

International newsletter

Mercer's Global Mobility (GM) team offers integrated solutions to address the legal aspects of international mobility.



Contents

01	Immigration
02	Labour
03	Social Security
04	Tax
05	Social security and double taxation



Immigration

01

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America

USA

Federal Court Invalidates \$100K H-1B Fee

On June 8, 2026, a federal judge in Massachusetts struck down the \$100,000 fee imposed on new H-1B visas, ruling that President Trump lacked the authority to create such a charge. The fee had been introduced through a White House proclamation issued on September 19, 2025, and applied to H-1B petitions for highly skilled foreign workers seeking entry into the United States.

The lawsuit was brought by a coalition of 20 states that challenged the legality of the measure. The court sided with the plaintiffs and found that the fee operated in practice as a tax. According to the ruling, the Constitution gives Congress the exclusive power to impose taxes, meaning the executive branch overstepped its authority by creating the fee unilaterally.

The judge also held that the administration violated the Administrative Procedure Act by failing to follow the required notice-and-comment process before implementing the policy. In addition, the court described the action as arbitrary and capricious because it lacked proper justification and was adopted without public input.

Despite the ruling, the administration has already announced that it plans to appeal and seek a stay of the decision. If a stay is granted, the fee could be reinstated while litigation continues, prolonging uncertainty for U.S. employers. Important questions remain, including whether companies that already paid the fee will be able to obtain reimbursement and whether new H-1B applications may be filed without paying the charge upfront. Given the fluid immigration policy environment, employers are being urged to act cautiously while awaiting further legal developments.

CANADA

C10 Significant Benefit Work Permit: A Strategic Tool for Employers to Attract Exceptional Foreign Talent

The C10 Significant Benefit Work Permit allows Canadian employers to hire uniquely skilled foreign nationals without needing a Labour Market Impact Assessment (LMIA). Unlike other LMIA-exempt categories tied to free trade agreements or strict eligibility criteria, C10 offers flexibility by requiring employers to demonstrate that the foreign worker will provide clear economic, social, or cultural benefits to Canada. This discretionary category demands strong, well-documented evidence showing the worker's significant positive impact on Canada's labor market and broader goals.

C10 is especially valuable for employers in specialized sectors facing global competition for talent, such as defence technology, advanced research, and critical infrastructure. It helps reduce delays associated with LMIA processing, enabling faster onboarding of key personnel. For example, Canadian defence firms can use C10 to bring in experts who accelerate innovation, create skilled jobs, and support national security priorities, aligning with Canada's Defence Industrial Strategy and its ambitious job growth and investment plans.

Employers leveraging C10 must provide detailed justification letters, objective evidence of expertise, and measurable impact projections. When properly supported, the C10 work permit is a powerful tool to secure world-class talent critical to Canada's competitiveness and innovation, particularly in high-impact industries requiring rapid deployment of specialized skills.

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Coordination of home-
host taxation and
legal aspects across
five continents



Asia – Oceanía – Africa

VIETNAM

Vietnam’s Decree 219 Updates Work Permit Procedures and Expands Flexibility for Foreign Worker

Vietnam’s Decree 219, effective August 7, 2025, introduced key changes to the legal framework governing foreign workers. To work legally, foreign nationals must obtain three permits: a Work Permit (WP), a visa, and a Temporary Residence Card (TRC). Employers must first publicly post vacancies for Vietnamese workers before hiring foreigners. The general process involves securing the WP, then the visa, and finally the TRC, typically taking 2 to 3 months.

Decree 219 revised WP categories—Manager, Executive, Expert, and Technical Worker—with notable relaxations in experience requirements, especially for experts in priority sectors like finance and technology. A new category allows foreign enterprises to assign personnel to Vietnam without the previous 12-month employment prerequisite, benefiting mid-career hires. Short-term work exemptions were expanded, permitting work up to 90 days per year without a WP, enhancing flexibility for business travelers. Additional practical updates include fully online WP applications requiring digital or notarized electronic signatures, and mandatory medical examinations in Vietnam. Strict penalties apply for illegal employment, with fines up to VND 75 million and increased on-site inspections. Employers must ensure all foreign workers hold valid permits aligned with their actual work to avoid legal consequences.

UAE

Navigating Travel Restrictions and Immigration Implications of Criminal Cases in the UAE

In the UAE, the ability to travel with a pending criminal case depends on the case’s nature, stage, and whether a travel ban or legal restriction has been issued. Immigration authorities, in coordination with police, Public Prosecution, and courts, may impose travel bans to ensure the accused remains available for investigation, hearings, or enforcement of judgments. These restrictions impact immigration status and the ability to exit the country.

The Public Prosecution oversees criminal investigations and decides if cases proceed to court, including imposing or lifting travel restrictions. Attempting to leave the UAE with an active travel ban can result in detention, questioning, or further legal consequences. Travel bans may be lifted if cases are settled, dismissed, or the accused acquitted. Temporary travel permits may be granted for urgent reasons, but require approval and consideration of risks, affecting immigration records and future visa applications.

