



INTERNATIONAL BUSINESS

“Auren 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 Auren possess the knowledge and experience to assist you on your journey, and this issue can serve as the starting point for your inquiries.

This edition includes, among other topics, an overview from Denmark of the proposed EU Inc framework for cross-border start-ups, insights from China into why multinational companies are rethinking their supply chain strategies, and an analysis from Mexico of the growing importance of the Multilateral Instrument (MLI) and its impact on international tax treaty benefits.

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



August
2026

auren.com

Index



Chile

Chilean economy, fair market value, and new tax requirements: What should companies consider when investing?

[more info](#) ➤



China

China Shock 2.0: Rethinking global supply chains in 2026

[more info](#) ➤



Denmark

EU Inc

[more info](#) ➤



Hong Kong

Hong Kong's free trade system and supply chain

[more info](#) ➤



India

Opinion: Beyond the Deficit Number: How India's Fiscal Discipline Is Reshaping Business Decisions

[more info](#) ➤



India

Understanding the EU AI Act and EU Cloud Sovereignty Framework

[more info](#) ➤



Israel

Why global businesses should be looking at Israel in 2026

[more info](#) ➤



Italy

Sport and EU law: a never-ending story

[more info](#) ➤



Italy

Global Minimum Tax

[more info](#) ➤



Malta

Family Offices in Malta: Building Structures for Multi-Generational Success

[more info](#) ➤



Mexico

International Taxation. Overlooking Multilateral Instrument (MLI)

[more info](#) ➤



Pakistan

The Auditor and AI

[more info](#) ➤



Poland

Income tax report – a new reporting obligation for the largest groups of companies in Poland

[more info](#) ➤



Thailand

ETDA: Proposed Overhaul of Thailand's Electronic Transactions Act – Modernizing for the Digital Economy

[more info](#) ➤



The Netherlands

The Dutch Cybersecurity Act: Five Questions Every Board Should Ask

[more info](#) ➤



Turkey

Turkey Opens a New Window for Inbound Investment in Digital Sectors

[more info](#) ➤



Uruguay

IFRS 18: the most significant change in financial statement presentation in two decades

[more info](#) ➤



Chilean economy, fair market value, and new tax requirements: What should companies consider when investing?

Economic outlook: moderate growth and greater rigor in decision-making

Chile's economy is going through a period of moderate growth. After the strong post-pandemic recovery of 2021, the country has shown significantly lower expansion rates, with growth of 2.6% in 2024, 2.5% in 2025, and a projected **range of 1.0% to 1.75% for 2026, according to the Central Bank.**

Meanwhile, **the Monthly Index of Economic Activity (IMACEC)** for May 2026 recorded a **year-on-year decline of 0.9%**, driven mainly by a sharp contraction in mining, while the seasonally adjusted monthly variation was -0.2%, reflecting an economy that continues to face challenges in achieving sustained growth.

In addition, the Central Bank decided to hold the Monetary Policy Rate (MPR) at 4.5%, noting that inflationary risks and an uncertain international environment persist. *Monetary Policy Report - Central Bank of Chile

What does this mean for small and medium-sized enterprises (SMEs)?

In practice, SMEs face a scenario characterized by:

- Lower growth in demand.
- Greater caution in consumption and investment.
- More accessible financing than in previous years, though still far from the extraordinarily expansionary conditions seen during the pandemic.

- The need to properly substantiate every investment and financing decision.

In this context, companies must be especially rigorous when evaluating:

- Purchase and sale of assets.
- Admission of new partners or shareholders.
- Corporate reorganizations.
- Mergers and acquisitions.
- Transfers between related companies.
- Business valuations for tax or corporate purposes.

The new tax landscape: fair market value takes center stage

One of the most significant changes for companies stems from Law No. 21.713 and Circular No. 23 issued by the Chilean IRS (SII), published on March 27, 2025, which updated the rules for applying Article 64 of the Tax Code.

The core objective of this regulation is to ensure that transactions with tax effects are carried out at fair market value, where applicable.

The main development is that the SII now has broader authority to review and assess transactions when the values assigned by taxpayers differ markedly from normal market values.

What is meant by "normal market value"?

The regulation defines normal market value as the value that independent parties would have agreed upon under comparable conditions, taking into account factors such as:

- Industry or economic sector.
- Risks assumed.
- Assets involved.
- Specific characteristics of the goods or services.
- Commercial terms of the transaction.

In other words: it is no longer enough for two parties to simply agree on a price. That price must be justifiable from an economic and market standpoint.

How does this affect SMEs?

1. Sale or purchase of companies

If an SME sells part of its business, brings in investors, or transfers equity interests, the assigned value must be backed by objective criteria. Today, it is increasingly advisable to have:

- Valuation reports.
- Financial studies.
- Discounted cash flow analyses.
- Comparable multiples.
- Independent expert reports.

2. Transactions between related companies

Many family businesses or corporate groups carry out transactions between related entities.

Under the new rules, transactions such as:

- Sale of real estate.
- Transfer of assets.
- Transfer of trademarks.
- Capital contributions.

could be challenged if the value used deviates significantly from market value.

3. Corporate reorganizations

The regulation expressly addresses the treatment of domestic and cross-border corporate reorganizations and sets out certain cases in which the SII will not exercise its assessment authority, provided specific requirements are met, such as:

- Existence of a legitimate business purpose.
- Preservation of the tax cost basis.
- No actual cash flows to the contributing party (This provides greater legal certainty for corporate growth processes, although it requires a higher level of documentation and supporting evidence than many SMEs have historically used.)

How does this connect to investment decisions?

In a scenario of moderate economic growth and stricter tax valuation requirements, companies can no longer evaluate an investment based solely on its **potential profitability**; they must also consider financing costs, market risks, **fair market value**, **documentary**

support before the tax authority (SII), the economic consistency of the transaction, among other business strategy considerations.

Recommendations for SMEs

- **Professionalize valuations**
- **Document decisions.** Minutes, financial reports, market studies, and independent assessments.
- **Integrate tax and strategy.** Corporate, financial, and tax decisions can no longer be analyzed separately.

Conclusion

The combination of moderate economic growth, a still relatively high MPR (set by the Central Bank of Chile), and increased scrutiny based on market values is transforming the way companies must make decisions.

For SMEs, this means shifting from a logic focused solely on day-to-day operations toward more strategic management, in which asset valuation, transaction documentation, and the economic justification of each transaction become fundamental elements for sustainable growth and reduce future tax risks. It is not enough to do good business; it is also necessary to demonstrate that it was carried out on market terms.

Jéssica Carvajal

jessica.carvajal@auren.cl

Chile





China Shock 2.0: Rethinking global supply chains in 2026

For much of the past decade, multinational supply chain strategy focused on reducing dependence on China. Pandemic disruption, rising labour costs and geopolitical risk accelerated diversification, with the China+1 model becoming the default. Companies kept core operations in China while adding capacity in Southeast Asia, particularly in Vietnam, Malaysia and Thailand.

In 2026, that logic is being reassessed. Rather than retreating, many global firms are deepening their China footprint. The country has moved beyond its role as the world's assembly base to become a central hub for advanced manufacturing, R&D and product development. The data now points to a shift in how companies evaluate cost, capability and resilience.

Why 2026 marks a structural turning point

In Q1 2026, foreign direct investment (FDI) into China's high-tech sectors rose 30.7% year-on-year to CNY 102.73 billion, accounting for more than 41% of total inflows, while investment in R&D and design services surged 127.8%. China has been the world's largest manufacturer for 16 consecutive years, producing nearly 30% of global manufacturing output, with manufacturing value added reaching CNY 34.7 trillion in 2025.

The assumptions that once justified moving production out of China are weakening. The traditional "flying geese" model expected rising costs to push lower-value manufacturing to neighbouring markets. Instead, China has evolved into what analysts describe as a "goose swarm", retaining strength across both basic and advanced industries.

Driven by scale, automation and consistent policy support, Chinese manufacturers compete across the full value chain, from textiles and components to electric vehicles, batteries and semiconductors. This creates a paradox: highly automated production often delivers better quality at a cost that remains competitive, and in some cases lower than less-developed alternatives.

