THE LEGAL
LEGAL & TAX ADVISORY SERVICES

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"Antea International Business" is a quarterly publication comprised of contributions from colleagues around the world. The newsletter includes country-focused articles, international tax cases, and technical updates on various topics that impact businesses. The experts at Antea possess the knowledge and experience to assist you on your journey, and this issue can serve as the starting point for your inquiries.

Some of the features of this edition include:

Cyprus proposes major Tax Reform to modernize system and align with global standards. Portugal's new Crypto Tax Framework and strategic opportunities in infrastructure investment in Israel.

We hope you find the contents of this newsletter useful and informative. Happy reading!

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Regulation 2023/1115: A challenge for Latin American products in the European fight against deforestation

The European Union (EU) Regulation 2023/1115 has become a turning point for international trade. This legislation aims to ensure that products entering the European market are not linked to deforestation and environmental degradation. Although its entry into force was initially scheduled for the end of 2024, the EU decided to extend the deadline until early 2025 due to logistical concerns and the need for exporting countries, particularly those in Latin America, to adapt to the new requirements.

The reason for this extension lies in the difficulties faced by global supply chains in implementing effective traceability and origin assurance systems. The Directive establishes that products such as beef, cocoa, coffee, soy, palm oil, timber, and their derivatives can only enter the European market if it is proven that they do not come from deforested or degraded land after December 31st, 2020. This requirement presents a challenge for small producers who lack sufficient resources to certify their products.

Impact on Latin American products

Latin America is a region rich in natural resources and one of the main suppliers of agro-industrial products to Europe. However, it is also a region severely affected by deforestation, especially in the Amazon and other areas of critical biodiversity. For countries such as Brazil, Colombia, Perú, and Ecuador, this regulation represents a challenge and a threat to their exports.

In the case of Colombia, products such as coffee, palm oil, cocoa, and timber are under scrutiny. Colombian coffee, internationally recognized for its quality, could face difficulties if small coffee farmers fail to prove that their crops are free from deforestation. The same applies to cocoa, whose production takes place in areas sensitive to deforestation, such as the Chocó region.

Regulation 2023/1115 establishes sanctions for companies that fail to comply with its provisions. Those who market products linked to deforestation may face fines of up to 4% of their annual turnover in the EU, and they could also be suspended from the European market, which poses a significant financial risk for exporters who depend on this market. These sanctions not only affect large producers but could also have an indirect impact on small farmers and cooperatives who fail to meet the strict traceability requirements. The imposition of these sanctions aims to deter the trade of unsustainable products and ensure that only goods that meet high environmental standards enter Europe.

The enforcement of these sanctions forces Latin American producers to make a considerable investment in monitoring and certification technologies. Those who fail to do so may lose access to the lucrative European market, which could have serious economic and social consequences for communities dependent on agro-industrial trade.

While Regulation 2023/1115 may seem like a trade barrier, it could also be an opportunity. Countries like Colombia could position themselves as suppliers of certified and sustainable products, gaining added value in the international market. However, this will require the support of Latin American governments to facilitate access to traceability and certification technologies, as well as financing programs for small producers. International cooperation will also be key to ensuring that this transition does not leave anyone behind.

The fight against deforestation is urgent and necessary, but it is also essential to ensure that regulations do not unfairly harm those who can least afford the change. Regulation 2023/1115 can be a positive force if implemented with sensitivity and international cooperation; otherwise, it could become an insurmountable barrier for Latin American products, especially those that are emblematic of biodiversity and the culture of countries like Colombia.

The extension of the deadline should be used as an opportunity to prepare. Failing to do so could mean an economic and social setback for thousands of families who depend on trade with Europe. Sustainability should not be an imposition but a fair, adequate, and supported transition.

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Cyprus proposed tax reform

On 26 February 2025, the Cypriot government presented a comprehensive tax reform package with proposals affecting both corporate and personal taxes. These measures aim to modernize the country's tax framework, address global initiatives, and expand relief for households. Below is an overview of the main provisions.

Corporate Tax Measures

The corporate income tax (CIT) rate will increase from 12.5% to 15%, aligning Cyprus with international minimum tax standards while maintaining competitiveness within the EU. Anti-avoidance provisions for "close-structured" companies will allow tax authorities to disregard the corporate veil where shareholder-level taxation is deemed more appropriate.

Under the proposals, Deemed Dividend Distribution will be fully abolished. Instead, actual dividend distributions to Cyprus tax-resident shareholders who are also domiciled in Cyprus will be subject to a reduced 5% Special Defence Contribution (SDC), replacing the current 17%. The non-domiciled status remains unchanged. Anti-avoidance measures, including an "Estonian model" approach, will impose higher rates on disguised profit distributions.

Other key corporate tax updates include an extension of the loss carry-forward period from five to ten years (with limitations after year five), the removal of SDC on rental income (taxing rental profits exclusively under standard CIT rules), and the abolition of the 1.5% insurance premium tax. Additionally, crypto assets will be taxable if classified as revenue in nature, while stamp duty will be limited to specified real estate, financial, and insurance transactions.

The IP Box regime, Notional Interest Deduction , shipping tax framework, and the 50% employment exemption remain unchanged.

Personal Tax Measures

The tax-free threshold will increase from €19,500 to €20,500, with tax brackets adjusted accordingly. The top 35% rate will now apply to income above €80,000 (previously €60,000).

New allowances will be introduced, subject to income thresholds. Each spouse/partner can claim €1,000 per dependent child, with an additional €1,000 per child who is a student, provided total household gross income does not exceed €80,000 for a two-earner couple. Taxpayers may also deduct up to €1,500 annually for mortgage interest (first home) or rent, and €1,000 for environmentally friendly home improvements (e.g., energy-saving installations), which can be claimed for multiple years if upgrades continue. Single parents will be treated as two-income households, effectively doubling these allowances.

Other personal tax updates include the taxation of large ex gratia (golden handshake) or redundancy payments, though employers may continue deducting the full amount as an expense.

TIMELINE AND NEXT STEPS

The government will finalize draft bills following a short consultation with stakeholders before submitting them to the Council of Ministers and Parliament. The goal is to implement most changes in 2025, with full enforcement by 2026.