Settlements may resolve some private complaints but do not always end criminal liability, especially for offenses involving public interest, which can affect immigration status. It is essential to confirm that any travel ban is officially lifted before attempting to travel. Legal advice is crucial to understand the immigration consequences of criminal cases, verify travel restrictions, and navigate the process of lifting bans or obtaining temporary travel permissions. Prompt response to legal notices helps avoid stricter immigration enforcement and potential visa complications.

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AUSTRALIA

Australia’s 2026-27 Immigration Budget Focuses on Compliance and Worker Protections

The 2026-27 immigration budget for Australia highlights a stronger focus on compliance within employer-sponsored work visa programs. Increased funding is allocated to enforcement activities, onshore compliance, and detention, alongside additional resources for federal courts to expedite case reviews. New initiatives also aim to support migrant workers in understanding their workplace rights and accessing remedies without risking their visa status, reinforcing protections for vulnerable visa holders.

Employers should expect heightened scrutiny, including more frequent audits, site visits, and detailed examination of sponsorship and nomination processes. The government is intensifying efforts to combat foreign worker exploitation, with greater expectations for workplace compliance, reporting, and remediation. Employers may face stricter documentation requirements, potential delays in visa processing for higher-risk groups, and increased exposure to regulatory reviews.

Employer-sponsored and skilled migration programs remain central to Australia’s immigration policy, addressing labor market needs and supporting economic growth. The budget underscores the importance of robust governance, accurate record-keeping, and risk management by employers. Regular verification of work rights, compliance with visa conditions, and proactive management of exploitation risks are essential to maintaining access to key migration pathways and ensuring regulatory compliance.

Europe

SWITZERLAND

Swiss Voters Reject Proposal to Limit Population Growth

On June 14, 2026, Swiss voters decisively rejected a proposal to cap the country’s population at 10 million by 2050. Preliminary results showed around 55% voted against the measure, marking a clear defeat for the initiative backed by the Swiss People’s Party. The proposal aimed to restrict immigration-driven population growth and terminate international agreements if the cap was exceeded.

The referendum results from 25 of 26 cantons indicate the proposal failed to secure a majority in most regions, with Zurich—the last canton to report—expected to strongly oppose the measure. The government had warned that the proposal risked damaging Switzerland’s economy and its relations with the European Union, particularly affecting free movement and trade agreements.

With the proposal’s rejection, Switzerland will continue its current immigration policies and maintain its close ties with the EU. The vote reflects ongoing national debates about immigration, economic stability, and international cooperation.

FRANCE

France Approves Immigration Quota and Updates Talent Residence Permit Rules for 2026-2028

On June 13, 2025, France published Decree No. 2025-539, updating rules for ‘talent’ residence permits. Key changes include raising the salary threshold for the “Talent – Qualified Employee” status to at least the average annual gross reference salary (EUR 35,891), down from twice the minimum wage. The “Talent in the Medical and Pharmacy Profession” status now requires a minimum salary of EUR 41,386.48. The decree also speeds up processing for EU Blue Card holders applying for residence permits in France, reducing decision time from 90 to 30 days.

Coordination of home-host taxation and legal aspects across five continents



Coordination of home- host taxation and legal aspects across five continents



On June 30, 2025, the government approved a three-year immigration quota decree allowing 497,550 non-EU nationals to enter France for work between 2026 and 2028. This quota increases from the previous 452,000 for 2023-2025 and is split between 230,550 for non-seasonal and self-employment and 267,000 for seasonal agricultural and tourism work. For 2026, 164,850 entries are permitted for non-EU workers.

The Ministry of Labour and Social Policies announced that pre-filling of online applications for seasonal tourism jobs under the 2025 quota will run from July 1 to 31, 2025. Employers can submit applications daily via the ALI Services Portal, with final submissions starting October 1, 2025. The final quota decree is expected later in the year.

UK

After Dublin: What the EU's new asylum pact means for Britain?

The EU's new Pact on Migration and Asylum, which entered into force on 12 June 2026, replaces key elements of the Dublin system, although it keeps the basic rule that the first country of entry is generally responsible for examining an asylum claim. At the same time, it introduces a mandatory solidarity mechanism among Member States, faster border procedures, broader detention powers, and a major expansion of Eurodac, the EU's biometric database.

Its implications for the United Kingdom are especially significant after Brexit. Since leaving the EU, the UK has no longer participated in the Dublin system and has lost access to Eurodac. As a result, British authorities can no longer check as easily whether an asylum seeker in the UK has already applied for protection in another European country or entered the EU irregularly. The UK also can no longer rely on the former framework to transfer certain asylum seekers back to the European country responsible for handling their case. This may have increased the UK's appeal for some migrants attempting to cross the Channel in small boats.

For the Home Office, regaining access to Eurodac would be highly valuable. In 2020, the last year in which the UK had access to the database, around half of the 8,466 people who arrived in small boats had already been flagged in Eurodac for irregular entry into the EU. Access to that data would strengthen case management and could reduce the incentive for some onward journeys to Britain.