The weakening case for Southeast Asian alternatives

Diversification still matters, but the economics are shifting. US trade measures now extend beyond China. Under the Reciprocal Trade Framework, baseline tariffs have been applied to sectors such as electronics and metals across Southeast Asia. Malaysia, Thailand and Indonesia face tariffs of around 19%, while Vietnam faces 20%, in some cases comparable to or higher than China.

At the same time, reliance on Chinese inputs remains high. Vietnam sources at least half of its manufacturing materials from China, while Cambodia depends on China for roughly 60% of garment inputs. China's trade surplus with ASEAN reached USD 276 billion in 2025. For many companies, relocating production has introduced an additional step without removing upstream dependency, while increasing exposure to tariffs and operating complexity.

China's policy environment reinforcing the shift

Policy is playing a clear role in reinforcing investment. The 2025 Encouraged Industry Catalogue, effective February 2026, now includes 1,679 items, targeting

sectors such as semiconductors, AI, robotics and biotechnology. Incentives include reduced corporate tax rates, duty exemptions on imported equipment and discounted industrial land.

Meanwhile, the Negative List has been shortened from 117 to 106 items, easing restrictions in sectors such as cloud computing, healthcare and biotechnology. Pilot free-trade zones, including Shanghai, now allow wholly foreign-owned entities in previously restricted industries.

Rethinking supply chain strategy for your business

Supply chain design in 2026 is less about minimising labour costs and more about optimising quality, resilience and regulatory efficiency in combination. China's position on those measures has strengthened rather than weakened.

Christophe Marquis
c.marquis@acclime.com
China

凯普 ACCLIME

Member of
ntea
Alliance of
independent firms



1. EU Inc: Can Europe finally get a truly start-up-friendly company form?

Europe has long had a high level of innovation, but in practice, fragmented national regulation regarding company law and investment barriers have made it difficult for start-ups to scale across EU borders. This is precisely the challenge that EU Inc is trying to solve – with the ambition of creating a single, common, digital and standardised European company form that works as easily and predictably as a Delaware C-Corp in the US.

2. The current problems with cross-border investment in the EU

When European start-ups grow beyond the borders of a single country, they often encounter a number of structural and legal problems:

a) Fragmented company rules

Each EU country has its own company forms, capital requirements, governance rules and reporting procedures. This means:

- Start-ups must navigate different compliance requirements in each country.
- Legal documents, incorporation processes and investor terms must be adapted to national law.
- Investors may find it difficult to compare risks or governance between countries.

This complexity prolongs and increases the cost of cross-border investments and may ultimately deter international angels and funds from investing in Europe

compared to the US or the UK where the national regulations are more commonly known.

b) Capital raising and incentives

Cross-border investments often require local legal counseling, due diligence and adaptation of term sheets, investments procedures, tax, etc. – which increases both the number of advisors and costs.

For many foreign investors, it is less complicated to invest in a Delaware-incorporated start-up, where the legal framework and investor protection are standardised and known worldwide.

As a result, European start-ups often:

- Spend time and resources on adapting to local markets.
- Spend a larger proportion of any investment on the transaction costs themselves.
- Have a smaller pool of interested investors.
- Are considering establishing themselves in Delaware in order to attract capital from international investors.

3. What can we expect from EU Inc?

EU Inc is a proposal for a new European company form – i.e. a set of common rules that companies can voluntarily apply alongside national existing company forms. The initiative is still under development, but the preliminary messages and concepts contain the following elements in particular:

a) Standardisation and digitisation

EU Inc aims to become:

- A common EU-wide company form, under EU law, without replacing national company structures.
- A fully digital incorporation process – ideally with an EU register where a company can be set up online with a single standardised process.

b) A practical tool for cross-border start-ups

The aim is for EU Inc to make it:

- less bureaucratic to start and run a business across the EU
- easier for investors to understand governance terms across the EU
- faster to raise capital and bring international investors on board.

In short: EU Inc should function as a pan-European company form that minimises the costs and complexity of cross-border investments and makes Europe more competitive on a global scale.

4. What do we hope it will not be? (SE company)

However, a European company form is not a new idea. Since 2004, it has been possible to establish a single European company, *Societas Europaea* (SE company).

The SE form is a pan-European company form under EU law, which came into force in 2004.

The target group for the SE company is medium-sized to large companies, typically groups or established

companies. An SE company requires, for example, a minimum capital of EUR 120,000, and the incorporation procedures are complex.

The result is that there is only one active SE company in Denmark – and it is in bankruptcy.

5. Potential

Europe has an opportunity to fix some of the structural problems for financing start-ups. If EU Inc. delivers on its promise, it could:

- create a common, digital, and standardised company form that makes it way easier to start and scale businesses across the EU.
- reduce legal complexity and investment friction, giving angels, funds and international investors a clearer, more predictable basis on which to operate.
- provide European start-ups with a real alternative to Delaware, without having to move their domicile or set up complicated structures to raise capital.

But the potential depends on the details: governance, investor protection, digitisation, and how EU Inc interacts with national company forms. If successful, it could be a decisive step towards making Europe a much more attractive home for innovation and growth.

If the start-up ecosystem really needs cross-border help in the EU to consolidate the market for start-up financing, we are keeping our fingers crossed that European standards for investments (similar to SAFE notes) and employee incentive programmes (ESOP) will subsequently be created.



Selina Musa and Niklas Nyborg

sm@hulgaardadvokater.dk

nny@hulgaardadvokater.dk

Denmark



Member of





Hong Kong's free trade system and supply chain.

With low taxes, a strong banking system and a longstanding commitment to open markets, Hong Kong remains a highly attractive base for companies operating across Asia. Its free trade framework is one of its defining advantages, effectively positioning the entire city as a free trade zone and a critical node in regional supply chains.

Hong Kong continues to play a central role in global trade. It ranks among the world's leading merchandise trading economies and operates one of the busiest ports in the Asia-Pacific, connecting to over 600 destinations worldwide. This connectivity, combined with efficient customs processes and deep financial services, sustains its role as a gateway between mainland China and international markets.

Freedom to trade in practice

Hong Kong's system is built on simplicity and openness. Imports and exports are generally free from customs duties, tariff quotas, VAT or GST. Only a narrow set of goods, hydrocarbon oil, liquors, methyl alcohol and tobacco, are subject to excise duties, regardless of origin.

Trade procedures are deliberately streamlined. Most goods can be imported and exported with minimal documentation, and licences are only required in specific cases tied to public health, safety or international obligations. There are also no restrictions on foreign ownership, which continues to attract global investors.

Recent changes, however, reflect a stronger focus on compliance. Since January 2026, authorities have introduced enhanced inspection requirements for goods

moving between Hong Kong and mainland China bonded warehouses. Full documentation, including certificates of origin and end-to-end logistics records, is now required to ensure traceability across borders.

Despite stricter documentation, Hong Kong's role as an entrepôt remains unchanged. In 2025, around 32% of its re-export trade originated from mainland China, highlighting the continued integration of regional supply chains.

Expanding trade agreements and regional integration

Hong Kong's free trade network continues to grow. The city has signed nine free trade agreements covering key partners, including mainland China, ASEAN, Australia and the European Free Trade Association. It has also established a wide network of investment agreements, supporting cross-border business expansion and protecting foreign capital.

These agreements reduce tariffs, improve market access and encourage investment flows. Beyond bilateral deals, Hong Kong remains active in global trade institutions, including the World Trade Organisation, where it has been a member since 1995, and regional forums that shape trade policy and standards.

Recent developments also point to deeper integration. Hong Kong is progressing towards accession to the Regional Comprehensive Economic Partnership (RCEP). In 2025, trade with RCEP members reached USD 1.02 trillion, accounting for roughly 73% of its total trade. Membership would further strengthen ties with key markets such as Japan and South Korea, where formal bilateral agreements are still limited.

Supply chain strategy and infrastructure

Trade and logistics are core to Hong Kong's economy, contributing around 18.8% of GDP in 2025. Businesses benefit from efficient infrastructure, advanced logistics services and access to bonded warehouse solutions that enable flexible inventory management and deferred duties.