CONCLUSION

These reforms are still proposals and have not yet been enacted, but they could impact businesses and individuals with ties to Cyprus. Firms advising such clients may need to assess the implications, and as the alliance's Cyprus member, we are available to assist.

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Charging stations for electric vehicles

From 1 January 2025, **a new obligation has been imposed on the owners of non-residential buildings, namely the obligation to install a charging station for electric vehicles**. This obligation is part of a new Building Act (Act No. 283/2021 Coll., as amended) according to which the owners of non-residential buildings **with more than 20 parking spaces** are required to ensure the installation of **at least 1 charging station** (§ 167 letter e) of the Building Act). Such obligation is **applicable to the newly constructed** as well as **the existing non-residential buildings**. Parameters of the charging stations are defined by Decree No. 146/2024 Coll., on construction requirements (the "**Decree**").

Please be informed that on 13 March 2025 the president of the Czech Republic signed a new act amending certain provisions of the Building Act, including provisions concerning the aforementioned obligation to install at least 1 charging station for electric vehicles (the "**Amending Act**"). On the basis of the Amending Act, **the relevant obligation will be postponed until 1 January 2027**. The amendments relating to the charging stations shall take effect on the 1st day of the 5th calendar month after publication of the Amending Act in the Collection of Laws. The Amending Act has not been published yet, however, its publication can be expected in March 2025.

Based on the Amending Act, **the aforementioned obligation has undergone further significant amendments** (in addition to the postponement of its effectivity to 1 January 2027), **namely the obligation shall apply**:

- where technically feasible, and
- to non-residential buildings, in which energy is used for indoor air conditioning environment for heating or cooling purposes, and
- to non-residential buildings with more than 20 parking spaces,

and the obligation shall include the obligation to install:

- at least 1 charging station for every 10 car parking spaces, or
- cable ducts for at least 50 % of car parking spaces,

where the conditions for the installation of the charging stations shall be set by legal regulations implementing relevant provisions of the Building Act.

Further, the obligation as specified above may be postponed until 1 January 2029 if the owner has installed at least 1 charging station between 28 May 2022 and 28 May 2024.

Slightly different conditions are set by the Amending Act for **non-residential buildings owned or used by public entities**. Public entities shall be obliged to ensure the installation of cabling for at least 50 % of car parking spaces in non-residential buildings, where energy is used for indoor air conditioning environment for heating or cooling purposes, and their installation shall be ensured by 1 January 2033.

A **fine of up to CZK 400,000** may be imposed for a breach of the aforementioned obligation.

Based on the Amending Act and **effective as of 29 May 2026**, the installation of **charging infrastructure** must be ensured in **new buildings**, both **non-residential**, in which energy is used for indoor air conditioning environment for heating or cooling purposes, **as well as residential, or in alterations to the non-residential or residential completed buildings that exceed 25 % of the total building envelope area**. The obligation does not apply to alterations of a completed building if the cost of installing the charging infrastructure exceeds at least 10 % of the total costs for the alteration of the completed building.

A **fine of up to CZK 400,000** may be imposed for a breach of the aforementioned obligation as well.

To be complete, an obligation to install a charging point and a cable duct in new buildings (non-residential as well as residential) or in alterations to the completed buildings (residential or non-residential), including detailed conditions for fulfilling such obligation, are already specified in the Decree, namely in § 61 of the Decree.

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New Tax Incentives in Egypt and Impact on SMEs in 2025

As part of the Egyptian Ministry of Finance promise to develop the tax system and improve the business environment, Egypt has released on February 12, 2025, a package of Three new tax laws aimed to encourage the tax compliance for the current registered taxpayers, also supporting small and medium enterprises (SMEs), and reducing disputes between taxpayers and the Tax Authority. These new laws include:

- Law No. 5 of 2025: Settlement of the Status of Certain Taxpayers and Assesses.
- Law No. 6 of 2025: Tax Incentives and Facilitations for Small Enterprises.
- Law No. 7 of 2025: Amendments to the Unified Tax Procedures Law

Law No. 5 of 2025: Settlement of the Status of Certain Taxpayers and Assesses

This law aims to integrate the informal economy into the formal tax system by offering facilities to unregistered taxpayers. It includes:

- 3-month period for voluntary registration, with the possibility of extension by a decision from the Minister of Finance for One period.
- Exemption from Fines and Penalties for those submitted tax returns within the specified period. Also, exemption from penalties for the settled tax disputes.
- Tax dispute settlement to the judgmental tax disputes for the years starting 2020 by paying additional tax of 30%. For not submitted or loss-making returns, an additional 40% from the latest inspected year.
- The possibility of payments on quarterly installments regarding the above disputes.
- The law applies to Individuals who did not submit Capital Gain Taxes (CGT) to both non-listed shares or sold properties, 5 years before February 13, 2025.

Law No. 6 of 2025: Tax Incentives and Facilitations for Small Enterprises

This law aims to support small and medium enterprises (SMEs) by offering tax exemptions and a simplified accounting system. Also lowering the Tax Evasion Rates by promoting voluntary registration. The key provisions include:

A. Reduced Tax Rates Based on Business Revenue:

- 0.4% for businesses with annual revenues of less than EGP500,000.
- 0.5% for businesses with revenues between EGP 500,000 and 2 million.
- 0.75% for businesses with revenues between EGP 2 and 3 million.
- 1% for businesses with revenues between EGP 3 and 10 million.
- 1.5% for businesses with revenues between EGP 10 and 20 million.

B. Additional Tax Exemptions:

- Exemption from stamp duty and financial resource development fees.
- Exemption of Capital Gain Tax (CGT) from the sale of fixed assets and equipment.
- Dividend distributions are exempt from taxes, encouraging businesses to reinvest their profits.

C. Simplified Accounting and Administrative Procedures:

- A simple corporate tax return form that facilitates compliance for small businesses.
- VAT is accounted for on a quarterly basis rather than monthly basis.
- Adoption of simplified electronic accounting systems, eliminating the need for complex bookkeeping.

