

# UNITED STATES TAX NOTIFICATION

## *Internal Revenue Service - Multiple Tax Change Declarations*

<b>Notification Number:</b>	IRS-2025-CORP-0847
<b>Issue Date:</b>	November 13, 2025
<b>Effective Date:</b>	January 1, 2025
<b>Priority Level:</b>	HIGH - Immediate Action Required
<b>Affected Entities:</b>	Multinational Corporations with US Operations

## TAX CHANGE DECLARATION #1: CORPORATE TAX RATE MODIFICATION

### **Alert Level: Critical**

The Treasury Department announces modifications to the corporate income tax structure affecting multinational corporations with gross revenues exceeding \$1 billion. The base corporate tax rate remains at 21%, however, a new supplementary tax of 15% minimum tax on adjusted financial statement income (AFSI) applies to applicable corporations under the Inflation Reduction Act provisions.

### **Key Implementation Points:**

Applicable Threshold:	\$1 billion average annual AFSI over 3-year period
Calculation Method:	Book income with specified adjustments
Credit Provisions:	Foreign tax credits limited to 15% of foreign income
Compliance Deadline:	Quarterly estimated payments beginning Q1 2025

## TAX CHANGE DECLARATION #2: TRANSFER PRICING DOCUMENTATION REQUIREMENTS

### **Alert Level: High**

Enhanced transfer pricing documentation requirements now mandate contemporaneous documentation for all intercompany transactions exceeding \$10 million annually. This includes new requirements for profit split methodology documentation, economic substance validation, and benchmarking studies updated annually. Energy sector companies must provide additional documentation for commodity trading activities between related parties.

### **Documentation Requirements:**

- Master file and local file conforming to OECD BEPS Action 13 standards
- Functional analysis with detailed value chain mapping
- Economic analysis with arm's length range determination
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Intercompany agreements with substance requirements • Annual benchmarking updates with quarterly monitoring • Special reporting for oil & gas upstream/downstream transactions

## **TAX CHANGE DECLARATION #3: BASE EROSION ANTI-ABUSE TAX (BEAT) RATE INCREASE**

### **Alert Level: High**

The BEAT rate increases to 12.5% for tax years beginning after December 31, 2024, with a further increase to 15% for banks and securities dealers. The base erosion percentage threshold remains at 3% (2% for banks and securities dealers). New regulations expand the definition of base erosion payments to include certain cost-sharing arrangements and royalty payments for extraction rights.

## TAX CHANGE DECLARATION #4: GLOBAL INTANGIBLE LOW-TAXED INCOME (GILTI) MODIFICATIONS

### **Alert Level: Medium**

Modifications to GILTI calculations eliminate the high-tax exclusion election for tax years beginning after December 31, 2024. The Section 250 deduction for GILTI is reduced to 37.5%, resulting in an effective GILTI tax rate of 13.125%. Foreign tax credit limitations are tightened with country-by-country calculations required for all controlled foreign corporations (CFCs).

## TAX CHANGE DECLARATION #5: RESEARCH & DEVELOPMENT EXPENSE TREATMENT

### **Alert Level: Medium**

Continuation of mandatory capitalization of research and experimental expenditures under Section 174. Domestic R&D expenses must be amortized over 5 years, while foreign R&D expenses require 15-year amortization. Software development costs are explicitly included in the capitalization requirement, affecting technology and energy transition initiatives.

## REQUIRED ACTIONS

1. **Immediate (Within 30 days):** • Review and update transfer pricing documentation • Assess impact of minimum tax on financial planning • Evaluate BEAT implications for intercompany transactions
2. **Q1 2025:** • File amended estimated tax calculations • Submit new Form 8991 for minimum tax computation
3. **Ongoing Compliance:** • Monthly monitoring of base erosion percentage • Quarterly benchmarking updates for transfer pricing • Continuous documentation of R&D activities for capitalization

**Notice:** This notification constitutes official notice under Section 6751(a) of the Internal Revenue Code. Failure to comply with these tax changes may result in penalties, interest, and potential audit adjustments. For questions, contact the IRS Large Business and International Division at 1-800-829-1040.