

Monthly US Tax Bulletin

April 2026



Welcome to the April edition of Grant Thornton Bharat's US Tax Bulletin, a monthly guide to keep you informed of key developments across the federal, state, and local tax landscape. In an environment marked by regulatory shifts, economic uncertainty, and increasing complexity, staying informed is crucial to making strategic, compliant decisions. This newsletter is designed to deliver timely, relevant, and actionable insights to help you navigate the evolving tax landscape with confidence.

This edition features curated updates on recent legislative changes, IRS enforcement priorities, and emerging trends. Whether you are navigating corporate tax reform, assessing cross-border implications, or managing compliance challenges, we aim to support your efforts with clarity and precision.

The most notable federal tax update this month is the OECD's outline of a phased peer-review framework to assess countries' implementation of Pillar Two rules, focusing on consistency with the GloBE Model Rules, technical alignment, and administrative effectiveness. It aims to promote convergence and determine the qualification of domestic taxes for multinational groups without penalising early adopters. Liechtenstein has launched a consultation to update its Pillar Two safe harbor rules in line with the OECD GloBE standards, with revised provisions proposed to take effect from 1 January 2027. A new US House Bill (H.R. 8101) introduced on 26 March 2026 proposes reversing recent §163(j) changes by restoring the inclusion of certain foreign income in business interest limitation calculations. Still, its chances of becoming law remain uncertain. With the 2026 FIFA World Cup approaching, non-resident individuals and foreign entities participating in U.S.-hosted events should carefully evaluate potential U.S. tax, withholding, and reporting obligations, including available treaty relief under IRS guidance. The IRS released its 2026 "Dirty Dozen" list, cautioning taxpayers about sophisticated and emerging tax scams, including AI-based impersonation and improper claims, to help prevent fraud, penalties, and financial loss. The IRS issued Revenue Procedure 2026-15, updating inflation-adjusted depreciation limits and lease-inclusion amounts for business passenger vehicles placed in service or leased in 2026.

Several states have introduced notable tax changes this month. California has proposed sweeping changes to its water's-edge reporting regime under AB 1790, potentially tightening controlled foreign corporation (CFC) income inclusion and transitioning to worldwide combined reporting, though the bill remains under consideration and has not yet been enacted. Washington has introduced a temporary ESSB 5814 Penalty Relief Programme, offering eligible businesses a penalty waiver to ease compliance with the newly expanded retail sales tax rules, effective from 1 October 2025. New York has enacted legislation to modernise electronic signature procedures for tax filings, aligning state practices with IRS standards and authorising digital signatures from 1 July 2027. Alabama has enacted legislation amending its unclaimed property law to include digital assets, such as cryptocurrencies, explicitly, and to update reporting, custody, and consumer protection rules. New Mexico has enacted SB 151, implementing corporate tax reforms effective from 2027, including decoupling from federal bonus depreciation, shifting to an Earnings Before Interest and Taxes (EBIT)-based interest limitation, and including net CFC-tested income in the state tax base.

We recognise that tax considerations are integral to broader business strategy. As such, we remain committed to helping you align your tax planning with your organisational objectives, ensuring you are well-positioned to respond to both immediate developments and long-term regulatory shifts.

We trust this edition provides a valuable perspective on the evolving tax and compliance landscape. As we continue to monitor developments at the federal and state levels, our goal is to keep you informed with timely, actionable insights.

Happy reading!



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A.

Key developments under US federal laws

OECD previews peer review process for Global Minimum Tax Laws

The OECD has outlined how it will conduct peer reviews of countries' implementation of the Pillar Two global minimum tax rules, focusing on consistency, technical alignment, and administrative effectiveness. The peer review process will assess whether domestic rules, such as the Income Inclusion Rule (IIR), the Undertaxed Profits Rule (UTPR), and the Qualified Domestic Minimum Top Up Tax (QDMTT), are in line with the GloBE Model Rules and related OECD guidance. The reviews will be phased, beginning with a high-level assessment of legal frameworks, followed by more detailed evaluations as implementation matures. The OECD emphasised that the process is intended to support convergence and identify areas requiring clarification, rather than penalise jurisdictions during the initial stages of adoption. Importantly, peer review outcomes are expected to influence whether taxes qualify as "covered" or "qualified" under Pillar Two, thereby directly affecting multinational groups' global tax positions. The OECD also acknowledged implementation challenges, including differences in legislative timing, administrative capacity, and data availability across jurisdictions. Further administrative guidance and coordinated timelines are expected to accompany the peer review framework as more countries roll out Pillar Two rules through 2026 and beyond.