Amendments to the Unified Tax Procedures Law (Law No. 7 of 2025)

These amendments introduce regulatory measures to reduce tax disputes and improve tax collection efficiency. The key highlights include:

- Capping Late Payment Penalties: The penalty for late payments will not exceed 100% of the original tax due.
- Settlement of Tax Offenses: Tax offenses can be settled by paying compensation of no less than 50% of the minimum fine.
- Withholding Tax: 12.5% settlement from WHT either due and not reported or withheld from vendors and have not paid to the Egyptian Tax Authority.

Conclusion

SMEs in 2025 stand to benefit significantly from the tax reforms, representing a key step toward improving Egypt's business environment by offering incentives to taxpayers and enhancing tax collection mechanisms.

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Global mobility and the challenges in DTT cases due to the expiry of the Covid consultation arrangements

The topic of global mobility is becoming increasingly important due to the growing shortage of skilled workers, advancing globalisation and the growing popularity of home office, workation and new working models. Employers and employees today expect flexible working models that work not only in their own country but also across borders. However, such cross-border employee assignments entail increasingly complex legal, tax and social security challenges. Often, neither the employer nor the employee thinks about the legal implications in advance, so that the topic is often only taken up by German authorities or health insurance companies afterwards, which is associated with high, unplanned costs.

Particularly with regard to compliance and cost certainty, cross-border employee assignments should therefore be planned and discussed from the outset, and the appropriate applications should be submitted. This is the speciality of our Global Mobility Team at Auren Germany.

By global standards, German tax law is rather more complex than most. We therefore outline current challenges of cross-border homeworking in German tax and social security law in cases of double taxation agreements.

Current challenges of cross-border homeworking in tax law

The number of cases involving cross-border homeworking has increased significantly since the DTT Covid consultation agreements expired. The right to tax income from employment is generally assigned to the state in which the work is carried out, so that in these cases, if the regular workplace is in one state and the home office in the other, there is generally a sharing of wages. Employees are often unaware of this and, as an advisor, you often meet with little understanding as to why income tax returns are becoming more complex.

If the employee lives in Germany and works in another neighbouring country, the employee is subject to unlimited tax liability in Germany in accordance with § 1 (1) S. 1 EStG and can make a tax adjustment in his income tax return for his previous unpaid foreign wages in Germany. From a German point of view, there are existing two letters from the Federal Ministry of Finance (BMF) dated 12 December 2023 and dated 8 October 2024 who are decisive for the tax treatment of the salary under the double taxation agreement and for the division of the salary into a taxable and a tax-free portion.

Current challenges also arise in the taxation of subsequent payments after the Covid consultation agreements have expired.

From 2025, the daily table must be applied to tax-free and taxable wages as part of the monthly payroll accounting, which is likely to regularly result in lower net wages during the year, but this can be offset again in the yearly income tax return.

In all cases of salary splitting and (pro-rata) tax exemption on the German side, it should be noted that the employer must apply for and provide a so-called exemption certificate for his employee. These applications are usually prepared by us for the employer and submitted to the relevant authority.

Current challenges of cross-border homeworking in social security

Germany's special coronavirus regulation with other states in social security expired on 30 June 2023, so that from 1 July 2023, the multilateral framework agreement entered into force, which Germany had concluded with several other EU, EEA states and Switzerland. This will initially be valid for five years and will then automatically be extended for another five years.

With this agreement, employees can work from home more than before the pandemic without this affecting their social security obligations.

For employees who work both from home in the neighbouring country of residence and at the company's headquarters, the social security regulations of the country in which the employer has its registered office apply. The following conditions must be met for this:

1. work in the home office accounts for between 25% and 49,99% of the total work.
2. the interests of the employees concerned are safeguarded in a joint agreement.
3. no other country is involved. If the employees have several employers, these must have their registered office in the same country.

The framework agreement does not apply to self-employed persons or civil servants. The application for the exemption agreement must be submitted in the state whose social security law should be applied under the framework agreement. In Germany it is submitted electronically to the DVKA. Our Global Mobility Team can support in these matters and take over the relevant applications for the employees concerned.

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Transfer pricing in India post-Budget 2025

India's Union Budget 2025 brings substantial updates to transfer pricing (TP) regulations and documentation, designed to ease compliance and bring India in line with international best practices. Here are the key provisions:

1. **Block Transfer Pricing Assessment Scheme**

- **What's New:** The Union Budget 2025 proposes a new **Block Transfer Pricing Assessment Scheme** that allows taxpayers to apply the same **Arm's Length Price (ALP)** methodology for a three-year period.
- **How it Works:** If a transfer pricing assessment is completed for a lead year (e.g., FY 2022-23, AY 2023-24), the same ALP methodology can be applied for the next two years (FY 2023-24 and FY 2024-25).
- **Eligibility:** Taxpayers can opt for this scheme if:
  - They are undertaking the same international transactions with their Associated Enterprises (AEs).
  - The same ALP methodology is applied consistently over the three years.
- **Objective:** This initiative is aimed at reducing administrative burdens and providing taxpayers certainty regarding ALP determinations.
- **Optional:** The scheme is optional and will be available at the taxpayer's discretion.

2. **Expansion of Safe Harbour Rules**

- **What's New:** The Safe Harbour Rules, which allow taxpayers to follow a simplified procedure for determining ALP, will be expanded under the Budget 2025.
- **What to Expect:** The exact details of this expansion are still awaited, but it is expected to provide more clarity and reduce the compliance burden on taxpayers by allowing greater flexibility in meeting transfer pricing requirements.

3. **Exemption from Tax Collection at Source (TCS) on Sale of Goods**

- **What's New:** Starting April 1, 2025, the Tax Collection at Source (TCS) provisions on the sale of goods will be abolished.
- **Impact:** This change will simplify business operations and reduce compliance obligations for taxpayers, particularly those involved in the sale of goods.

4. **Rationalization of Withholding Tax (TDS/TCS) Provisions**

- **What's New:** The Budget proposes to remove the higher TDS/TCS rates for specified payees and payers who have not filed their income tax returns, effective April 1, 2025.
- **Impact:** This move aims to streamline tax collection processes and reduce the burden on businesses verifying compliance with income tax return filing for specified payees.

