC Rules Apply**
Israel	Yes	2003	50% through either direct or indirect means; or 40% and together with a relative owns more than 50%; or Israeli resident has veto rights with respect to material management decisions, incl. distributions of dividends or liquidation. Tax liability owed by single shareholders if portion of attributable profits exceeds 10%.	15% effective rate	Primarily passive	If a resident can make substantial managerial decisions, then an entity can be considered a CFC; resident firm exempt if CFC is publicly traded and 30% or more of its shares/other rights have been issued to the public or listed for trade.	Passive
Italy	Yes	2001	50% through either direct or indirect means (voting rights, dominant influence, right to profits).	50% of Italian effective rate	33% passive	CFC exempt if located in EU or EEA and not an artificial arrangement; by means of an advance ruling, or the tax audit process, showing that the CFC carries on substantive economic activity.	All income
Japan	Yes	1978	50% Japanese firms/individuals through either direct or indirect means; multiple shareholders. Tax liability owed by single shareholders if portion of attributable profits exceeds 10%.	20% effective rate test except for "paper," "cash box," or "black-listed" companies which have a 30% effective tax rate requirement	Passive income must exceed JPY 20 million or passive income share of profits greater than 5 percent	Exemptions exist for economic substance and certain control/ location criteria.	Primarily passive (all income of "paper," "cash box," or "black-listed" companies)
Korea	Yes	1995	50% Korean ownership of voting shares (including relatives or specially related persons who are owners). Tax liability owed by single shareholders if portion of share capital exceeds 10%.	15% effective rate over the three most recent consecutive years	50% passive	CFC rules don't apply to active income if CFC has fixed facilities engaged in business in the foreign country. If annual income is KRW200 million or less, then CFC rules do not apply.	All income
Latvia	Yes	2019	50% through either direct or indirect means (capital, voting rights, profits).	None	€75,000 passive	CFC not taxed until profits reach €750,000 or passive income exceeds €75,000. If CFC is incorporated in tax haven limits do not apply.	All income associated with non-genuine arrangements

Appendix Table 2 Controlled Foreign Corporation Rules in OECD Countries, *Continued*

			CFC Determination	CFC Rule Applicability			Income Assessable
Country	**CFC Regime?**	**Year Implemented**	**Shareholding Requirement**	**Corporate Tax Requirement**	**Income Type Requirement**	**Other Application Metrics or Exemptions**	**Type of Income Taxed If CFC Rules Apply**
Lithuania	Yes	2004	50% through either direct or indirect means.	50% of the Lithuanian effective rate	33% passive	If CFC income is less than 5% of the Lithuanian controlling party income, then there is no CFC taxation. Active income not attributable to parent if establishment requirements are satisfied. EEA and white-listed countries are exempt.	Passive
Luxembourg	Yes	2019	50% through either direct or indirect means.	50% of Luxembourg's effective rate	None	CFC with accounting profits of no more than €750,000. Accounting profits no more than 10% of the operating costs of the period.	All income from non-genuine arrangements
Mexico	Yes	1997	50% through either direct or indirect means; "Management Control."	75% of effective Mexican rate	20% passive	An exemption may apply for non-resident financial entities.	All income
Netherlands	Yes	2019	50% through either direct ownership or through an ownership group.	9% statutory CIT threshold; "low-tax jurisdiction"	70% passive	An exception applies for companies carrying out substantial economic activities. A minimum substance threshold includes annual salary costs of at least €100,000 and office space that is available to the company for at least 24 months.	Passive
New Zealand	Yes	1988	40% for a single shareholder; up to 5 shareholders hold >50%; up to 5 shareholders have significant decision-making power.	None	5% passive	<10% income interest by individual corporate shareholder. CFC may be exempt from rules if operating in Australia and satisfies other criteria.	Passive
Norway	Yes	1992	50% through either direct or indirect means.	66.67% of Norwegian effective rate	Primarily passive	CFC exempt if located in EEA countries and not an artificial arrangement if the income is not predominately passive. CFC exempt if located in tax treaty countries.	All income

Appendix Table 2 Controlled Foreign Corporation Rules in OECD Countries, *Continued*