Even so, the new EU pact is unlikely on its own to significantly reduce migration pressure on the UK. Faster rejections in Europe could encourage some rejected applicants to continue onward to the north, while tougher registration and border controls could reduce some movements. The overall effect remains uncertain and will likely vary depending on wider political and migration factors.

Cooperation between the UK and France remains an important part of the response. The 2025 "one in, one out" pilot allows some small-boat arrivals to be returned to France in exchange for the UK accepting a similar number of pre-approved individuals through legal routes. By February 2026, 305 people had been returned to France and 367 had arrived in the UK under the scheme. A newer agreement also strengthens patrols, intelligence sharing, and operational resources aimed at preventing crossings. However, these arrangements remain limited in scale when compared with the total number of irregular arrivals.

Overall, the new EU pact is unlikely by itself to transform the UK situation. More effective management of irregular migration would require closer cooperation with the EU, renewed access to systems such as Eurodac, safe and legal routes, and stronger action against smuggling networks, while still respecting international obligations.

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Labour

02



America

USA

Employer Costs for Employee Compensation for the Regions

The latest figures published on June 12, 2026 provide a detailed snapshot of how much employers in different parts of the United States spent on worker compensation in March 2026. The data measures average hourly employer costs in the private sector and separates them into two main components: wages and salaries, and benefits. This helps show how labor costs vary across regions and offers a useful benchmark for businesses, analysts, and policymakers.

The results reveal clear regional differences. The Northeast had the highest total employer compensation cost at \$54.61 per hour worked, making it the most expensive region for employers. It was followed by the West at \$51.16 per hour. Considerably lower were the Midwest at \$43.82 and the South at \$41.59, the lowest level among the four major regions. These figures highlight that labor costs are far from uniform across the country and reflect broader economic and structural differences between regions.

In every region, direct pay made up the largest share of employer spending. In the Northeast, employers paid an average of \$37.43 per hour in wages and \$17.19 in benefits, with benefits accounting for 31.5% of total compensation. In the West, wages stood at \$35.62 and benefits at \$15.55, equal to 30.4% of the total. In the Midwest, wages reached \$30.34 and benefits \$13.48, while in the South employers paid \$29.77 in wages and \$11.82 in benefits, where the share of benefits was also lower than in the other regions.

Benefits were further divided into categories such as insurance, paid leave, and legally required benefits, offering a more complete view of labor costs beyond base pay. Overall, the data shows that regional compensation gaps remain significant and continue to shape hiring costs, competitiveness, and working conditions across the U.S. economy.

CANADA

Think You Own Everything Your Employees Create? The Ontario Court of Appeal Says Otherwise

A recent decision by the Ontario Court of Appeal clarifies that employers do not automatically own everything their employees create. The ruling underscores important limits on employer ownership of intellectual property and highlights the need for clear contractual arrangements.

Under Canadian copyright law, employers may own works created by employees only when those works are produced “in the course of employment.” The court emphasized that this assessment depends on the specific facts, including the employee’s role, duties, and whether the creation was closely connected to their employment responsibilities. Simply being employed by a company, or using workplace knowledge or skills, is not enough to transfer ownership to the employer.

The decision serves as a warning to organizations that assume broad ownership over employee-created content, particularly where creations fall outside normal job duties or are developed independently. To avoid disputes, employers are encouraged to clearly define intellectual property ownership in employment agreements and policies, especially for roles involving creative, technical, or innovative work.

Overall, the case reinforces that intellectual property rights are not presumed in favor of employers and that careful legal structuring is essential to protect business interests while respecting employees’ rights.

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Europe

UK

Key Employment Law Changes from January 2027

From 1 January 2027, major employment law reforms will come into force in the United Kingdom, strengthening protection for employees and workers while increasing both legal and financial risk for businesses. The changes mainly affect dismissals, compensation, and certain forms of flexible working.

One of the most significant reforms is the reduction in the qualifying period for ordinary unfair dismissal claims, which will fall from two years to just six months. This will greatly expand the number of individuals protected, especially those with between six and twenty-three months of service. As a result, businesses will need to apply stronger and better-documented dismissal processes much earlier in the employment relationship, particularly in cases where performance or conduct concerns already exist.

Another major change is the removal of the compensation cap for unfair dismissal claims. This will significantly increase employers' financial exposure, especially in cases involving higher earners or substantial losses. It is also likely to affect settlement discussions, raising expectations around compensation and making early dispute resolution more important, for example through conciliation.

A further key reform is the near-total prohibition of "fire and rehire" practices, meaning dismissing employees and rehiring them on less favourable terms, except in very limited and clearly defined circumstances. This will restrict employers' ability to use dismissal and re-engagement as a way to impose contractual changes or carry out workforce restructuring.

Finally, protections will be strengthened for zero-hours workers and agency workers. These workers are expected to gain the right to request, or in some cases be offered, guaranteed hours where they have established regular working patterns over time. Overall, the reforms will require businesses to improve internal processes, manager training, and documentation in order to adapt safely and effectively to the new employment law framework.