5. **Simplification of Tax Compliance for Non-Residents**

- **What's New:** A new **presumptive taxation scheme** for non-residents providing services or technology for electronics manufacturing will be introduced.
- **How It Works:** Under this scheme, 25% of the total amount received by a non-resident will be deemed as profits or gains, resulting in an effective tax rate of under 10% on gross receipts.
- **Objective:** This measure encourages investments and aims to boost confidence among foreign investors, especially in India's manufacturing sector.

Summary

The India Budget 2025 aimed to:

- Simplify transfer pricing compliance by introducing new schemes like the Block Transfer Pricing Assessment.
- Provide more clarity through expanded Safe Harbour Rules.
- Reduce administrative burdens by abolishing TCS on goods sales and rationalizing withholding tax procedures.
- Promote foreign investment through a new presumptive tax scheme for non-residents involved in electronics manufacturing.

These provisions are designed to streamline the transfer pricing landscape in India and align it with global practices, encouraging business growth and foreign investments.

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Investing in Israel's Infrastructure – Strategic Opportunities for Infrastructure Companies

Israel is a Leading Destination for Infrastructure Investment

Israel, one of the world's most dynamic and innovative economies, is undergoing a massive expansion in infrastructure development. In recent years, the government has allocated unprecedented budgets to enhance transportation, energy, water, housing, and industrial projects to sustain economic growth and modernize critical infrastructure.

As part of this strategy, Israel actively promotes Public-Private Partnership (PPP) projects, providing international companies with unique opportunities to enter the market, introduce advanced technologies, and benefit from profitable investment ventures.

Major Projects and Budgets

According to Israel's Ministry of Finance and the Infrastructure Division, key upcoming projects include:

Transportation:

- Expansion of the Tel Aviv Light Rail (Green Line, Purple Line, and new high-speed routes)
- Upgrades to Highway 6 and the national highway network
- New tunnels and expansion of urban public transportation corridors

Energy and Water:

- Development of new photovoltaic power plants (PV1, PV2, PV3)
- Establishment of thermo-solar power plants in the south
- Additional desalination facilities, including in the Western Galilee
- Waste treatment and pollution reduction projects
- **Upcoming Tenders for Gas-Based Power Plants** – Israel is set to launch eight tenders in the coming months to construct new gas-based power plants, reinforcing the national energy strategy focused on reducing emissions and enhancing efficiency.

Healthcare and Housing:

- New hospital projects and expansion of existing medical facilities
- Large-scale residential development programs with government incentives

Key Advantages for Investors

1. **Government Support and Investor-Friendly Regulations** – The Israeli government encourages foreign investment by offering financial incentives and tax benefits for strategic infrastructure projects.
2. **Stable and Growing Market** – Israel's economy demonstrates consistent growth and financial stability, ensuring a secure investment environment.
3. **Technology and Innovation Leadership** – Israel is a global leader in innovative energy, transportation, and construction technologies, enabling cutting-edge solutions to integrate into infrastructure projects.
4. **Strategic Geographic Location** – Israel's proximity to Europe, Asia, and Africa positions it as a significant commercial and logistical hub.

Comprehensive Support for Investors

For international investors looking to participate in Israel's infrastructure projects, professional advisory services are highly recommended. Our expertise includes:

- **Assistance in Winning Government Tenders** – Navigating Israel's complex tender processes requires in-depth knowledge of regulations and submission strategies. Our expert guidance increases the likelihood of securing contracts.
- **Legal, Financial, and Tax Advisory** – Understanding Israel's taxation system, regulatory framework, and PPP agreements helps investors optimize profitability.
- **Strategic Planning** – Identifying relevant projects and developing an investment strategy tailored to corporate goals.
- **Consortium Formation and Management** – We advise consortiums of companies bidding together on infrastructure tenders. Our services include facilitating negotiations between consortium members, structuring the business framework, and ensuring fiscal compliance.
- **Joint Venture (JV) Partnerships between Israeli and Foreign Companies** – Our extensive experience structuring and managing JV agreements ensures a smooth collaboration process. We provide full legal and commercial representation, whether for the joint entity or the foreign company entering Israel, covering all aspects of business structuring, negotiations, and regulatory compliance.

Summary

Israel presents significant investment opportunities in large-scale infrastructure projects. With strong government backing, incentives, and an investor-friendly environment, the country is an ideal destination for global firms seeking high-yield infrastructure ventures.

By leveraging professional legal, financial, and regulatory expertise, investors can navigate the local market efficiently and maximize their return on investment.

Interested in exploring the opportunities and securing a strong foothold in Israel's infrastructure sector? Contact us for expert advisory services at every stage of your investment journey.

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AI Act: Commission Guidelines on prohibited artificial intelligence practices

On 4 February 2025, the European Commission published guidelines for the application of prohibited AI practices, as set out in EU Regulation 2024/1689 (AI Act).

Although non-binding, these guidelines play a crucial role in providing interpretative and practical tools regarding Article 5 of the AI Act, which lists the practices that are prohibited because they are considered incompatible with the fundamental principles of the Union, including respect for human dignity, the protection of fundamental rights and the protection of public safety.

The Commission's guidelines analyse in detail the eight categories of prohibited practices and clarify their scope:

1. **Harmful AI-based manipulation and deception**

the first prohibition concerns the use of AI systems that use subliminal techniques or manipulative strategies capable of altering the decision-making capacity of individuals (e.g. disseminating visual subliminal messages, sensory manipulation techniques or chatbots);

2. **Harmful AI-based exploitation of vulnerabilities**

the second prohibition concerns the use of AI to exploit vulnerabilities related to age, disability or socio-economic conditions by inducing users to make disadvantageous or harmful choices (e.g. video games that encourage minors to undertake dangerous challenges in exchange for digital rewards, schemes to trick elderly and disabled people into buying medical devices, advertisements for financial products targeted at people in economic difficulty);

3. **Social scoring**

this is the prohibition of using AI to classify individuals on the basis of social, personal or professional behaviour, where this would lead to unjustified or discriminatory treatment (e.g. AI systems capable of monitoring and evaluating individuals on the basis of their online activities, punctuality of instalments or bills);

4. **Individual criminal offence risk assessment or prediction**

the fourth prohibition concerns artificial intelligence systems that assess the risk of committing a crime based only on automated profiling or personality features;

5. **Real-time remote biometric identification for law enforcement purposes in publicly accessible spaces**

this is the prohibition of the use of remote biometric recognition systems in public spaces for law enforcement purposes, with limited and strictly regulated exceptions;

6. **Emotion recognition in workplaces and education institutions**

this is the prohibition of the use of AI to infer the emotions of individuals in work or educational contexts through webcams and voice recognition systems;

7. **Biometric categorisation to deduce certain protected characteristic**

the seventh prohibition is the use of AI to make inferences about sensitive characteristics such as race, religion, political beliefs, sexual orientation, or trade union membership;

8. **Untargeted scraping of the internet or CCTV material to create or expand facial recognition databases**

is the prohibition of the indiscriminate and unauthorised collection of biometric data (e.g. collected from the internet or CCTV cameras) for the creation of facial recognition databases.