			CFC Determination	CFC Rule Applicability			Income Assessable
Country	**CFC Regime?**	**Year Implemented**	**Shareholding Requirement**	**Corporate Tax Requirement**	**Income Type Requirement**	**Other Application Metrics or Exemptions**	**Type of Income Taxed If CFC Rules Apply**
Poland	Yes	2015	50% through either direct or indirect means.	50% of Polish effective rate	33% passive	CFC exempt if located in EU and EEA countries and not an artificial arrangement; carries on genuine economic activity (physically exists, i.e., premises, staff, equipment). Exchange of information with Poland or the EU required.	All income
Portugal	Yes	1995	25% through either direct or indirect means.	50% of Portuguese effective tax rate	25% passive	CFC exempt if located in EU and EEA countries and not an artificial arrangement and carries out agricultural, commercial, industrial, and services activities.	All income
Slovak Republic	Yes	2019	50% through either direct or indirect means.	50% of the Slovakian effective rate	None	Exemptions for CFCs that are carrying out substantive activities.	All income from non-genuine arrangements
Slovenia	Yes	2019	50% through either direct or indirect means.	50% of the Slovenian effective rate	Passive	Substantial economic activities exemption.	Passive Income
Spain	Yes	1995	50% through either direct or indirect means.	75% of Spanish effective rate	15% passive	CFC exempt if located in EU and EEA countries and not an artificial arrangement.	Passive Income
Sweden	Yes	1989	25% through either direct or indirect means (capital or voting rights).	55% of Swedish effective rate	None	CFC exempt if located in EEA countries and not an artificial arrangement or located in whitelist countries.	All income
Switzerland	No	N/A	N/A	N/A	N/A	N/A	N/A
Turkey	Yes	2006	50% through either direct or indirect means (capital, dividends, voting power).	10% effective rate	25% passive	Gross revenue is greater than TRY 100,000.	All income

Appendix Table 2 Controlled Foreign Corporation Rules in OECD Countries, *Continued*

			CFC Determination	CFC Rule Applicability			Income Assessable
Country	**CFC Regime?**	**Year Implemented**	**Shareholding Requirement**	**Corporate Tax Requirement**	**Income Type Requirement**	**Other Application Metrics or Exemptions**	**Type of Income Taxed If CFC Rules Apply**
United Kingdom	Yes	1984, 2013	25% or more ownership interest.	75% of British effective tax rate	None	A special exemption applies to intra-group financing profits. Such profits can receive an exemption of between 75% and 100% of the financing profits on qualifying loans. Territories are excluded. Multiple "gateway tests" for exempting CFC income from additional taxation.	All income
United States	Yes	1962 (Subpart F), 2017 (GILTI)	50% through either direct or indirect constructive means. Tax liability owed by single shareholders if ownership exceeds 10%.	Foreign effective tax rate should be at least 90% of U.S. statutory rate	None	Subpart F: Excludes active Income GILTI: 10% exclusion for tangible assets, 50% general exclusion, 20% reduction in foreign tax credits.	All income

Source: Deloitte International Tax Highlights 2021, https://dits.deloitte.com/#TaxGuides, Bloomberg Country Tax Guides 2021, https://www.bloomberglaw.com/product/tax/toc_view_menu/3380, EY Worldwide Corporate Tax Guides 2021, PwC Worldwide Tax Summaries, https://taxsummaries.pwc.com/.