ITALY

Key measures introduced by the new Italian Labour Decree

Italy has enacted Law Decree No. 62/2026, introducing a set of labor reforms aimed at promoting stable employment, strengthening wage protection, and addressing labor exploitation in the digital economy. The decree places particular emphasis on supporting women, young workers, and employment in Southern Italy through targeted incentives.

Employers hiring long-term unemployed women or workers under 35 on permanent contracts in 2026 may benefit from social security contribution relief for up to 24 months. Similar incentives apply to companies converting certain fixed-term contracts into permanent roles and to small employers hiring in Southern Italy. Instead of introducing a statutory minimum wage, the decree reinforces the concept of a "fair salary," defined by national collective bargaining agreements signed by the most representative social partners.

The decree also introduces significant measures to regulate digital labor platforms. Employment relationships will be assessed based on how work is actually performed, with a presumption of subordination where control exists, even through algorithms. Platforms must provide greater transparency on automated decision-making, ensure human review, and adopt secure identification systems to prevent account renting. Overall, the reforms combine traditional labor protections with modern safeguards addressing algorithmic management and platform-based work.

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Social Security

03



America

ARGENTINA

Social Security Administration Updates Salary Limits for Employees' Social Security Contributions for June 2026

The Social Security Administration of Argentina (ANSES) has updated the gross monthly minimum and maximum salary limits used to calculate employees' social security contributions for June 2026. The new minimum salary is ARS 135,837.40, and the maximum salary is ARS 4,414,652.38.

These updated thresholds were established by Resolution ANSES No. 139/2026, published in the Official Gazette on May 29, 2026. Employers' social security contributions are calculated based on the total amount of employees' salaries within these limits.

Previously, salary thresholds were updated quarterly under article 9 of Law No. 24,241, as amended by Law No. 26,222, until March 2024. However, Emergency Decree No. 274 of March 22, 2024, changed the update mechanism to monthly adjustments using the consumer price index instead of an ad hoc index based on inflation and average salary increases. This new system has been effective since July 2024, aiming for a more transparent and consistent update process for pensions and workers' contributions.

CANADA

Overview of Social Security Contributions in Canada

In Canada, social security contributions are based on salaries and wages, including most fringe benefits. Employers must withhold the employee portion and remit both employer and employee contributions to tax authorities at least monthly.

Employees contribute to the federal Employment Insurance (EI) fund, which provides temporary unemployment assistance.

In 2026, the EI contribution rate is CAD 1.63 per CAD 100 insurable earnings, up to maximum annual insurable earnings of CAD 68,900, resulting in a maximum employee contribution of CAD 1,123.07. A federal tax credit is available for EI premiums.

The Canada Pension Plan (CPP) provides retirement, disability, and other benefits. For 2026, contributions apply to pensionable earnings between CAD 3,500 and CAD 74,600 at a rate of 5.95%, with a maximum employer and employee contribution of CAD 4,230.45 each. Earnings between CAD 74,600 and CAD 85,000 are subject to a 4% rate, with maximum contributions of CAD 416. Self-employed individuals pay both employer and employee portions, with a maximum contribution of CAD 8,460.90 plus CAD 416 for the additional earnings.

Self-employed people may opt to pay EI premiums for special benefits but are not required to do so.

Provincial health insurance plans are funded variably, with most requiring monthly premiums collected and remitted by employers.

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Europe

SLOVAK REPUBLIC

Slovak Republic Gazettes Bill Exempting Low-Income Self-Employed Individuals from Mandatory Sick Leave and Pension Insurance

On June 16, 2026, the Slovak Republic gazetted a bill amending the Social Insurance Act to exempt low-income self-employed individuals from mandatory sick leave insurance and pension insurance, effective from July 1, 2026.

This bill aims to reduce the social security burden on low-income self-employed persons by removing the obligation to pay these mandatory contributions. The full text of the bill was published in the Collection of Laws under No. 122/2026 Coll. The measure follows earlier legislative steps, including the President's signing of the bill on June 12, 2026.

The bill is part of ongoing reforms to improve social security regulations for self-employed individuals in Slovakia.

LUXEMBOURG

Government Increases 2026 Minimum and Maximum Annual Social Security Ceilings and Contribution Rates

Effective June 1, 2026, Luxembourg has increased the minimum and maximum annual social security ceilings for employees. The new minimum annual ceiling is EUR 32,850.72, calculated as $(6 \times \text{EUR } 2,703.74) + (6 \times \text{EUR } 2,771.33)$. For individuals with educational qualifications, the minimum is EUR 39,420.42.

The maximum annual ceiling has been raised to EUR 164,261.86, based on $(6 \times \text{EUR } 13,518.68) + (6 \times \text{EUR } 13,856.63)$.

For retired persons, the minimum sickness contribution is EUR 42,705.48, and the reduction for the dependence contribution is EUR 8,212.56.

These adjustments reflect ongoing efforts to align social security contributions with current economic conditions. The full announcement is available in French.