The European AI Office and Member State authorities are responsible for the implementation, supervision and enforcement of the AI Act.

The AI Act was enacted on 1 August 2024 and will be fully applicable after two years, starting on 2 August 2026, except for a few provisions:

- AI prohibitions and literacy obligations entered into application from 2 February 2025;
- the rules and governance obligations for general-purpose AI models will apply from 2 August 2025;
- rules for high-risk AI embedded in regulated products have an extended transition period until 2 August 2027.

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Foreign investment in Paraguay

Paraguay: An Emerging Destination for Investment in Rural Land

At the heart of South America, Paraguay has established itself as a key destination for rural land investment, driven by a number of factors that make it especially attractive to foreign investors in 2025. With strong political stability, a favorable tax system and a growing agricultural sector, the country offers a unique opportunity for those seeking long-term profitability and security in the rural real estate market.

1. Tax Incentives That Attract Investors

One of the main attractions for investors is the favorable tax regime that Paraguay offers. Through its Investment Law, the country has established tax exemptions on agricultural and energy activities, allowing for a significant reduction in operating costs. Unlike other countries in the region, the Paraguayan tax system is simple and clear, allowing investors to transparently understand their tax commitments. This friendly approach to business creates an environment conducive to growth and expansion.

2. Political Stability: A Pillar for Investment Security

In a Latin American context characterized by political and economic fluctuations, Paraguay stands out for its political stability. During recent years, the country has maintained a coherent economic course, with a government that promotes pro-market policies. This stability has translated into a climate of confidence for investors, who seek to reduce risks associated with the political instability that affects other nations in the region. Paraguay offers, therefore, a safe environment to make investments with a long-term vision.

3. Profitability: A Market with High Potential

The Paraguayan rural real estate market is increasingly dynamic. Traditionally, agriculture has been the backbone of the economy, with crops such as soybeans, corn and wheat being key to exports. However, the profitability of the sector goes beyond conventional agriculture. Investors are beginning to explore more innovative options, such as high-yield crops and renewable energy projects, such as the production of biofuels or the installation of solar parks on rural lands. These new opportunities have opened the doors to a much more diversified rural real estate market with even greater profitability potential.

4. Legal Conditions for Foreign Ownership in Rural Land

While Paraguay is known for its openness to foreign ownership of rural land in South America, there are some legal restrictions that investors should consider. According to the National Constitution and Law 242/93 on rural property, foreigners can acquire land, but under specific conditions. These regulations seek to guarantee a balance in land ownership between nationals and foreigners, ensuring that the country's natural resources are protected and that Paraguayans maintain predominant access to the land. However, for foreign investors interested in agricultural or energy projects, these restrictions do not represent an insurmountable obstacle, and there are viable options to structure the investment in a legal and profitable manner.

Conclusion: A Promising Future for Investors in Paraguay

In 2025, Paraguay continues to position itself as a key destination for investment in the rural real estate market. With favorable fiscal policies, political stability, and an expanding agricultural market, the country offers a number of opportunities that international investors cannot overlook. Despite legal restrictions, the conditions for investing in agricultural and energy projects in rural lands remain highly favorable, making Paraguay an attractive option for those seeking to diversify their portfolio and take advantage of the advantages of the South American market.

If you are considering investing in rural land, now is the time to take advantage of this promising outlook. Paraguay offers an environment of trust, profitability and sustainability, with a bright future for those willing to take the next step in the world of rural real estate investment.

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Managing Tariffs and Sanctions as Strategic Business Risks

How companies can prepare and respond to trade wars

Tariffs and sanctions used to be blunt instruments, deployed rarely and with plenty of warning. That is no longer the case. Today, they are routine tools of foreign policy—used to pressure rivals, secure leverage in trade negotiations, or impose economic consequences. The impact on businesses, however, is real and often immediate.

Companies that rely on international supply chains or export into a politically sensitive market can no longer afford to be surprised. Whether you're exporting into jurisdictions where access can be withdrawn without notice or dependent on inputs from countries likely to face sanctions, the risk is structural. It must be managed with the same rigor applied to inflation, regulatory changes, or currency exposure.

This article outlines how businesses can reduce exposure and adapt operations across four key areas: legal, financial, operational, and strategic engagement.

Legal Strategy Starts Before the Crisis

Companies that anticipate legal and trade restrictions before they are imposed tend to navigate them more effectively. One tactic is leveraging trade agreements to reduce tariff exposure. Preferential sourcing or shifting final stages of production to countries with favorable trade status, can lower or eliminate duties on exports.

Exporters can also benefit from tariff engineering—legally modifying product characteristics (such as materials or packaging) so they fall under a different customs classification with a lower tariff rate. These adjustments should be made with legal and customs oversight to ensure compliance.

Contractual flexibility is equally important. Agreements with suppliers or customers can include clauses allowing for price renegotiation or cost-sharing in response to new tariffs or sanctions. Such clauses can preserve margins and avoid commercial disputes when trade conditions shift unexpectedly.

Financial flexibility absorbs the shock

Tariffs and sanctions directly affect pricing, working capital, and payment systems. Companies with flexible financial structures are better positioned to absorb the impact.

Exporters may need to adjust pricing models, partially absorb new costs, or temporarily shift volumes to less-affected markets. Some may recover costs through duty drawback programs, which allow companies to claim refunds for duties paid on goods that are later re-exported or used in exports.