Beyond physical logistics, Hong Kong is investing in supply chain digitalisation. Platforms such as data interchange systems and trade finance initiatives support faster credit decisions and more transparent transaction flows. Emerging projects in cross-border digital currency settlement also position the city at the forefront of financial innovation in trade.

Conclusion

Hong Kong's free trade system remains one of the most open and efficient globally. While compliance standards are tightening, the overall environment continues to support fast, low-friction trade. Combined with an expanding network of trade agreements and ongoing digital innovation, Hong Kong offers a strong foundation for companies looking to optimise supply chains and scale across Asia.

Florian Braunsteiner
f.braunsteiner@acclime.com
Hong Kong





Opinion: Beyond the Deficit Number: How India's Fiscal Discipline Is Reshaping Business Decisions

For years, India's fiscal deficit was a number that economists debated and markets tracked. Today, it has become something else entirely, a boardroom variable.

Whether a company is evaluating a new manufacturing facility, a debt-funded acquisition, or expanding into a new market, one question increasingly finds its way into the discussion: *Can we trust the government's fiscal direction over the next few years?*

That is a remarkable shift. Fiscal policy was once viewed as a macroeconomic issue, far removed from day-to-day business decisions. Today, it directly influences how companies think about investment, borrowing, and long-term planning. More importantly, it reflects how India's economic credibility has evolved.

The Real Story Isn't the Deficit

India's fiscal deficit has steadily narrowed over the past three years and is budgeted at 4.3 percent of GDP for FY2026-27. On paper, that is a positive story. But the deficit itself is not what businesses find reassuring.

What matters is how that consolidation has been achieved.

Governments can reduce deficits by cutting productive expenditure, delaying investments, or trimming growth-oriented programmes. Those approaches improve the headline number but often weaken the economy's long-term prospects.

India has largely taken a different route. While pursuing fiscal consolidation, it has continued to increase capital expenditure, particularly on infrastructure. Investments in roads, railways, logistics, ports, and urban development have remained a priority even as the deficit has narrowed.

That distinction matters because productive public investment creates demand far beyond government spending. It improves logistics, lowers operating costs, attracts private investment, and builds confidence across multiple sectors. Businesses are responding not to a smaller deficit alone, but to the quality of the government's fiscal choices.

Why Fiscal Credibility Matters

Fiscal credibility is often discussed in policy circles, but its impact is far more practical than academic.

When governments consistently meet fiscal targets while maintaining investment, markets begin to assign lower risk to the economy. That confidence eventually finds its way into borrowing costs, investor sentiment, and capital allocation decisions.

India's recent sovereign rating upgrade by S&P Global reflected exactly this confidence. While market yields will always fluctuate with global interest rates, oil prices, and geopolitical developments, the broader signal is clear: credible fiscal management lowers the risk premium investors demand over time.



For businesses planning long-term investments, even modest reductions in financing costs can significantly improve project viability.

The impact extends beyond borrowing costs. Fiscal credibility also strengthens confidence that government commitments, whether infrastructure spending, industrial incentives, or public investment programmes, will remain dependable over several years.

That stability reduces uncertainty, and uncertainty is often a bigger deterrent to investment than the cost of capital itself.

Where Businesses Are Seeing the Difference

The benefits of fiscal discipline are not identical across industries, but the direction of impact is remarkably consistent.

Manufacturers investing under Production Linked Incentive schemes need confidence that policy commitments will remain intact through the life of their projects. Infrastructure developers increasingly plan alongside government investments that are creating new logistics corridors and urban growth centres. Financial markets view stronger fiscal management as one of the reasons India continues attracting long-term institutional capital.

Different sectors experience the effects differently, but the underlying message remains the same. Businesses invest when policy becomes predictable.

That predictability is becoming one of India's biggest economic strengths.

Of course, fiscal discipline alone does not create an investment cycle. Companies still evaluate consumer

demand, global trade, financing conditions, and geopolitical risks before committing capital.

But fiscal credibility removes one important source of uncertainty from that equation. In today's volatile global environment, that is no small achievement.

The Risks We Shouldn't Ignore

While India's fiscal progress deserves recognition, it would be premature to conclude that the country's growth story is now on autopilot.

The first challenge lies with state finances. India's fiscal position is not defined by the Centre alone. Several states continue to carry elevated debt levels and significant contingent liabilities. As private investment broadens beyond large metropolitan centres, the quality of fiscal management at the state level will become just as important as policy discipline in New Delhi.

The second challenge is whether private investment is ready to take the baton.

Public capital expenditure has successfully created momentum over the past few years, but that model cannot drive growth indefinitely. The expectation has always been that government spending would eventually crowd in private investment. Early indicators are encouraging. Corporate credit demand is improving, capacity utilisation remains healthy across several industries, and investment intentions are strengthening. Yet the broad-based private capex cycle that many have been anticipating is still evolving rather than fully established.

That distinction matters. Fiscal discipline creates the conditions for investment, but businesses ultimately

invest only when they are convinced demand will sustain future returns.

The third challenge comes from outside India's borders.

The global environment has become considerably more uncertain over the past year. Trade relationships are being reshaped, supply chains continue to evolve, energy markets remain volatile, and global interest rates are likely to stay higher for longer than many expected. At the same time, a stronger US dollar and currency pressures across emerging markets limit how much domestic monetary policy can support growth.

None of these developments are within India's control.

That is precisely why the country's own fiscal credibility has become more valuable. When businesses face uncertainty abroad, they place even greater importance on stability at home. A government that consistently delivers on its fiscal commitments provides companies with something they cannot easily price in uncertain times, confidence that at least one critical variable will remain predictable.

What This Means for Business

For business leaders, the real takeaway is not that the fiscal deficit has fallen by a few decimal points.

The more important development is that fiscal policy has become increasingly credible. Companies making investment decisions over five, ten, or even twenty years need confidence that macroeconomic policy will remain stable enough to support those investments. That confidence influences borrowing decisions, expansion plans, hiring, and capital allocation far more than any single annual deficit number.

In many ways, India's fiscal discipline has quietly become a competitive advantage. It signals policy consistency to domestic entrepreneurs, global investors, and multinational companies looking to diversify manufacturing and supply chains. At a time when geopolitical uncertainty is reshaping investment flows, credibility itself becomes an economic asset.

The Assessment

The real achievement is not that India has reduced its fiscal deficit. Governments around the world do that from time to time. The achievement is that India has pursued consolidation while continuing to invest in infrastructure and productive capacity.

That balance matters because it demonstrates that fiscal prudence and economic ambition do not have to be competing objectives.

Equally, fiscal discipline should never be mistaken for a growth strategy in itself. It cannot create demand, eliminate global uncertainty, or guarantee a surge in private investment. What it can do is establish the conditions in which businesses are more willing to commit capital.

That is where India finds itself today.

The fiscal precondition for a stronger investment cycle is largely in place. The next phase depends less on government arithmetic and more on business confidence, execution, and the global economic environment.

For years, Indian boardrooms questioned whether the government's balance sheet could be relied upon over the long term. Increasingly, that question has been answered.

The more important question now is whether businesses are prepared to invest with the same conviction.

That is a far more encouraging debate for the Indian economy to be having.

Nikhil Shah
nikhil@mojca.in
India

M O J & Associates
Chartered Accountants

Member of
 **ntea**
Alliance of
independent firms





Understanding the EU AI Act and EU Cloud Sovereignty Framework

A Simple Guide for Businesses and Compliance Teams

Artificial Intelligence (AI) is transforming how businesses operate—from customer service chatbots and recruitment tools to financial analysis and healthcare solutions. While AI offers significant opportunities, it also introduces new risks related to privacy, discrimination, transparency, and accountability.

To address these concerns, the European Union has introduced the EU AI Act, the world’s first comprehensive legislation governing artificial intelligence. Alongside it, the EU is also promoting the Cloud Sovereignty Framework, which aims to strengthen Europe’s digital independence.

This article answers the most common questions to help you understand both initiatives.

1. What is the EU AI Act?

The **EU AI Act (Regulation (EU) 2024/1689)** is a European regulation that establishes legal requirements for the development, deployment, and use of Artificial Intelligence within the European Union. Its primary objective is to ensure that AI systems are Safe, Transparent, Fair, Human-centric and Accountable.