BELARUS

Overview of Social Security Contributions for Employees and Individual Entrepreneurs in Belarus

In Belarus, social security contributions are payable by both employers and employees. Employees contribute 1% of their remuneration, excluding forced leave compensation, unused annual leave compensation, and certain deductible voluntary insurance or pension scheme contributions. Employers withhold these contributions from employees' income. Contributions are withheld up to a maximum remuneration of five times the national average salary of the preceding month. Employer contributions are detailed under Corporate Taxation section 4.2.

Individual entrepreneurs must register with the Social Security Fund and pay contributions differentiated for pension and temporary incapacity due to illness. Pension contributions are 29% of income determined for social security purposes, but not less than 29% of the minimum subsistence wage (currently BYN 858). Temporary illness compensation contributions are 6% of self-determined income, but not less than 6% of the minimum subsistence wage.

Foreign nationals and stateless persons employed or registered as individual entrepreneurs in Belarus are subject to the same social security rules as citizens, with employers required to withhold and pay contributions accordingly.

From October 1, 2024, individuals engaged in craft activities and agro-ecotourism services are also subject to social security contributions on similar terms as individual entrepreneurs.

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GEORGIA

Overview of Social Security Contributions and Cumulative Pension Fund in Georgia

Since January 1, 2008, all traditional social security contributions in Georgia have been abolished. Instead, the Law on Cumulative Pension, introduced in 2018, requires citizens of Georgia, foreign citizens, and stateless persons permanently residing in Georgia (excluding non-residents) to contribute to the Cumulative Pension Fund.

Contributions are set at 2% of salary income for employees and 4% of business income for self-employed individuals. Employers are responsible for transferring the employees' contributions of 2% contribution to the Cumulative Pension Fund. Further details on employer obligations are provided under Corporate Taxation section 4.2.

This system replaces the previous social security contribution framework with a pension-focused contribution scheme.

NETHERLANDS

Overview of Social Security Contributions in the Netherlands

In the Netherlands, state social security contributions are mandatory for all residents for income tax purposes. These contributions are integrated into the income tax rate structure and calculated annually on the same basis as income tax, which includes fringe benefits. National social security contributions are not deductible for income tax purposes.

Employees pay no additional social security contributions beyond those included in the first income tax bracket. Employers are responsible for social security contributions and income-dependent health insurance contributions, detailed under Corporate Taxation section 4.2.

Self-employed individuals must pay an income-dependent health insurance contribution (ZVW-zelfst.) at a rate of 4.856% on net business profits up to EUR 79,409 in 2026. This contribution is deductible for income tax purposes only to the extent it exceeds the medical expense deduction threshold.

GUERNSEY

Overview of Social Security Contributions in Guernsey for 2026

The social security year in Guernsey follows the calendar year. The Social Insurance Scheme is compulsory for all islands in the Bailiwick except Sark.

For 2026, the standard contribution rates are:

Employed people: 7.5% on earnings between GBP 832 and GBP 16,380 per month.

Self-employed people: 12.4% on earnings between GBP 9,984 and GBP 196,560 per year.

Voluntary contributions for non-employed persons under pension age to maintain pension and benefit entitlements: 11.8% of annual income between GBP 24,960 and GBP 196,560. For non-employed people over pension age, the rate is 3.8%.

Employee and self-employed social security contributions are not deductible for income tax purposes. Contributions are withheld from employees' salaries by employers under the ETI scheme.



Tax

04

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America

USA

New York City Enacts Annual ‘Pied-à-Terre Tax’ on Second Homes

New York City has approved a new annual tax known as the “pied-à-terre tax,” aimed at certain high-value residential properties that are not used as a primary residence. The measure forms part of the fiscal year 2027 budget and is intended to increase city revenue by taxing luxury second homes, especially those that remain vacant or are used only occasionally by their owners.

The tax will take effect on July 1, 2026 and, in principle, will remain in force until June 30, 2031, unless it is extended. It does not replace existing property taxes but is added on top of current tax obligations. It will apply to residential properties that do not constitute the owner’s main home.

Some exemptions apply. The tax will not be imposed if the property is the primary residence of the owner or of an immediate family member. It will also not apply when the property is leased on arm’s-length terms to a tenant who uses it as their primary residence for at least 12 months. By contrast, a property left vacant while a tenant is being sought will likely still be subject to the tax, as will a property rented to someone who uses it as a second home.

For one- to three-family homes, the tax applies once the market value exceeds \$5 million and is calculated using progressive tiers. For condominiums and cooperatives, a transitional valuation system will apply between 2026 and 2028, based on methodologies similar to those used for rental buildings, with an exemption for the first \$1 million of value. After that, a comparable-sales model is expected to be introduced. The measure is likely to have a significant impact on owners of luxury residential property in the city.

DOMINICAN REPUBLIC

Government Tables Sweeping Fiscal Reform Bill Targeting Growth, Tax Compliance

On June 11, 2026, the Government of the Dominican Republic presented a Fiscal Adjustment Bill aimed at addressing the economic slowdown and strengthening tax administration. The proposal includes significant changes to corporate income tax and personal income tax, along with simplification measures, reforms to selective taxes, and anti-fraud instruments. For corporate taxpayers, the bill proposes a temporary 30% rate for three years for large taxpayers with annual income exceeding DOP 1 billion. It would also eliminate advance corporate income tax payments for micro-enterprises and introduce a simplified regime for small businesses, reducing the number of annual payments from twelve to three.

