CENTURION

CENTURION GROUP TAX NEWSLETTER – Q1 2025

EUROPEAN DEVELOPMENTS ROUNDUP

Malta: Investor citizenship scheme was ruled incompatible with EU law by the European Court of Justice, raising compliance concerns for residency programs despite not directly addressing residency-by-investment.

Italy: Offered alternative 20% reduced corporate income tax for 2025 and permanent step-up elections for Italian participations and land for non-residents.

France: Began early Pillar Two reporting requirements for French entities ahead of major Finance Act measures.

The first quarter of 2025 delivered seismic shifts in international taxation. The Trump Administration withdrew from OECD commitments, declaring the previous "Global Tax Deal" void. The UK implemented its historic non-domicile regime overhaul. Meanwhile, European nations intensified property taxes targeting foreign investors, fundamentally reshaping the landscape for cross-border wealth planning.

TRUMP ABANDONS GLOBAL TAX DEAL: OECD FRAMEWORK COLLAPSES

The Trump Administration immediately withdrew from OECD commitments in January 2025, declaring previous administration's "Global Tax Deal" commitments "have no force or effect." This dramatic reversal undermines international tax coordination just as Pillar Two implementation accelerates globally. Despite US withdrawal, approximately 60% of multinational enterprises were subject to minimum tax in 2024, rising to 90% by end of 2025. The collapse of US cooperation signals potential trade conflicts ahead, particularly over European digital services taxes.

Trump Administration's OECD withdrawal undermines global tax coordination just as minimum tax rules reach critical mass worldwide.

FRANCE INTRODUCES HIGH-INCOME TAX SURCHARGE

France's 2025 Finance Bill introduces a new differential contribution targeting high-income taxpayers, reflecting ongoing efforts to increase tax system progressivity. Private wealth clients must reassess income allocation strategies, particularly those with cross-border income streams. The measure may have indirect implications for non-residents with French source income. Forward planning regarding timing and structuring of income flows becomes essential for affected taxpayers.

SPAIN TARGETS FOREIGN PROPERTY BUYERS WITH NEW REAL ESTATE TAX

Spain has proposed a new State Complementary Tax on Spanish real estate transfers to non-EU residents; part of broader affordable housing reforms aimed at limiting speculative foreign investment. Regional authorities including Catalonia are simultaneously increasing transfer and stamp duties, raising acquisition costs for international buyers. This dual approach signals Spain's determination to prioritize domestic housing affordability over foreign investment attractiveness. Non-EU investors face materially higher barriers to Spanish property ownership.

TAX DEVELOPMENTS

Singapore: Delivered substantial Budget 2025 relief with 50% corporate tax rebates plus SGD 2,000 cash grants (combined cap SGD 40,000) and implemented full Pillar Two compliance from January.

India: Abolished its 6% equalization levy on digital advertisement services on April 1, following removal of the 2% e-commerce levy in August 2024.

Mauritius: Became an early Pillar Two adopter with 15% MNE rates ahead of major economies including India, China, and the US, positioning itself as a proactive jurisdiction in global tax reform implementation.

UK PROPERTY TAX RELIEF: CGT RATE CUT CREATES OPPORTUNITY

The UK reduced capital gains tax on residential property disposals from 28% to 24% for higher-rate taxpayers, while maintaining the 18% lower rate. This measure aims to encourage second home and buy-to-let property sales, stimulating housing supply. The reduction creates a short-term planning window for property investors considering disposals. Professional advice remains essential given UK CGT complexity and potential for future rate changes.

AUSTRALIA LAUNCHES BUILD-TO-RENT INCENTIVES AND EXPANDS VACANT LAND TAX

Australia implemented significant real estate tax changes in Q1 2025. Federal build-to-rent incentives commenced January 1, allowing developers concessional tax treatment for eligible large-scale rental projects. Victoria simultaneously expanded its vacant residential land tax, now applying progressively from 2025 with assessments issued in February. These complementary measures aim to increase housing supply while discouraging under-utilized property, representing Australia's coordinated approach to addressing housing shortages through targeted tax policy.

Q2 2025 OUTLOOK & OUR SUPPORT

Trump's OECD withdrawal signals broader trade disruption ahead. European property tax increases and residency scheme scrutiny create new compliance challenges for international investors and high-net-worth families.

We help clients with:

- Cross-border property investment structuring and tax optimization
- Post-UK non-domicile regime planning and structure reviews
- International residence, citizenship, and succession planning
- Multi-jurisdictional tax planning for high-net-worth families

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