Appendix Table 3 Interest Deduction Limitations in OECD Countries

Country	Interest deduction limitations	Applicable criteria
Australia	Yes	Safe harbor ratio (debt-to-equity) 1.5:1, interest over the ratio is not deductible. Multinational payments not affected if comply with arm's length borrowing, or if passes specific "worldwide leverage test," depending on status as inbound or outbound investor.
Austria	Yes	Interest limitation rule applies for "excessive borrowing costs," i.e., costs greater than EUR 3 million and greater than 30% of adjusted EBITDA; arm's length standard applicable.
Belgium	Yes	Interest charges limited to the higher of €3 million or 30% of EBITDA. 5:1 debt to equity ratio applies to intragroup loans. 1:1 debt to equity ratio for receivables from shareholders or directors, managers, and liquidators.
Canada	Yes	Interest-bearing debt owed by Canadian corporation to nonresidents cannot be greater than 1.5 times the amount of equity.
Chile	Yes	Thin cap rules apply to related party loans. If debt to equity exceeds 3:1 threshold excess interest is subject to 35% withholding.
Colombia	Yes	If debt to equity exceeds 2:1, then interest is not deductible. Certain exemptions apply.
Czech Republic	Yes	Loan/credits equity ratio cannot exceed 4:1, or 6:1 when debtor is a bank or insurance company. CZK80 million threshold or 30% of EBITDA. Financing expenses contingent on the profit of debtor are not deductible.
Denmark	Yes	4:1 debt to equity test for thin cap. Asset test, interest is limited to 2.3% of assets if net financing costs exceed DKK 21.3 million. Interest and depreciation deduction limited to 30% of EBITDA, a minimum deduction of DKK 22.3 million is allowed.
Estonia	Yes	€3 million threshold or 30% of EBITDA.
Finland	Yes	Intragroup interest expense limited to 25% of the company adjusted taxable income ("taxable EBITD"). Subject to certain exceptions. Interest expense does not exceed the interest income derived by the company that pays. Net interest expense up to €500,000 fully deductible. Company equity/assets ratio is equal or greater than the group ratio.
France	Yes	Exemptions apply for companies that are members of a consolidated group for financial accounting purposes. Bank and credit institution exemptions. Net borrowing costs are deductible up to the greater of 30% of EBITDA or €3 million.

Appendix Table 3 Interest Deduction Limitations in OECD Countries, *Continued*

Country	Interest deduction limitations	Applicable criteria
Germany	Yes	30% EBITDA. Carryforwards allowed. Limitation does not apply to interest less than €3 million. Taxpayer is not part of a group of companies. Taxpayer cannot demonstrate that the equity ratio of the borrower is not more than 2 percentage points below worldwide group's equity ratio.
Greece	Yes	Net interest deduction limitation in certain categories of interest if it exceeds €3 million or 30% of EBITDA after tax adjustments.
Hungary	Yes	Excess borrowing costs are deductible up to 30% of EBITDA. Standalone entities are exempted as borrowing costs under €3 million. Loans concluded before June 2016 are subject to the previous thin cap rules and a 3:1 debt to equity ratio applies instead.
Iceland	Yes	Interest on related party debt generally may be deducted but not exceeding 30% of EBITDA. Interest exceeding this amount is not deductible unless: the taxpayer is a financial institution or an insurance company; the total interest paid does not exceed ISK 100 million during the year; taxpayer's debt to equity ratio is not less than 2% below the consolidated equity ratio of the group.
Ireland	No	Interest can be reclassified as a dividend in specific cases. New interest deduction limitations are expected to be effective on January 1, 2022.
Israel	No	N/A
Italy	Yes	Net interest is only deductible to an amount up to 30% of EBITDA, plus financial leasing installments. Excess interest may be carried forward.
Japan	Yes	Net interest payments to related persons exceeding 20% of adjusted taxable income in a fiscal year are not deductible. Payments under JPY 20 million or that do not exceed 20% of total interest expenses are deductible. The deduction of interest payable by a Japanese corporation or a foreign corporation liable to tax in Japan is limited when the interest is subject to Japanese tax in the hands of the recipient. Control over 50% of one corporation to the other is a limitation when applying the interest deduction. There is a debt to equity safe harbor of 3:1 and 2:1 for repo transactions.
Korea	Yes	Limited 2:1 debt to equity ratio (6:1 for financial institutions) on loans. Deductions are also limited to 30% of EBITDA.