In politically volatile regions, exporters sometimes shift to third-country payment structures, such as invoicing in a neutral currency, to maintain legal financial flows when traditional banking is restricted.

Meanwhile, hedging input costs or currency exposures in advance of trade disruptions remains a standard, effective tool—especially for firms with narrow margins or long production lead times.

Operational resilience is not optional

The first step is supplier and logistics diversification. Relying on a single source country—or single transit route—creates vulnerability when sanctions or retaliatory tariffs hit. Building relationships with alternative suppliers across multiple regions can prevent supply interruptions.

Reshoring, or returning production to the company's home country, can shield firms from future trade restrictions. While often more expensive, automation and digitalization are making this more viable in certain sectors. Nearshoring—relocating production or final assembly to a neighboring, lower-risk country—is another increasingly common strategy.

Modular production—splitting manufacturing across multiple sites—adds further flexibility, allowing businesses to reconfigure assembly or packaging depending on the target market's trade regime.

Influence and Coordination Matter

Engaging with policymakers and industry groups can shape outcomes—especially when done early. Exporters facing new tariffs or sanctions may benefit from industry association support. These groups can coordinate data gathering, propose exemptions, or represent business concerns directly to trade authorities.

Providing clear economic impact data—such as projected job losses, price increases, or supply shortages—often has greater effect than general lobbying. Governments are more likely to adjust policy details when they see evidence-based risks to consumers or national competitiveness.

In many countries, export-promotion agencies and trade ministries provide early signals, technical guidance, or legal assistance. Proactive engagement can mean the difference between securing a carve-out—or facing full exposure.

Institutionalizing the Response

Tariffs and sanctions are no longer temporary shocks. They represent an ongoing feature of global trade—and a strategic risk category that must be managed accordingly. Resilient companies are not those that avoid exposure entirely. They are those that build flexible structures, maintain policy awareness, and respond quickly when conditions change. The cost of preparation is typically lower than the cost of disruption.

Trade risk cannot be eliminated. But with foresight and structure, it can be absorbed—and in some cases, even turned to competitive advantage.

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Minimum tax – the settlement date for 2024 is approaching

The minimum tax was introduced in 2022 by the so-called "Polish Deal". However, due to the economic situation, it was decided to postpone its entry into force, and finally the provisions became effective on 1st January 2024. Thus, a possible first settlement of the minimum tax should be made for the year 2024 **by 31st March 2025** (if the tax year is consistent with the calendar year).

The minimum tax is a legal tool aimed at counteracting situations in which taxpayers record a tax loss or generate a small tax income. The minimum tax may be levied on corporate income taxpayers, including branches of foreign companies, that:

- suffered a tax loss from the so-called operating activities, or
- achieved tax profitability from operating activities (calculated as the share of tax income in tax revenues) of not more than 2%.

Moreover, it should be pointed out that a number of costs indicated in the regulations are not taken into account in the calculation of the loss and level of profitability. Taxpayers will definitely find this information positive, as excluding certain costs for the purposes of the minimum tax may contribute to achieving the required level of profitability, which in turn may result in the absence of any tax to be paid. The only type of revenue that is excluded and may have a negative impact on the situation of minimum tax taxpayers is the revenue earned from factoring activities.

The regulations provide for numerous exemptions from the obligation to pay minimum tax. In particular, they apply to:

- small taxpayers;
- newly created entities – in the year of commencement of operations and in two consecutive tax years;
- enterprises and financial institutions;
- taxpayers in respect of whom bankruptcy has been declared, taxpayers put into liquidation, as well as taxpayers subject to restructuring proceedings;
- taxpayers whose revenue was at least 30% lower than the one generated in the previous tax/fiscal year;
- entities that have achieved profitability of at least 2% in one of the three tax years immediately preceding the year for which the minimum tax is due.

When analysing individual exemptions, it should be noted that the process of verifying whether a given taxpayer will be obliged to pay the minimum tax has several stages and may require collecting data not only for 2024, but also for previous tax years. Despite the need to analyse a large number of documents and perform the appropriate calculations, it is worth looking at the individual exemptions that may allow you to avoid paying this tax.

The legislator provided for two ways of calculating the tax base. The first one is based on the use of the formulas indicated in the regulations, while the second one is a simplified method, in which the tax base represents 3% of operating revenue. However, it should be borne in mind that in order to use the simplified method of calculating the tax base, it is necessary to report this fact in the annual CIT return for the year in which the minimum tax is due.

The minimum tax should be distinguished from the standard corporate income tax. However, taxpayers should not be afraid of double taxation, as deductions are provided, i.e.:

- The amount of the minimum tax shall be reduced by the CIT due for the same tax year;
- The amount of the minimum tax paid can be deducted from CIT in the next 3 tax years.

When assessing the way in which the minimum tax is regulated, and in particular taking into account the multitude of exemptions and additional deductions from the tax base, it should be stressed that this tax should not apply to those taxpayers whose financial standing has deteriorated temporarily. Rather, it is designed to limit artificial generation of losses and reduce the prolonged persistence of low profitability.

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there is always a solution

Taxation of Crypto Assets: A New Fiscal Paradigm

The exponential growth of the crypto asset market and the volatility that characterizes these assets continue to pose challenges for traditional tax systems. These systems seek to ensure transparency and prevent tax evasion while simultaneously requiring the creation of specific regulations to guarantee legal certainty and adequate tax revenue collection.

In Portugal, the tax regime for crypto assets came into effect on January 1, 2023, with the publication of Law No. 24-D/2022, of December 30, marking the beginning of a clear and structured tax framework for these new forms of assets.

Under the IRS (Personal Income Tax), taxation applies to three categories of income:

- **Business and professional income**
- **Capital income**
- **Capital gains**

Professional or commercial activities related to crypto assets – such as mining or transaction validation – are taxed as business and professional income. In these cases, only **15% of income from crypto asset transactions and 95% of income from mining activities** are considered for taxation. In both situations, income is subject to aggregation and taxed according to the general IRS tax brackets. For companies, income derived from commercial activities contributes to taxable profit and is therefore subject to IRC (Corporate Income Tax).