Rather than banning AI, the legislation promotes responsible innovation while protecting individuals and businesses from potential risks.

2. Why was the EU AI Act introduced?

AI is increasingly making decisions that affect people’s everyday lives. For example, AI can now:

- Screen Job Application
- Approve or Rejected Loan application
- Assist doctors in diagnosis disease
- Detect Fraud
- Recommend insurance premiums
- Generate text, images and software code

The EU AI Act seeks to reduce these risks while encouraging trustworthy AI innovation.

3. Who must comply with the AI Act?

The AI Act applies to a wide range of organizations, including:

- AI developers and providers
 - Businesses deploying AI systems
 - Importers and distributors of AI-enabled products
 - Manufacturers integrating AI into regulated products
 - Non-EU organisations whose AI systems or outputs are used within the European Union
- This means that even companies based outside Europe may need to comply if they provide AI products or services to EU customers.

4. When did the AI Act become applicable?

The AI Act officially entered into force in August 2024, but its requirements are being implemented in phases to allow organizations time to prepare.

Date	Key Development
August 2024	AI Act entered into force
February 2025	Provisions prohibiting certain unacceptable-risk AI practices became applicable. Organizations also became responsible for promoting AI literacy among employees.
August 2025	Obligations for General-Purpose AI (GPAI) models, including large language models, began to apply.
August 2026	Most provisions of the AI Act become applicable, including transparency obligations, governance requirements, and obligations for providers and deployers.
August 2027	Rules for certain standalone high-risk AI systems (Annex III) begin to apply.
December 2030	Rules for AI integrated into regulated products (such as medical devices and machinery) become applicable.

5. What is the EU Cloud Sovereignty Framework?

Unlike the EU AI Act, which is a legally binding regulation, the concept of EU Cloud Sovereignty refers to a broader set of European policy initiatives, technical standards, procurement guidance, and industry frameworks aimed at strengthening Europe’s digital independence.

The objective is to reduce reliance on non-EU cloud

providers for critical digital infrastructure and to ensure that sensitive data and essential cloud services remain secure, resilient, and governed under European laws where appropriate.

Rather than creating new legal obligations similar to the AI Act, these initiatives help governments and organizations assess whether cloud providers can operate independently within Europe while meeting security, resilience, and data protection requirements.

6. What Compliance Measures Should Companies Take?

To comply with the EU AI Act, organizations should establish an AI governance framework, identify and classify AI systems based on their risk level, maintain appropriate technical documentation and records, implement robust risk management and data governance processes, ensure human oversight of high-risk AI systems, and comply with transparency obligations where AI interacts with individuals or generates content. Organizations should also provide AI literacy training to employees, monitor AI systems throughout their lifecycle, and regularly review their compliance processes to align with the phased implementation of the AI Act.

7. What happens if a company does not comply?

The EU AI Act establishes a tiered penalty framework for non-compliance, with the level of fines depending on the nature and severity of the infringement. Administrative fines may include:

- **Up to €35 million or 7% of the company's total worldwide annual turnover** for engaging in prohibited AI practices.

- **Up to €15 million or 3% of the company's total worldwide annual turnover** for breaches of most other substantive obligations under the AI Act.

- Up to €7.5 million or 1% of the company's total worldwide annual turnover for providing incorrect, incomplete, or misleading information to competent authorities.

These penalties underscore the European Union's commitment to ensuring the responsible development, deployment, and use of Artificial Intelligence while promoting effective compliance with the EU AI Act.

Key Takeaways

The European Union is strengthening its digital governance through complementary initiatives.

The EU AI Act

- Establishes the world's first comprehensive legal framework for Artificial Intelligence.
- Promotes safe, transparent, human-centric, and accountable AI.
- Introduces obligations in phases between 2024 and 2028.
- Applies to organizations inside and outside the EU when their AI systems are placed on the EU market or their output is used in the EU.

European Cloud Sovereignty Initiatives

- Encourage greater digital independence and resilience for Europe's cloud infrastructure.

- Help governments and organizations assess cloud providers based on factors such as operational independence, security, governance, and applicable laws.
- Complement existing legislation such as the GDPR, NIS2 Directive, Data Act, Data Governance Act, and the EU Cybersecurity Act.
- Together, these initiatives aim to foster an innovative, secure, and trustworthy digital ecosystem while strengthening Europe's long-term digital resilience and strategic autonomy.

Bhavana Khandelwal

bhavana.khandelwal@valuecent.com

India





Why global businesses should be looking at Israel in 2026

A Strategic Market for Growth, Innovation, and Long-Term Value

When international companies evaluate expansion opportunities, they typically look for three things: market potential, access to talent, and long-term competitive advantage.

Israel offers something slightly different.

Rather than being attractive because of its size, Israel has built a reputation as a country that consistently produces innovation, advanced technologies, entrepreneurial talent, and high-value business opportunities. This combination continues to attract multinational corporations, investors, technology companies, manufacturers, and service providers seeking capabilities that can strengthen their global operations.

More than a Start-Up Nation

Israel is often associated with start-ups and venture capital. While that reputation is well deserved, the opportunity today extends far beyond early-stage technology companies.

Many international businesses enter Israel to establish research and development centers, access highly skilled professionals, form strategic partnerships, acquire innovative companies, or create a long-term operational presence. Global technology leaders continue to invest in Israeli infrastructure and operations, reflecting confidence in the country's innovation ecosystem and business environment.

For decision-makers, Israel is increasingly viewed not merely as a destination for investment but as a source of innovation that can support global growth.

Key sectors driving opportunity

Several sectors continue to stand out for international companies considering Israel.

Artificial Intelligence

As organizations move from AI experimentation to implementation, demand for advanced engineering talent, data infrastructure, automation solutions, and AI-driven products continues to grow. Israeli companies and research teams remain at the forefront of many of these developments, making the country an attractive destination for organizations seeking innovation and technical expertise.

Cybersecurity

Cybersecurity has evolved from a technology issue into a boardroom priority. As businesses face increasing regulatory requirements and cyber threats, Israeli cybersecurity companies continue to attract global attention through acquisitions, partnerships, and strategic investments.

Health-Tech and life sciences

Israel has developed one of the world's most dynamic health-tech ecosystems. Recent industry reports highlighted significant investment activity, continued innovation in digital health, medical devices, and rehabilitation technologies, and growing international interest in the sector.

Climate-Tech and agrotech

As companies worldwide focus on sustainability, water management, food security, and climate resilience, Israel's expertise in these areas continues to create opportunities for strategic partnerships and long-term investment.

Resilience creates opportunity

Every market presents challenges. Israel is no exception.

However, what often surprises foreign executives is the resilience of the Israeli business environment. Even during periods of uncertainty, companies continue to innovate, expand internationally, attract investment, and develop new technologies.

The Bank of Israel's forecasts continue to point toward economic growth, supported by strong technology activity, exports, and ongoing business investment. While geopolitical developments remain a factor that must be considered, the underlying fundamentals of the Israeli innovation economy remain strong.

For many international businesses, this resilience is itself a strategic advantage.

Entering Israel successfully requires planning

The most successful foreign companies are not necessarily those with the largest budgets or the most aggressive growth planning.

They are the ones who prepare properly.

Questions regarding corporate structure, tax planning, regulatory compliance, VAT registration, transfer pricing,

employment arrangements, banking relationships, and cross-border reporting should be addressed early in the process.

Whether a company intends to establish a subsidiary, acquire an Israeli business, form a joint venture, or create a local commercial presence, the right structure can significantly influence both risk and long-term profitability.

Looking beyond the headlines

Business opportunities should be evaluated through a commercial lens, not solely through headlines.

The global companies that continue to expand in Israel do so because they recognize the value of accessing innovation, talent, technology, and entrepreneurial thinking to strengthen their competitive position worldwide.

For organizations seeking new growth opportunities, Israel continues to offer an environment where ambitious companies can innovate, collaborate, and build long-term value.

Ofir Angel
ofir.angel@auren.co.il
Israel



International Tax | Market Entry | M&A | Due Diligence
| Cross-Border Advisory

Auren Israel supports international companies looking to establish, acquire, invest, or expand operations in Israel through integrated tax, accounting, regulatory, and business advisory services.