Additional measures include accelerated depreciation starting in 2027, a permanent exemption from advance corporate income tax and asset tax payments for the agricultural sector, and the expansion of the thresholds for the simplified tax regime. For individuals, the project introduces a new maximum marginal rate of 27% for monthly salaries above DOP 400,000, adjusts tax brackets for inflation, increases deductions for educational expenses and reduces the capital gains tax on real estate transfers from 25% to 10%.

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Asia-Pacific

AUSTRALIA

Capital gains tax and negative gearing amendments: key changes and implications

Following the introduction on 28 May 2026 of the Treasury Laws Amendment (Tax Reform No. 1) Bill 2026 (Cth), a key tax development monitored in June 2026 has been the parliamentary scrutiny of Australia’s proposed capital gains tax (CGT) and negative gearing reforms. The Bill, which gives effect to measures announced in the 2026–27 Federal Budget, would apply principally from 1 July 2027 and would significantly alter the taxation of capital gains and residential rental losses.

Under the proposed regime, the existing 50% CGT discount for Australian resident individuals, trusts, and partnerships would be replaced by cost base indexation for eligible assets, subject to specified exceptions. In addition, resident individuals would be subject to a minimum 30% tax on post-1 July 2027 capital gains, while gains accrued before that date would remain eligible for the current discount. The Bill also proposes to bring pre-CGT assets into the tax base for gains accruing from 1 July 2027. A transitional deemed disposal and reacquisition mechanism would apply to existing assets, requiring taxpayers to distinguish between pre- and post-reform gains and maintain detailed valuation and recordkeeping evidence.

The reforms also include substantial negative gearing restrictions. Net rental losses from certain residential dwellings acquired on or after 12 May 2026 would be quarantined from 1 July 2027 and offset only against future residential rental income or residential capital gains. Although exclusions are proposed for certain assets and taxpayers, including some “new residential dwellings,” widely held unit trusts, and complying superannuation funds, several critical concepts remain undefined and are expected to be addressed later by legislative instrument. Accordingly, the proposals raise material compliance, valuation, and interpretive issues for affected taxpayers and advisers.

BANGLADESH

Budget 2026/27 In Depth: Bangladesh to Enhance Investments through Targeted Tax Incentives, Relief Measures

On 11 June 2026, Bangladesh’s Minister of Finance and Planning presented the National Budget for fiscal year 2026/27 to Parliament, setting out a package of proposed tax measures aimed at broadening the tax base, simplifying corporate taxation, and providing targeted relief for selected sectors. For corporate taxpayers, the budget seeks to simplify the tax framework, facilitate online filing and payment, reduce unnecessary compliance burdens, increase the ceiling for deductible business expenses, and improve the use of automated methods in audit selection and withholding tax verification. Existing corporate income tax rates are proposed to remain unchanged for the next assessment year, with gradual rate reductions envisaged in future alongside tax base reforms.

The budget also includes several sector-specific incentives. These include a 100% tax exemption for local edible oil producers for five years, followed by reduced exemptions over a further five-year period, a 0% tax rate for the solar power sector until 2035, a 5% tax rebate on consumer payments for solar electricity bills, and reductions in Advance Income Tax (AIT) for electric vehicle registration and renewal. In addition, the budget proposes substantial withholding tax relief on 60 essential goods and agricultural products, reducing certain WHT rates from 5%, 2%, and 1% to 0.5%.

A further notable proposal is the abolition of the current practice under which withholding tax operates as a mandatory minimum tax, even where the taxpayer has little or no taxable income. Under the proposed rules, withholding tax would instead be treated as an advance tax, with excess amounts refundable. Additional measures include broader TIN requirements, the introduction of a Withholders Identification Number (WIN), and enhanced data integration to strengthen tax administration and enforcement.

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Europe

UK

UK Government launches consultation on solving the LLC double taxation problem

The UK Government has launched a public consultation to find a legislative solution to the double taxation problem affecting UK tax residents with interests in US LLCs. These entities, widely used in the United States for business and investment purposes, are generally treated there as fiscally transparent, meaning that profits are taxed directly in the hands of the members as they arise. In the United Kingdom, however, their tax treatment has been far less clear, creating significant practical difficulties.

The root of the problem lies in the lack of alignment between the two tax systems. Although a 2015 UK Supreme Court decision in *Anson v HMRC* recognised, in certain circumstances, that LLC profits could be taxed directly in the hands of the members, HMRC's later interpretation became more restrictive. In many cases, the UK tax authority has treated LLC distributions as dividends rather than as a direct share of profits. This creates mismatches in both the timing of taxation and the character of the income, while also making it harder to claim credit for taxes already paid in the United States.

As a result, some taxpayers may end up facing extremely high effective tax rates, in some cases above 70%, which has undermined legal certainty and reduced the UK's attractiveness for certain international investors and professionals.