Appendix Table 3 Interest Deduction Limitations in OECD Countries, *Continued*

Country	Interest deduction limitations	Applicable criteria
Latvia	Yes	Interest includible in the taxable base if: Debt to equity exceeds 4:1; the interest exceeds €3 million and 30% of EBITDA. The limitation does not apply to payments made to EU or EEA, credit institutions, or treaty signors, or for EU/EEA public debt securities.
Lithuania	Yes	4:1 debt to equity ratio applies to interest paid to controlling entities. €3 million or 30% of EBITDA interest expense limitation.
Luxembourg	Yes	€3 million or 30% of EBITDA interest expense limitation. Interest payments to a related entity in a jurisdiction included on the EU list of noncooperative jurisdictions will be denied.
Mexico	Yes	3:1 debt to equity ratio for interest payments between related parties. Thresholds of 30% of adjusted taxable income and MXN 20 million total interest expense apply. Debts for construction, operation, or maintenance of productive infrastructure linked to strategic areas are excluded from the rule.
Netherlands	Yes	Difference between interest expenses and interest income from third party and group loans. Balance of interest is deductible up to 30% of EBITDA. Or net amount of €1 million if the 30% threshold is exceeded. Excess interest carryforward allowed.
New Zealand	Yes	Interest deductions limited to a debt to assets ratio safe harbor. Inbound company's interest will be apportioned if the debt percentage of the NZ group is more than 60% and exceeds 110% of the debt percentage of the worldwide group. For outbound companies, interest will be apportioned if the debt percentage of the NZ group is more than 75% and exceeds 110% of the debt percentage of the worldwide group.
Norway	Yes	Interest on related party debt generally may be deducted but not exceeding 25% of adjusted EBITDA. A *de minimis* threshold of NOK 5 million in net interest expense applies at the company level. For group companies, external debt is treated as related party debt when applying the threshold.
Poland	Yes	Deductions of debt financing costs that exceed interest or "interest type" income are limited to 30% of "tax EBITDA" and/or PLN 3 million in a fiscal year. 5-year carryforward for disallowed deductions.
Portugal	Yes	Net financial costs are deductible only up to the greater of: €1 million; 30% of EBITDA as adjusted for tax purposes. Companies reporting under a tax group must apply the thresholds at a group level.
Slovak Republic	Yes	Maximum amount of tax-deductible interest on related party loans is limited to 25% of EBITDA.

Appendix Table 3 Interest Deduction Limitations in OECD Countries, *Continued*

Country	Interest deduction limitations	Applicable criteria
Slovenia	Yes	Interest loans are not deductible when received from: a shareholder that owns at least 25% of equity, capital, or voting rights; a lender that has the same 25% shareholder as the borrower; a lender where a family member of the shareholder at any time during the tax period holds directly or indirectly 25% of equity, capital, or voting rights; the loan exceeds a 4:1 ratio at any time during the period.
Spain	Yes	Net interest deductions capped at 30% of tax adjusted EBITDA. Net interest expense is deductible if it does not exceed €1 million per year.
Sweden	Yes	Targeted rules, interest expense on intragroup loans will be allowed where the beneficial owner is in a treaty country or in the EEA area or the interest is subject to a tax rate of at least 10%. If an intergroup loan is deemed to be exclusively for a group to achieve a tax benefit, then interest is not deductible. Interest on certain hybrid loans is not deductible. Net interest expense limited on related and third-party loans to 30% of tax-adjusted EBITDA. A *de minimis* rule allows SEK 5 million to be deductible.
Switzerland	Yes	Different debt to equity ratios for each class of assets; receivables may be 85% debt-financed; investments at 70% as intellectual property.
Turkey	Yes	3:1 debt equity ratio in loans from shareholders and related parties. Related expenses, foreign exchange losses and interest payments are nondeductible.
United Kingdom	Yes	Arm's length standard applicable. Thin cap advance agreements available. Aggregate tax reductions for net financing costs limited to 30% of EBITDA and a *de minimis* exemption for the first GBP 2 million in interest expenses. Interest deductions subject to debt cap limits.
United States	Yes	Business interest deductions limited to business interest income, 30% of adjusted taxable income (EBITDA until the end of 2021, then EBIT), and floor plan financing interest. Non-deductible interest maybe carried forward under certain conditions.

Source: Deloitte International Tax Highlights 2021, https://dits.deloitte.com/#TaxGuides, Bloomberg Country Tax Guides 2021, https://www.bloomberglaw.com/product/tax/toc_view_menu/3380, EY Worldwide Corporate Tax Guides 2021, PwC Worldwide Tax Summaries, https://taxsummaries.pwc.com/.

Appendix Table 4 EU Anti-Tax Avoidance Directive Implementation for CFC Rules and Interest Deduction Limitations