The legislation also provides for the taxation of yields and other economic advantages arising from crypto asset operations, classifying them as capital income. These earnings are subject to **a special tax rate of 28%**, with the option for Portuguese residents to opt for aggregation and subsequent tax determination according to IRS brackets.

Regarding capital gains from the sale of crypto assets, taxation follows these rules:

i) Capital gains from assets held for less than 1 year: taxed at a **28% rate**, unless the taxpayer opts for aggregation;

ii) Capital gains from assets held for more than 1 year: exempt from taxation, as was the case until the end of 2022, which encourages a long-term investment approach.

The holding period of crypto assets acquired before January 1, 2023, is considered for determining the total holding period.

Regarding **stamp duty**, taxation is also foreseen for crypto assets:

- **Free transfers of crypto assets:** subject to a 10% tax
- **Commissions charged for crypto asset brokerage services:** subject to a **4% tax** on the commission value

Portugal also follows the case law of the Court of Justice of the European Union, including **VAT exemption** on the exchange of crypto assets used as a means of payment. Additionally, the country is preparing for the full implementation of the **MiCA (Markets in Crypto-Assets) regulation**, ensuring alignment with European Union regulations.

In summary, the key characteristics of crypto asset taxation in Portugal, compared to other countries, include:

- **Long-term tax exemption:** exemption for the sale of crypto assets held for more than 365 days
- **Simplified short-term taxation:** a fixed 28% tax rate on short-term gains
- **Distinct treatment for professional activities:** a clear distinction between occasional investment and professional activity

These characteristics make Portugal an attractive country, particularly for long-term individual investors, although its approach is increasingly aligned with European regulatory standards.

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Thailand New Draft Digital Platform Economy Act

The outbreak of the COVID-19 pandemic has significantly altered consumer behavior, leading to a surge in reliance on digital platforms for activities like shopping and food delivery. This shift has played a pivotal role in the rapid growth of the digital economy, both in Thailand and globally. Citizens have become increasingly dependent on these platforms, which offer convenience and ease in daily life. As digital platforms now cover almost every facet of modern existence, the government has recognized the need to regulate these services to ensure economic and social stability, enhance credibility, and mitigate any potential risks to the public at large.

In response to this, Thailand initially enacted the Royal Decree on the Operation of Digital Platform Service Business Subject to Prior Notification B.E. 2565 (2022) ("Royal Decree"), which regulates and imposes obligations on digital platform service operators. These operators, such as Shopee or Lazada, manage platforms that connect business users and consumers through data networks to facilitate electronic transactions. However, recognizing the evolving landscape, the Ministry of Digital Economy and Society ("MDES") has proposed the Draft Digital Platform Economy Act B.E. …. (the "Draft Bill"), which aims to expand regulation to include a broader range of platform services not covered under the Royal Decree, also known as, digital media services.

The Draft Bill seeks to regulate various digital platform services more comprehensively, promoting fair trade, encouraging self-regulation, and supporting operators in adopting good governance principles. Below are the key aspects of the Draft Bill.

Categorization of Digital Media Services

The Draft Bill defines Digital Media Services as any service provided over a computer network, internet system, or telecommunications network that acts as a medium between the sender and the data receiver. It categorizes these services into three types, each with distinct legal responsibilities for the operators:

1. **Mere Conduit Service:** This refers to the provision of electronic data transmission services or access to an electronic communications network. Mere conduit providers are not liable for illegal activities during data transmission, as long as they can prove they neither initiated the data nor altered it in any way.
2. **Caching Service:** Caching services involve temporary data storage for faster transmission. Providers are not held responsible for illegal activities, provided they meet the terms for data access and follow standard industry practices.
3. **Hosting Service:** Hosting services provide data storage on behalf of users. These providers are only held accountable if they are aware of illegal content stored and fail to take action by either removing or blocking access to it.

General Obligations for Digital Media Services Platform Operators

Under the Draft Bill, platform operators are required to comply with obligations prescribed in Chapter 3 of the Draft Bill, which includes notifying the users of their rights and obligations, as well as the risks associated with using digital media services; providing a complaint resolution channel that responds within 24 hours and reports on the investigation outcome within 60 days; disclosing advertising information, publishing clear terms and conditions, as mandated by the law, and appointing a point of contact to liaise with the Electronic Transactions Development Agency ("ETDA").

Very Large Online Platform (VLOP)

The Draft Bill introduces the concept of Very Large Online Platforms ("VLOP"). To qualify as a VLOP, a platform must meet one of the following criteria:

1. A net income (before expenses) of over 1,000 million Baht per year from the provision of services in Thailand.
2. More than 6 million active users per month.
3. Poses a high risk to the economic or social security of Thailand, as determined by the ETDA.

VLOPs are subject to additional obligations, such as reporting data to the ETDA, tracking business users' activities, suspending services for users engaged in serious illegal activities, and submitting annual transparency reports.

Core Platform Services & Gatekeepers

Chapter 5 of the Draft Bill defines core platform services and identifies platform operators that act as "gatekeepers" to other service providers. Core platform services currently include 10 types of digital media services such as online search engines, video-sharing services, cloud computing, and online advertising services, among others. A platform

operator may be classified as a gatekeeper if it meets three criteria:

1. Significant impact on the economy, with annual income (before expenses) exceeding 7 billion Baht.
2. Serves as a critical gateway for business users to reach end users, with more than 15 million consumer users and 10,000 business users annually.
3. Has the power to limit competition from other platform service providers, maintaining a dominant position.

Gatekeepers are subject to additional responsibilities, such as ensuring fair treatment of business users, facilitating free communication between consumers and businesses, preventing unfair practices that hinder competition, and more.

ETDA and Digital Platform Economy Committee's Power to Enforce Data Platform's Compliance

In order to enforce the Draft Bill effectively, the Draft Bill grants ETDA various powers to enforce compliance, including but not limited to the power to request data from platform operators to assess compliance, power to access and inspect platforms' computer systems and physical premises if there is reasonable suspicion of illegal activities, the power to impose fines, service suspensions, or even criminal charges for severe violations.