The Government's proposal is to automatically treat certain US LLCs as transparent for UK tax purposes if they meet specific criteria. The change would apply to individual members, but not to corporate members, in order to avoid unintended consequences for other business tax regimes. Even so, important issues remain unresolved, including the treatment of prior tax years and the transitional rules that would apply. Overall, the consultation represents a meaningful attempt to correct a long-standing tax distortion and provide greater clarity for affected taxpayers.

AUSTRIA

Government Approves Dual Budget for 2027, 2028, Announces Tax Measures

On 10 June 2026, the Austrian government approved its 2027–2028 dual budget and submitted it to Parliament, together with the draft Budget Accompanying Act 2027–2028 (Budgetbegleitgesetz 2027–2028). The package forms part of Austria's fiscal consolidation strategy aimed at reducing the Maastricht deficit from 4.2% of GDP in 2025 and 2026 to 3.5% in 2027 and to below 3.0% in 2028, with the objective of exiting the EU excessive deficit procedure after 2028. The proposed measures have broad tax relevance for corporates, financial institutions, individuals, and employers.

A key corporate tax measure is the introduction of a progressive corporate income tax rate for financial years beginning after 31 December 2027. While the standard rate remains 23%, a 24% rate would apply to the portion of taxable income exceeding EUR 1 million. The draft also introduces a deemed distribution rule for shareholder current accounts in relation to directly or indirectly participating individuals. For financial years ending in calendar year 2027, shareholder receivables outstanding at year-end would be treated as distributed on the following day, and thus potentially subject to withholding tax on capital income, unless settled or converted into an arm's length loan by the balance sheet date.

Additional measures include a temporary reduction in the maximum declining-balance depreciation rate for electricity companies from 30% to 10% for financial years 2027 to 2029, a less favorable lump-sum acquisition cost deduction for the 30% land reclassification surcharge, and an extension of the increased bank stability charge until the end of 2029. The package also provides for a 30% increase in alcohol tax from 2027 and a 1% reduction in employer FLAF contributions from 2028. Businesses should closely monitor the parliamentary process and assess the prospective impact on tax planning, financing arrangements, and sector-specific cost structures.

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GERMANY

European Commission Opens Infringement Procedure Against Germany Over Discriminatory Conditions of Investment Deduction Allowance for SMEs Investing Abroad

On 4 June 2026, the European Commission announced the opening of an infringement procedure against Germany by issuing a letter of formal notice (INFR(2026)4006) in relation to the German investment deduction allowance (Investitionsabzugsbetrag). The Commission considers that the relevant German tax rules are incompatible with the EU freedom of establishment under Article 49 TFEU and Article 31 EEA, as they restrict cross-border business activity within the European Union and the European Economic Area.

Under the German regime, small and medium-sized enterprises (SMEs) may deduct up to 50% of anticipated investment costs for movable assets before acquisition. However, this benefit is effectively available only where the assets are used exclusively in a domestic establishment. If the asset is transferred within three years to a permanent establishment in another EU/EEA jurisdiction, the deduction is retroactively reversed. In the Commission's view, this creates a discriminatory tax outcome for cross-border investments and penalizes businesses that reorganize or expand operations outside Germany, even where their worldwide income remains taxable in Germany.

The Commission further considers that the measure has a disproportionate impact on SMEs, particularly those operating with mobile assets or within international supply chains, by increasing tax uncertainty and discouraging cross-border establishment. Germany has been given two months to respond to the concerns raised in the formal notice. If the response is not considered satisfactory, the Commission may proceed to the next stage of the infringement process by issuing a reasoned opinion.

LUXEMBOURG

Luxembourg Introduces Measures to Mitigate Impact of Energy Crisis, Including Tax Credits and VAT Refunds

On 8 June 2026, and publicly presented on 9 June 2026, the Luxembourg government announced a "resilience package" designed to mitigate the effects of the energy crisis and rising living costs, following tripartite discussions with government, trade union, and employer representatives. The package combines direct support measures, tax-related relief, and sector-specific aid, with most measures applying during the second half of 2026 and, in some cases, from 2027.

A key tax measure is the introduction of a temporary tax credit equivalent to an inflation-related adjustment of the personal income tax scale by one indexation, applicable from 1 June to 31 December 2026. From January 2027, the income tax brackets will be permanently adjusted by one wage indexation of equivalent value. The package also includes several temporary energy support measures: a subsidy of EUR 0.05 per litre to offset increases in diesel and gasoline prices until the end of 2026, financial compensation of EUR 0.15 per cubic metre of gas and per litre of heating diesel for households between 1 August and 31 December 2026, and a temporary electricity subsidy of EUR 0.04 per kWh. Combined with existing measures, this will bring total electricity price support to EUR 0.113 per kWh until year-end.

In addition, the package provides for an increase in the minimum wage from 1 January 2027, enhancements to the minimum social wage tax credit, and the planned doubling, subject to European Commission approval, of the maximum refund available under the super-reduced VAT rate for housing. The government also intends to remove the age limit applicable to enhanced deductions under home savings contracts and introduce targeted aid for vulnerable businesses and the agricultural sector.