Sport and EU law: a never-ending story

The CJEU on Italian Sports Justice -16 July 2026-: A Brief Commentary

The Court of Justice of the European Union has delivered a landmark ruling in Joined Cases C-424/24 and C-425/24 (FIGC and CONI), addressing the compatibility of the Italian sports justice system with EU law.

The dispute arose from disciplinary proceedings against senior Juventus executives, who received a twenty-four-month professional ban for false financial and accounting statements, subsequently extended worldwide by FIFA. After exhausting sports justice remedies, the applicants turned to the TAR Lazio — which, under Law No 280 of 2003, can only award damages and cannot annul or suspend sports sanctions. The TAR referred three questions to the Court of Justice .

Three questions, two answers.

On **obstacles to the free movement of workers (art. 45 TFUE) and free provision of services (art. 56 TFUE), the justification based on grounds of general interest, and the proportionality of the sanctions imposed**, the Court confirmed that disciplinary bans imposed by sports associations may restrict freedom of movement but are compatible with EU law where they pursue a legitimate general-interest objective — such as safeguarding the regularity of competition — and are governed by transparent, objective, non-discriminatory criteria subject to effective judicial review.

On **effective judicial protection** (Article 19 TEU and Article 47 of the Charter of Fundamental Rights of the European Union), the Court held that limiting the state court to damages is not per se incompatible with EU law — but only if the final-instance sports body, which has the

authority to overturn the sporting sanction, qualifies as a genuine tribunal under EU law: independent, impartial, established by law, offering adversarial procedural guarantees, and capable of effective judicial review. A mere statutory reference to CONI and federation statutes does not suffice to meet the “established by law” requirement.

On **legality** (Articles 48–49 of the Charter), the Court declared the question inadmissible: the TAR had not explained with sufficient precision the link between the EU provisions invoked and the applicable national rules. The question remains open.

What happens next? The TAR Lazio must now verify whether the penalties imposed safeguard a legitimate public interest and whether they are proportionate and whether the Collegio di Garanzia dello Sport satisfies those cumulative requirements to be regarded as a judge under EU law. If it does not, the limitation of the state court’s powers to damages cannot stand, and full judicial protection — including annulment and interim measures — must be ensured.

The ruling does not dismantle sports justice. It subjects it to a demanding Union standard: autonomy is preserved, but only where it is matched by institutional and procedural guarantees equivalent to those required by the Treaties.

Enzo Cardone
ecardone@gealex.eu
Italy





Global Minimum Tax

The Global Minimum Tax (GMT) is a tax reform aimed at ensuring a minimum level of taxation for large multinational or domestic groups in the jurisdictions where they operate. It was introduced to counter base erosion and the artificial shifting of profits to low-tax jurisdictions.

1. Applicable legislation

The Global Minimum Tax is governed by the OECD rules (Pillar Two) and by EU Directive 2022/2523, implemented in Italy through Legislative Decree No. 209 of 27 December 2023. Subsequent implementing decrees have since defined its operational aspects.

2. Scope of application

Under Article 10, paragraph 1, of Legislative Decree No. 209/2023, the GMT provisions apply to enterprises located in Italy that are part of a multinational or domestic group with annual revenues equal to or exceeding EUR 750 million. This figure must be evidenced by the group's consolidated financial statements and is deemed to be met when the threshold is satisfied in at least two of the four consecutive fiscal years immediately preceding the year in which the Globe rules are applied. The effective tax rate (ETR) must not be lower than 15%, and it is calculated separately for each fiscal year and for each country in which the group's enterprises are located, provided that the country has relevant net income. If the effective tax rate

falls below this threshold, the group is required to pay the difference in the form of a top-up tax. The taxing mechanism operates on three levels, applied in a hierarchical order:

- **Income Inclusion Rule (IIR):** applies to the parent company resident in a country that has adopted the GloBE rules, which must pay the top-up tax due for subsidiaries located in low-tax jurisdictions;
- **Undertaxed Payments Rule (UTPR):** where the parent company instead resides in a country that has not adopted the Globe rules, the tax is due, on a joint basis, from the group's subsidiaries resident in a country that has adopted the Globe rules;
- **Qualified Domestic Minimum Top-up Tax (QDMTT):** many jurisdictions, including Italy, have adopted a system whereby the State in which the enterprise is established retains the revenue from any top-up amount if the ETR is below 15%.

3. Calculation method

To calculate the ETR, the financial statement result of each enterprise must be considered, duly adjusted according to specific criteria set out in the legislation (e.g., dividends or capital gains), in order to determine the income relevant for GMT purposes. The taxes actually paid are then compared against this income to determine the effective rate applicable to each jurisdiction. Tax credits are a particularly significant aspect in this respect.

4. Available simplifications (Safe Harbour)

In order to simplify the burden of this new compliance obligation, the OECD has provided for simplified mechanisms, known as Safe Harbours, which may be transitional or permanent. The transitional Safe Harbours allow groups to rely on data already available in the Country-by-Country Report, for fiscal years ending on or before 30 June 2028, and if the revenues or profits achieved in a given country are modest, or if the simplified effective rate exceeds a given threshold, the group is exempted from the complex calculations and from any payment in that jurisdiction. The permanent Safe Harbours allow for a lasting simplification reserved for countries with a domestic minimum tax that complies with internationally recognised standards, a category that includes Italy.

5. Reporting obligations

The Globe legislation provides for three main compliance obligations:

- **GloBE Information Return (GIR),** containing the information necessary to determine the tax due in each jurisdiction.
- **Notification,** through which the entities in each jurisdiction indicate which group entity is responsible for filing the GIR;

- **GloBE Declaration**, required for the payment of taxes or to indicate any Safe Harbour applied by the group for the individual country. It includes all of the Group's subsidiaries for that country and is filed by one of them, as designated by the Group.

The ordinary deadline for compliance is set at the fifteenth month following the end of the fiscal year (in the first year of application, 18 months, and in any event not before 30/06/2026). Payment is made in two instalments: 90% within the eleventh month from the end of the fiscal year, and the balance within the month following the filing of the declaration. In the event of delays, omissions, or inaccuracies in data reporting, administrative penalties of up to EUR 100,000 apply, with a maximum cap of EUR one million for the entire group.

Manuel Baldazzi and Gianluca Zattera

gzattera@tributarioassociato.it

mbaldazzi@tributarioassociato.it

Italy

STUDIO TRIBUTARIO
BALDAZZI ZATTERA
& ASSOCIATI

Member of





Family Offices in Malta: Building Structures for Multi-Generational Success

For many successful entrepreneurs, building wealth is only the beginning. As businesses grow, investments diversify and family members become involved, attention naturally shifts towards wealth preservation, succession planning and long-term family governance.

This is where a Family Office becomes relevant. Often described as the “head office” of a family’s wealth, a Family Office provides a framework through which businesses, investments, property holdings and other family assets can be organised and managed. Its purpose is not simply to oversee wealth, but to help families preserve, grow and successfully transfer that wealth across generations

As a family’s affairs become more complex, important questions inevitably arise: Who will lead the family business in the future? How should wealth be transferred? How can disputes be avoided? While many assume Family Offices are primarily about tax planning, they are often more focused on governance, succession and ensuring long-term family continuity. Well-structured governance arrangements can be critical in preserving both wealth and family harmony.

Malta is increasingly positioning itself as a jurisdiction capable of supporting Family Office activity. As an EU Member State, Malta offers a stable legal framework, an English-speaking business environment and access to a strong network of professional advisors. The availability of companies, trusts and foundations, together with recent initiatives by the Malta Financial Services Authority aimed at facilitating Single Family Offices, further strengthens

Malta’s appeal for international families seeking a platform for long-term wealth planning.

As wealth becomes increasingly international, the importance of structured planning continues to grow. Family Offices provide families with a practical framework for preserving wealth, preparing future generations and building a lasting legacy.

At CCPS Malta, our dedicated team assists entrepreneurs, family businesses and high-net-worth families with governance and succession planning, corporate administration, accounting and reporting, tax compliance and the coordination of Family Office structures. Working alongside legal advisors, trustees and wealth managers, we help families navigate the transition from wealth creation to multi-generational success.