Regulatory Transition

To ensure a smooth transition in the enforcement of this Draft Bill from the existing Royal Decree, the Draft Bill includes a grandfather clause allowing the platform operators who have already submitted notification under the Royal Decree to be deemed to have been notified under this Draft Bill as well. Nonetheless, they are required to update their information to align with the new requirement within 120 days of its enactment. Whilst the Royal Decree shall cease to be effective on the enforcement date of this Draft Bill, the sub-ordinate regulations issued under the Royal Decree shall remain in effect for as long as they do not conflict with the Draft Bill, or the new-subordinate regulation to be issued under the Draft Bill.

Conclusion

The Draft Bill represents a proactive step toward regulating the rapidly expanding digital economy in Thailand. By establishing clear guidelines for digital platform operators, categorizing services, and introducing additional obligations for large and influential platforms, the Draft Bill aims to foster fair competition, ensure consumer protection, and maintain economic stability. As digital platforms continue to play an integral role in modern society, this legislation will be crucial in balancing innovation with accountability, ensuring that the digital economy can thrive in a secure and sustainable manner. As such, the passage of the Draft Bill will likely have far-reaching implications, not only for platform operators but also for the broader economy and society.

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Gulfood 2025: World's Biggest F&B Sourcing Event

Gulfood, the world's largest annual food and beverage trade exhibition, has consistently demonstrated its pivotal role in facilitating global trade and fostering industry innovation. The 2024 edition, held from February 19 to 23 at the Dubai World Trade Centre, witnessed remarkable participation from international exhibitors and buyers. Notably, 80 Malaysian companies reported a significant achievement, recording sales worth RM1.49 billion (approximately USD 350 million). This figure represents a substantial 57.9% increase from the RM943.46 million recorded in 2023. The impressive performance was attributed to the increased number of participating Malaysian companies and the extension of the exhibition period from four to five days.

Gulfood 2025

Building on this success, Gulfood 2025 was poised to be a landmark event, commemorating its 30th anniversary under the theme "The Next Frontier in Food." Scheduled from February 17 to 21 at the Dubai World Trade Centre, the event hosted over 5,500 exhibitors from 129 countries, showcasing more than one million products across 1.3 million square feet of exhibition space. The 2025 edition aimed to explore the future trajectory of the global food and beverage industry, focusing on innovation, sustainability, and culinary excellence. Many groundbreaking collaborations were announced including, LuLu signing 9 key MoUs; Saudi's iconic Milaf Cola to launch in GCC and India LuLu stores soon; Reliance Consumer Products launches Campa in UAE; Orkla India unveils innovative Quick Kerala Breakfast Range, Agthia launches Nine Grain Atta, 51* Cola Debuts: Merging Pepsi Max Legacy with Agave Innovation, Khalifa Fund for Enterprise Development sponsors 10 national projects in food and beverage sector.

While specific revenue figures for 2025 have not been disclosed, the event is projected to facilitate approximately USD 20 billion in trade deals over its five-day span, underscoring Dubai's pivotal role in the global F&B sector.

Gulfood 2026

Looking ahead, Gulfood 2026 is set to further expand its global influence. The event is scheduled to take place from January 26 to 30, 2026, and will be hosted across two venues: the current Dubai World Trade Centre and the new Dubai Exhibition Centre at Expo City. This expansion aims to accommodate the increasing demand and provide ample opportunity for leading and new-to-market F&B brands to showcase a broader array of products and services. While specific revenue projections for 2026 have not been officially released, the continued growth in participation and the strategic expansion to dual venues suggest a positive trajectory in trade volumes and industry impact.

Conclusion

In summary, Gulfood's progressive growth from 2024 through the anticipated 2026 event reflects its unwavering commitment to advancing the global food industry. By continually expanding its platform and fostering international collaborations, Gulfood remains at the forefront of shaping the future of food and beverage trade worldwide.

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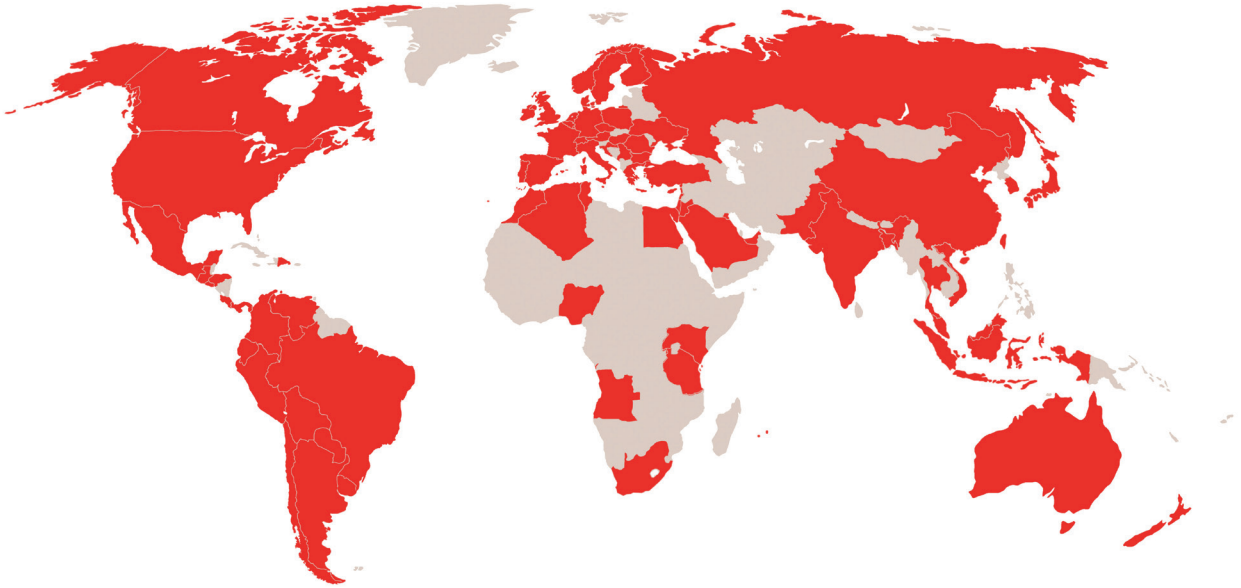

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