	CFC Rules		Interest Deduction Limitations	
EU Member State	**Model A**	**Model B**	**Application of *de minimis* threshold (€3 million)**	**Application of Group Escape Clause**
Austria	Yes	-	threshold	group escape
Belgium	-	Yes	threshold	no group escape
Bulgaria	-	-	threshold	no group escape
Croatia	Yes	-	threshold	no group escape
Cyprus	-	Yes	threshold	group escape
Czech Republic	Yes	-	threshold	no group escape
Denmark	Yes	-	threshold	group escape
Estonia	-	Yes	threshold	group escape
Finland	-	-	threshold	group escape
France	-	-	threshold	group escape
Germany	Yes	-	threshold	group escape
Greece	Yes	-	threshold	no group escape
Hungary	-	Yes	threshold	group escape
Ireland	-	Yes	not yet clear	not yet clear
Italy	Yes	-	no threshold	no group escape
Latvia	-	Yes	threshold	no group escape
Lithuania	Yes	-	threshold	group escape
Luxembourg	-	Yes	threshold	group escape
Malta	-	Yes	threshold	group escape
Netherlands	Combination	Combination	threshold	no group escape
Poland	Yes	-	threshold	no group escape
Portugal	Yes	-	threshold	no group escape
Romania	Yes	-	threshold	no group escape
Slovakia	-	Yes	no threshold	no group escape
Slovenia	Yes	-	not yet clear	not yet clear
Spain	Yes	-	no threshold	no group escape
Sweden	Yes	-	no threshold	no group escape

Source: Deloitte, "EU Anti-Tax Avoidance Directive: Implementation of Controlled Foreign Company Rules," March 2021, https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-eu-anti-tax-avoidance-directive-implementation-of-controlled-foreign-company-rules.pdf, and Deloitte, "EU Anti-Tax Avoidance Directive: Implementation of Interest Expense Limitation Rule," March 2021, https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-eu-anti-tax-avoidance-directive-implementation-of-interest-expense-limitation-rule.pdf.

Appendix Table 5 Other Anti-Base Erosion Provisions in OECD Countries

Country	Provision	Description	Penalty
Australia	Multinational Anti-Avoidance Law (MAAL)	The MAAL penalty applies to business structures or transaction arrangements for which one of the main purposes of the structure is to gain Australian tax benefits or both an Australian and foreign tax benefit. Applies to significant global entities (SGEs) which are multinational businesses with global revenues of AUD $1 billion or more or an entity which is part of a multinational group with at least AUD $1 billion in global revenue.	Up to 120% of the amount of avoided tax.
Australia	Diverted Profits Tax (DPT)	Penalty regime for business practices that result in corporate taxes being paid at a rate lower than what the tax authority would deem appropriate or avoiding taxes altogether. Applies to significant global entities (SGEs) which are multinational businesses with global revenues of AUD $1 billion or more or an entity which is part of a multinational group with at least AUD $1 billion AUD in global revenue.	40% tax rate on profits that are deemed to have been diverted from the Australian tax base.
Germany	Royalty Barrier Rule	Applies to royalties paid on intra-group transactions that result in an effective tax rate below 25%. The royalty barrier does not apply when the recipient of a royalty is covered by Germany's CFC rules.	Denial of deductibility of payments that trigger the rule.
United Kingdom	Diverted Profits Tax (DPT)	This policy is meant to target specific transactions that tax authorities deem to be abusive.	25% tax rate on profits that are deemed to have been diverted from the Australian tax base.
United Kingdom	Income Tax on Offshore Intangible Property	This policy applies to any foreign company with more than GBP 10 million in sales derived from intellectual property (IP) in countries with corporate tax rates below 50 percent of the UK rate. Offshore income could be exempt from the tax if there is sufficient business substance in the offshore location or if the UK has a double tax treaty with the jurisdiction that includes a nondiscrimination provision.	Corporate income tax applied to offshore income.
United States	Global Intangible Low-Tax Income (GILTI)	A new category of foreign income that includes earnings exceeding a 10 percent return on a company's invested foreign assets.	Tax rate of between 10.5 and 13.125 percent on GILTI (though not in all cases); 80% limitation of foreign tax credits.
United States	Base Erosion Anti-Abuse Tax (BEAT)	Targets multinational corporations with gross receipts of at least USD 500 million in the previous three taxable years, with base erosion payments to related foreign corporations that exceed 3 percent (2 percent for certain financial firms) of the total deductions taken during the fiscal year.	3% rate on base-eroding payments; 2% for financial firms.

Source: Deloitte International Tax Highlights 2021, https://dits.deloitte.com/#TaxGuides, Bloomberg Country Tax Guides 2021, https://www.bloomberglaw.com/product/tax/toc_view_menu/3380, EY Worldwide Corporate Tax Guides 2021, PwC Worldwide Tax Summaries, https://taxsummaries.pwc.com/.