Luca Mizzi

luca.mizzi@ccpsmalta.com
Malta





International Taxation. Overlooking Multilateral Instrument (MLI)

Many countries have accepted and adopted some of the tax measures suggested by OECD in order to prevent tax erosion in cross-border transactions, thus, the MLI has gained a prominent role in achieving such goal.

As usual, México ratified such document very fast agreeing with many of the new embedded tax regulations. In fact, the MLI in Mexico came into full force in 2024.

We understand that MLI is becoming more relevant every day as more countries are adopting and applying it (107 countries according with OECD web page), while assessing changes that align it with its own tax policy.

Even after more than two years of being signed and in force, in practice, we have found many cases where taxpayers overlooked the applicability of MLI and just take into consideration provisions of the Tax Treaty. In some cases, failure in reviewing the possible application of the MLI has led to a surge of tax liabilities for Mexican taxpayers.

For instance, in a common scenario, Mexican entities paying dividends to Dutch companies and withholding 5% of the gross dividend as an income tax according to terms of Article 10th of the Tax Treaty. However, since right now, in both countries MLI is in full force, we must take a look at any other regulation included in the negotiation between Mexico and Netherlands that may affect such payment.

In this sense, under the scope of the new article 10th of the Tax Treaty the 5% withholding tax applies but only when the beneficial owner or the recipient is a company which is a resident of the other contracting jurisdiction and which owns certain amount of the capital or shares (10%) throughout a 365-day period that includes the day of the payment of the dividends.

In other words, now we need to satisfy the additional requirement of the 365-day period set up in the MLI if we want to apply the 5% withholding rate simply because both countries decided that such specific rule shall be accepted. If such new requirement is not met the withholding tax rate will be bigger than 5%.

The above mentioned does not affect the applicability of some other “new” rules that were included on the MLI and that modify or complement the original wording on the Treaty such as limitation on benefits (LOB) or Anti-abuse rules.

As of the beginning of 2026, Mexico has 61 tax treaties in force that, in a different degree, have been modified after the signature of the MLI more than two years ago. Nevertheless, it seems that many taxpayers have ignored it and are still considering only tax provisions according to the original text of such Treaties.

We know that the main goal of the MLI is not to directly affect tax rates but to act as counteract treaty abuse and solve tax disputes, however, from a tax perspective, the right analysis of each cross-border transaction must be carried out keeping in mind that many countries have signed it.

OECD database is a helpful tool to know exactly the level of commitment each country has regarding the changes to specific tax treaty provisions and the tax position of the other jurisdiction about those changes.

Miguel Rodriguez

miguel.rodriguez@auren.mx

Mexico





The Auditor and AI

Redefining professional judgement in the age of intelligent machines

For most of its history, audit has relied on sampling, a professional examining a slice of a population and forming a reasoned opinion on the whole. Artificial intelligence is changing that arithmetic: models can now read entire ledgers rather than samples, flag the unusual rather than the merely unfamiliar, and compress weeks of testing into hours. The question is no longer whether AI belongs in the audit file, but how judgement, scepticism and accountability travel alongside it.



Where AI Is Already at Work

- **Full-population testing.** AI-enabled analytics reconcile entire ledgers against invoices, purchase orders and bank statements, surfacing exceptions for review instead of relying on a sample.
- **Anomaly and fraud detection.** Unsupervised models flag journal entries, round-number postings or related-party movements a manual sample would likely never encounter.
- **Document intelligence.** OCR and NLP extract key terms from contracts and leases, automating tasks such as covenant-compliance checks that once consumed significant staff hours.

- **Risk-based planning.** Predictive models draw on prior-year findings and client data to help teams direct effort toward accounts most likely to contain material misstatement.

The Risks That Come With It

- **The black-box problem.** Many models cannot fully explain why a transaction was flagged. An auditor who cannot articulate the basis for reliance has not satisfied documentation requirements, however accurate the tool.
- **Automation bias.** Teams under time pressure can drift toward accepting an algorithm's output without the scepticism they would apply to a colleague's working paper.

Data quality. An AI tool is only as reliable as the data fed into it, incomplete extracts or unrecorded off-system transactions can produce a false sense of full-population coverage.

Confidentiality. Client data processed through third-party AI platforms raises questions of data residency and professional confidentiality that firms must address before adoption.

Standards and the Auditor's Evolving Role

Neither the IAASB nor ICAP has yet issued AI-specific auditing standards, but existing requirements already apply. ISA 500 requires evaluating the reliability of evidence regardless of whether it was produced by a person or a model; ISA 315's emphasis on

understanding the entity's IT environment now extends to the design and limitations of any AI tool used. Firms are increasingly expected to document their basis for relying on AI-assisted procedures with the same rigour applied to any other audit evidence.

Technical knowledge remains essential, but it is now paired with data literacy, the ability to interrogate a model's output and recognise where it is likely to be wrong. AI is not replacing the auditor; it is changing what the auditor spends time doing.

Key Takeaways

- **Scope, don't skip, testing.** Full-population analytics replace sampling, not the auditor's judgement on what the exceptions mean.
- **Document the basis for reliance.** ISA 500 and ISA 315 apply to AI-assisted evidence exactly as they do to any other source.
- **Guard against automation bias.** An algorithm's output still needs the scepticism a colleague's working paper would receive.
- **Invest in data literacy.** The auditor's edge shifts from mechanical reconciliation to interrogating what a model produced.

Those who benefit most will treat these tools as an extension of audit evidence, subject to the same scepticism and ethical scrutiny as any other source, and use the time freed up to do what a machine still cannot: exercise judgement and stand behind an opinion.



M. Sohail
msohail@adaco.com.pk
Pakistan





Income tax report – a new reporting obligation for the largest groups of companies in Poland

31 December 2026 is the deadline for publishing and making publicly available the first income tax report.

What is the purpose of the income tax report?

The requirement to publish and disclose an income tax report stems from the implementation of an EU directive and is intended to enhance the tax transparency of the largest multinational enterprises.

Who is subject to the obligation, when does it apply, and what does it entail?

As a general rule, the obligation to prepare, publish, and make available an income tax report applies to ultimate parent entities and standalone entities whose revenue, as reported in their consolidated financial statements or annual financial statements, respectively, exceeded PLN 3.5 billion in each of the last two financial years.

It is important to note that there are exemptions from this requirement, including, among others, groups of companies that do not have foreign subsidiaries.

However, the obligation to publish and disclose an income tax report may also apply to Polish subsidiaries and Polish branches of foreign enterprises under the following circumstances:

Entity	Key conditions
Subsidiary	• The ultimate parent entity has its registered office/place of management outside the European Economic Area (EEA); • In the last two financial years, the subsidiary exceeded the thresholds for small entities set out in the Polish Accounting Act.
Branch of a foreign enterprise	• The branch was established by either a standalone entity having its registered office/place of management outside the EEA, or a group entity having its registered office/place of management outside the EEA; • The branch generated revenue exceeding PLN 66 million in each of the last two financial years.

What information will be made public?

The income tax report must include a range of information relating to the activities of the ultimate parent entity and its subsidiaries, including, among others:

- a description of the nature of the business activities;
- revenue data, including revenue from transactions with related parties;
- profit or loss before tax; and
- the amount of income tax paid during the relevant financial year by entities and branches in a given tax jurisdiction.

Publication and disclosure of the report – what does this involve?

The income tax report must be filed with the National Court Register (KRS) and published on the website of the relevant subsidiary or branch, as applicable. In addition, the report must remain publicly accessible on the website for a minimum period of five years.

TIAS Tax Department
office@tias.pl
Poland

tias
there is always a solution

Member of
Antea
Alliance of
independent firms



ETDA: Proposed Overhaul of Thailand's Electronic Transactions Act – Modernizing for the Digital Economy

Thailand's existing Electronic Transactions Act B.E. 2544 (2001, as amended) has served as the foundational legal framework for electronic transactions for over two decades. Enacted in an earlier era of digital adoption, it primarily addressed basic electronic signatures, data messages, and recognition of electronic records. However, it increasingly struggles to accommodate rapid technological advancements, including automated contracting systems, electronic transferable instruments (such as e-bills of lading), cloud-based data storage, digital identity solutions, and complex cross-border digital platforms.