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DENMARK

Supreme Court Confirms 5-Year Limitation Period for Non-Residents Claiming WHT Refund on Dividend, Royalties

The Danish Supreme Court has held that non-resident taxpayers subject to limited tax liability have five years to claim a refund of excess dividend withholding tax or royalty withholding tax, overturning the Danish Tax Agency's 2016 administrative change of practice that had reduced the limitation period to three years. The judgment, published on 11 June 2026, is relevant for non-residents receiving dividends or royalties from Danish sources where the tax withheld exceeds the final liability under an applicable double taxation treaty.

The case concerned three non-resident taxpayers that, in 2017, requested refunds of withholding tax levied on dividends and royalties paid by Danish companies. The Danish Tax Agency rejected part of the claims as time-barred on the basis of a 2016 administrative directive. The central issue before the Court was whether the claims were subject to the general three-year limitation period under section 3(1) of the Limitation Act or the special five-year limitation period under section 67A of the Withholding Tax Act.

The Supreme Court concluded that section 67A, read together with sections 65 and 65C of the Withholding Tax Act, also applies to claims by non-residents for repayment of excess withholding tax. In reaching that conclusion, the Court relied on the statutory reference to claims for recovery of excess tax, the symmetry principle reflected in the legislative history, and the Tax Agency's own practice between 2010 and 2016, which had recognized a five-year limitation period for such claims. The decision may have practical significance for non-resident taxpayers that have previously been denied refunds on limitation grounds.

PORTUGAL

PortugalAdoptsNewGlobalMinimumTaxReportingFramework

Portugal has taken a further step in implementing the OECD/G20 and EU-led Pillar Two framework by adopting the official reporting mechanism for its global minimum tax regime. Under Ordinance No. 255/2026/1 of 12 June 2026, in-scope multinational groups and large domestic groups must use Form 63 – GloBE Information Return (GIR) to meet the relevant reporting obligations.

The new form provides a standardized basis for reporting the information required under the Global Anti-Base Erosion (GloBE) rules and will support the operation of Portugal's minimum tax regime, which gives effect to the international agreement establishing a 15% minimum effective tax rate for large multinational groups. In practical terms, the filing is intended to capture the information needed to determine whether any top-up tax is due and to align Portugal's compliance procedures with international transparency and information exchange standards.

Although the measure is primarily procedural, it is significant from a compliance perspective. The formal adoption of the GIR framework gives affected groups greater clarity on how Portugal intends to administer Pillar Two reporting and reflects the broader shift from legislative implementation to operational compliance. It also follows earlier developments, including the extension of the reporting deadline to 30 September 2026. Businesses within scope should review their internal data collection and reporting processes to ensure timely and accurate compliance with the new filing requirements.

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Social security and double taxation agreements

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INDIA - SLOVAK REPUBLIC

India and Slovak Republic Express Interest in Concluding Social Security Agreement

On June 15, 2026, during a state visit of India to the Slovak Republic, both countries issued a joint statement expressing their intention to seek an early conclusion of a social security agreement. This agreement aims to coordinate social security rights and contributions for workers moving between India and the Slovak Republic. Further developments will be reported as they occur.

ALBANIA - POLAND

Albanian Parliament Approves Social Security Agreement with Poland

On June 4, 2026, the Albanian parliament approved a draft law ratifying the Albania-Poland Social Security Agreement (2026). This agreement aims to coordinate social security rights and contributions between Albania and Poland, facilitating protection and benefits for workers moving between the two countries. Further developments will be reported as they occur.

MOLDOVA - QUEBEC

Moldova Authorizes Signing of Administrative Arrangement to Social Security Agreement with Quebec

On June 11, 2026, the government of Moldova authorized the signing of an administrative arrangement to implement the not yet signed social security agreement with Quebec. This authorization was formalized by Decision No. 308 and published in Official Gazette No. 242-245 on June 12, 2026.

The administrative arrangement aims to facilitate the implementation of the future social security agreement between Moldova and Quebec, enhancing cooperation on social security rights and contributions. Further developments will be reported as they occur.

URUGUAY - AUSTRALIA

Uruguayan Senate Approves Social Security Agreement with Australia

On June 10, 2026, the Uruguayan Senate approved the Australia-Uruguay Social Security Agreement (2025). The agreement is now pending further approval by the Chamber of Representatives, the lower house of the General Assembly. This treaty aims to coordinate social security rights and contributions between Uruguay and Australia, facilitating protection and benefits for workers moving between the two countries. Further developments will be reported as they occur.

BRAZIL - SWEDEN

Brazil and Sweden Sign Social Security Agreement and Administrative Arrangement

On June 11, 2026, Brazil and Sweden signed a social security agreement and an administrative arrangement in Sweden. This agreement aims to coordinate social security rights and contributions between the two countries, facilitating protection and benefits for workers moving between Brazil and Sweden. Further developments will be reported as they occur.

The treaty texts will be published in the Treaties collection on IBFD's Tax Research Platform as they become available.

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