Limitations in the current law—such as uncertainty around the reliability and evidentiary weight of electronic data, rigid requirements that do not flexibly support emerging technologies without additional regulations, and enforcement gaps—hinder full digital transformation. This creates friction for businesses adopting paperless processes, e-commerce, fintech, logistics, and other innovative models central to Thailand 4.0 and the broader digital economy.

Many jurisdictions have proactively updated their frameworks to address these challenges. The United Nations Commission on International Trade Law (UNCITRAL) Model Laws on Electronic Commerce, Electronic Signatures, and Electronic Transferable Records have influenced reforms worldwide. Countries like Singapore, the EU (with eIDAS and related directives), and others have introduced technology-neutral

rules, enhanced trust services, liability frameworks for service providers, and specific provisions for electronic equivalents of negotiable instruments. These updates boost legal certainty, reduce compliance burdens, facilitate international trade, and stimulate innovation while maintaining consumer and business protections.

Key Changes in the Draft Act and UNCITRAL Alignment:

The Electronic Transactions Development Agency (ETDA) has proposed a comprehensive Draft Electronic Transactions Act for public hearing (comments due by June 15, 2026). The draft represents a substantial rewrite rather than a simple amendment. It shifts Thailand toward a more technology-neutral, principles-based, and trust-oriented framework, building on the original law's foundations while incorporating newer UNCITRAL instruments.

Major Changes from the Current Law:

Broader Legal Recognition of Electronic Data and Transactions: Electronic records that are accessible, reusable, and retain integrity will satisfy requirements for "writing," originals, retention, and evidence across civil, criminal, and procedural contexts. Electronic transactions become the default/preferred mode. This significantly expands functional equivalence beyond the 2001 Act's more limited scope.

Electronic Signatures, Seals, Timestamps, and Notices: Reliable electronic methods (or ETDA-prescribed

ones) fulfill signature, seal, timestamp, and registered mail requirements. Public announcements can shift to verified online platforms. New emphasis on electronic seals and reliable timestamps strengthens evidentiary value.

Reliable Methods, Certification, and Burden of Proof: Introduction of "reliable electronic methods" with ETDA recognition/certification. When approved systems are used, the burden and cost of disproving reliability shift to the challenger. This provides stronger legal certainty and incentivizes certified solutions.

Automated and Electronic Contracting: Explicit validation of contracts formed by automated systems (with or without human intervention), plus detailed rules on attribution, receipt acknowledgment, timing/place of dispatch, input error correction, and verification methods.

New Regime for Electronic Transferable Instruments: A dedicated framework for e-bills of lading, warehouse receipts, promissory notes, etc., including exclusive control (equivalent to possession), transfer, endorsement, amendment, integrity, and paper-electronic conversion. This is a major addition.

Regulation of Service Providers: Broader coverage of identity proofing, e-signatures, timestamping, data storage, and related services. Replaces rigid licensing with a voluntary certification ("trust mark") scheme, risk management, cybersecurity, and complaint-handling

obligations. Liability protections for compliant providers, with transitional recognition for existing licensees.

Strong UNCITRAL Alignment:

Builds on the original Act's foundation in the Model Law on Electronic Commerce (1996) and Electronic Signatures (2001).

Incorporates the Electronic Communications Convention (ECC, 2005) — Thailand acceded in 2025 — for automated contracting and international rules.

Adopts principles from the Model Law on Electronic Transferable Records (MLETR, 2017) for e-transferable instruments.

Aligns with the Model Law on Electronic Identity and Trust Services (MLIT, 2022) through trust services, certification, and technology-neutral identity frameworks.

Supports overall technology neutrality and functional equivalence, enhancing interoperability under initiatives like the Framework Agreement on Cross-border Paperless Trade (CPTA).

Business Impacts and Preparation Steps:

The Draft Act would lower barriers to digital operations, reduce paper dependency, streamline contracting and record-keeping, and improve cross-border compatibility. Sectors like trade finance, logistics, e-commerce, fintech, cloud services, and digital identity providers stand to benefit significantly.

New compliance expectations include system reliability, risk management, cybersecurity, audits, and vendor due diligence. Businesses may need to update processes, contracts, policies, and user interfaces.

Businesses should prepare by:

Reviewing current electronic systems against emerging “reliable method” standards.

Assessing exposure as service providers or users.

Monitoring ETDA subordinate regulations, certifications, and guidance.

Updating contracts, terms, privacy notices, and record-retention policies.

Enhancing cyber security and complaint-handling mechanisms.

Current Status and Next Steps:

The Draft Act is currently in the public hearing phase (comments due by June 15, 2026). Following consultation, it will undergo refinement, Cabinet approval, parliamentary review, and publication in the Government Gazette.

Implementation is not immediate: The law would generally take effect 180 days after Gazette publication, with ETDA issuing subordinate rules, standards, and certification procedures (targeted within 180 days post-publication, though effective timelines may extend). Full industry adaptation and technical rollout could span months to years. Existing providers receive transitional support.

Key Takeaways:

The Draft Act modernizes Thailand's electronic transactions framework through broader recognition, new instruments for digital trade, and a flexible certification model — strongly aligned with evolving UNCITRAL standards.

It addresses longstanding limitations while promoting trust, innovation, and paperless processes across private and public sectors.

Businesses should proactively assess impacts, strengthen systems, and participate in the ongoing public consultation.

Successful implementation will enhance Thailand's digital economy competitiveness, though it requires coordinated regulatory and industry efforts over the coming years.

Panisa Suwanmatajarn

Panisa.S@thelegal.co.th

Thailand





The Dutch Cybersecurity Act: Five Questions Every Board Should Ask

Effective from 15 August 2026, the Dutch Cybersecurity Act (*Cyberbeveiligingswet*) will enter into force, implementing the European NIS2 Directive. The legislation introduces new cybersecurity obligations for thousands of organizations operating in the Netherlands, including Dutch subsidiaries of international groups.

While the Act contains technical and regulatory requirements, its most significant impact is on governance. Cybersecurity is no longer viewed solely as an IT responsibility; it is becoming an explicit boardroom responsibility. For international businesses active in the Netherlands, understanding these new expectations is essential.

Cyber incidents can directly affect business continuity, financial performance, reputation and stakeholder trust. As a result, cybersecurity has evolved from a technical concern into a strategic business risk that requires active oversight from boards and senior management.

To assess whether an organization is adequately prepared, boards should consider the following five questions.

1. Does the Dutch Cybersecurity Act apply to our organization?

Many international companies may not realize that the legislation could apply to their Dutch operations. Whether an organization falls within scope depends on factors such as its sector, size and the nature of its activities.

A formal assessment can help determine whether the organization qualifies as an essential or important entity under the Act and identify the obligations that may follow.

2. Do we have a clear understanding of our cyber risks?

Cyber risks should be assessed in relation to critical business processes, essential services and operational continuity. Organizations need a clear view of the threats they face, the potential impact of disruptions and the measures required to mitigate those risks.

Without a structured risk assessment, it becomes difficult for management and the board to make informed decisions and establish an appropriate level of risk oversight.

3. Can we demonstrate that our controls are effective?

The Act places significant emphasis on accountability. Having policies and procedures in place is no longer sufficient. Organizations must be able to demonstrate how risks are identified, assessed and managed in practice.

Boards should seek assurance that controls are not only designed appropriately but are also implemented, monitored and periodically tested. Increasingly, regulators and stakeholders will expect evidence that cybersecurity measures actually work.

4. Are we prepared to respond and report within required timeframes?

Under the Dutch Cybersecurity Act, significant cyber incidents must be reported within strict timelines. In some cases, an initial notification may be required within 24 hours after detection of an incident.

During the early stages of a cyber incident, organizations are often dealing with uncertainty while simultaneously trying to restore operations. Clear escalation procedures, defined responsibilities and tested incident-response plans are therefore essential. Preparation before an incident occurs can make the difference between a controlled response and a chaotic one.

5. Do we adequately oversee critical suppliers and third parties?

Most organizations rely heavily on cloud providers, software vendors and other external technology partners. Recognizing these dependencies, the Act places explicit focus on supply chain security.

Boards should understand which suppliers support critical operations, what risks these relationships create and how supplier performance and security measures are monitored. Obtaining assurance reports or certifications can be valuable, but organizations remain responsible for determining whether supplier controls adequately address their own risk exposure.

Cybersecurity as a Governance Issue

The purpose of the Dutch Cybersecurity Act is not to achieve absolute security. No organization can eliminate every cyber risk. Instead, the objective is to ensure that risks are identified, assessed and managed in a conscious, proportionate and demonstrable manner.

For boards and executives, the key question is no longer whether cybersecurity belongs on the agenda. The real question is whether the organization can clearly demonstrate how cyber risks are governed, monitored and controlled.

As the Netherlands implements the European NIS2 framework, organizations that treat cybersecurity as a governance priority will be better positioned to strengthen resilience, maintain stakeholder confidence and respond effectively when incidents occur.

Ultimately, cybersecurity is no longer just an IT-issue. It is a business continuity, governance and leadership issue and one that deserves a permanent place in every boardroom agenda.

Auren The Netherlands





Turkey Opens a New Window for Inbound Investment in Digital Sectors

On 24 April 2026, the President unveiled the Strong Hub for Investment programme -the most comprehensive policy framework in years for the country's startup, fintech and technology export ecosystem. Secondary legislation has not yet been published, but the headlines already reshape how international groups should structure inbound investment, regional management hubs and tech operations in Turkey.

oftware, engineering and architecture exports: the deduction under Corporate Tax Law Art. 10/1-(ğ) raised from 80% to 100% - full effective exemption of qualifying export earnings.

- **Istanbul Financial Center (IFC):** for 20 years, 100% deduction inside the IFC and 95%outside on financial services export earnings; payroll exemption for qualified employees.
- **Transit trade and intermediation income:** from 50% to 100% inside the IFC; 95%outside.
- **"Digital Company" regime:** fast electronic incorporation with flexible governance.
- **ESOP reform:** a more attractive structure for employee stock options, with signals toward a "qualified" regime.
- **Convertibles/SAFEs:** clear legal basis for share-convertible debt instruments.
- **One-Stop Office:** a single hub consolidating permits, tax and work-permit processes for foreign investment.

- **Terminal İstanbul:** a 138,600 m² technopark at the former Atatürk Airport, with capacity for approximately 2,000 startups.

Additional incentives -including the corporate tax rate cut for exporters, an asset repatriation regime and stabilisation guarantees for strategic investments- are expected to follow. The window is meaningful and widening.

Gökçe Attorneys
info@gokce.av.tr
Turkey

Gökçe

Member of
**Antea**
Alliance of
independent firms





IFRS 18: the most significant change in financial statement presentation in two decades

In April 2024, the International Accounting Standards Board (IASB) issued IFRS 18 – Presentation and Disclosure in Financial Statements, which will replace IAS 1, in force since 2001. The standard becomes effective for annual reporting periods beginning on or after 1 January 2027, with mandatory retrospective application, which means restating the 2026 comparative period. Early adoption is permitted.

The impact extends to every entity preparing financial statements under full IFRS, regardless of sector or size: companies applying full IFRS by their own choice, entities regulated by the Central Bank of Uruguay, and companies belonging to international groups that consolidate under IFRS. The standard does not change the recognition and measurement criteria for assets, liabilities, income or expenses, but it substantially transforms how financial performance is communicated.

There are three key changes:

- A mandatory structure is established for the statement of profit or loss, with five categories — operating, investing, financing, income taxes and discontinued operations— and two new subtotals that do not currently exist in standardized form: operating profit and profit before financing and income taxes.
- The analysis of operating expenses must be presented in the primary statement of profit or loss —by nature, by function or on a combined basis— and disclosing it solely in the notes will no longer be acceptable.

- Performance measures not defined by IFRS but used by management in its public communications (adjusted EBITDA and similar metrics) will now be designated Management-defined Performance Measures (MPMs). They must be disclosed in a single note, reconciled to IFRS subtotals, and will be subject to audit. This may well be the most sensitive change for internal management. Companies that currently communicate management indicators without such support will need to review their origin and consistency.

From the auditor's perspective, this change is also significant. Many measures will cease to be purely management indicators and will become information that must have traceability and consistency equivalent to those of the other figures presented in the financial statements.

In Uruguay, although the local adoption process is still under way, the international effective date (2027) and the requirement to restate comparative figures mean that the actual preparation window is much tighter than it appears: accounting systems, management reporting, financial covenants tied to EBITDA, and closing processes should be assessed now.

We recommend that companies begin an impact assessment: identifying which line items will migrate between categories, which management KPIs will require formal reconciliation, and which system adjustments will be needed to support the new structure of the statement of profit or loss without overburdening the accounting close.

The implementation of IFRS 18 should not be approached merely as a change in the way financial statements are presented. It also represents an opportunity to review processes, strengthen the quality of financial information, and align external reporting with internal management.

At Auren Uruguay, we support organizations throughout this process, from the initial impact assessment to full implementation.

Andrea Beltrán

beltran.andrea@auren.uy

Uruguay



EUROPE

Andorra
Austria
Belgium
Bulgaria
Croatia
Cyprus
Czech Republic
Denmark
Finland
France
Germany
Greece
Hungary
Ireland
Italy
Luxembourg
Malta
Montenegro
Norway
Poland
Portugal
Romania
Spain
Sweden
Switzerland
The Netherlands
United Kingdom

AMERICA

Argentina
Bolivia
Brazil
Canada
Chile
Colombia
Costa Rica
Dominican Republic
Ecuador
El Salvador
Guatemala
Honduras
Mexico
Panama
Paraguay
Peru
Uruguay
USA
Venezuela

MIDDLE EAST AND AFRICA

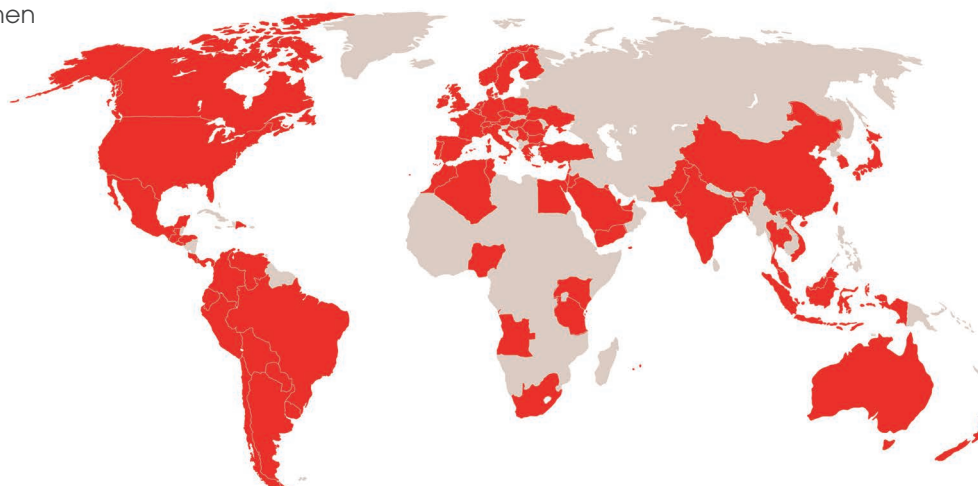
Algeria
Angola
Egypt
Israel
Jordan
Kenya
Lebanon
Mauritius
Morocco
Nigeria
Saudi Arabia
South Africa
Tunisia
Turkey
UAE
Uganda
Yemen

ASIA-PACIFIC

Australia
Bangladesh
China
India
Indonesia
Japan
Malaysia
New Zealand
Pakistan
Qatar
Singapore
South Korea
Thailand
Vietnam



ASSOCIATES



August
2026

auren.com

The content of this newsletter has been written or gathered by Auren and its representatives, for informational purposes only. It is not intended to be and is not considered to be legal advice, or as a proposal for any type of legal transaction. Legal advice of any nature should be sought from legal counsel. For further advice please contact local office.