[OECD, Secretary General's Tax Report to G20 Finance Ministers and Central Bank Governors, April 2026 – Annexure D]

Liechtenstein proposes updates to Pillar Two GloBE Safe Harbor Rules

On 10 March 2026, the Liechtenstein Ministry for General Government Affairs and Finance launched a public consultation on proposed amendments to the Law on Minimum Taxation for Large Corporate Groups. The draft amendments seek to align Liechtenstein's minimum tax framework with recent updates to the Pillar Two Global Anti-Base Erosion (GloBE) Model Rules, particularly in relation to the safe harbor provisions.

Key proposed changes include:

- The introduction of a side-by-side safe harbor exemption for multinational enterprise (MNE) groups with a U.S. parent company, reflecting U.S. CFC taxation.
- A simplified effective tax rate (ETR) safe harbor to allow certain high-tax jurisdictions to demonstrate compliance with the minimum tax through simplified calculations.
- A one-year extension of the transitional country-by-country (CbC) reporting safe harbor.
- Existing safe-harbor mechanisms for jurisdictions that apply a qualified domestic supplementary tax would remain unchanged.

The amendments are proposed to take effect from 1 January 2027. Stakeholders may submit comments until 11 May 2026.

[National Administration Principality of Liechtenstein, Media Releases 10 March 2026]

New house bill seeks to roll back foreign income exclusions in Section 163(j) calculations

On 26 March 2026, Rep. Ron Estes (R-Kan.) introduced H.R. 8101, the Ensuring Better Interest Treatment and Deductibility (EBITDA) Act, which proposes repealing recent changes to the definition of adjusted taxable income for the purpose of the business interest deduction limitation under IRC §163(j).

The bill would remove the exclusion of certain foreign income, such as Subpart F passive income and net CFC-tested income, from the interest deduction calculation, subject to the U.S. minimum tax. Previously, this foreign income was included in the interest calculation. It has been referred to the House Ways and Means Committee and would apply to tax years beginning after 31 December 2025, if enacted.

The measure faces uncertain prospects, as it would require bipartisan support, and its inclusion in any future reconciliation package remains unclear.

[H. R. 8101]

Navigating U.S. tax implications for non-resident individuals and entities in the 2026 FIFA World Cup

The 2026 FIFA World Cup will be co-hosted by the United States, Canada, and Mexico, with 104 matches played from 11 June to 19 July 2026, featuring 48 teams. The U.S. will host 78 matches across 11 cities, including the Final. Non-resident individuals and foreign entities participating in the event may have U.S. tax obligations on U.S.-source or U.S.-connected income. Non-employee compensation is subject to a 30% federal withholding tax, which is withheld by the event organiser or another withholding agent. Required reporting includes Forms 1042 and 1042-S, while foreign individuals and entities must file Forms 1040-NR or 1120-F, respectively.

Treaty relief may reduce or eliminate withholding when properly claimed using Forms 8233, W-8BEN, or W-8BEN-E. Individuals working in the U.S. on O-1 or P-1 visas must obtain an SSN. If denied, the SSA denial letter must accompany Form W-7 when applying for an ITIN.

[Internal Revenue Service (IRS) bulletin 04/01/2026, Issue Number: 2026-03, General Tax Resources for the 2026 FIFA World Cup]

IRS warns individuals and businesses of emerging tax scams in the 2026 ‘Dirty Dozen’ list

The U.S. Internal Revenue Service (IRS) released its annual “Dirty Dozen” list of tax scams for 2026 on 5 March 2026, thereby warning individuals and businesses to stay alert to evolving fraud schemes that threaten financial and personal data. The list highlights risks, such as IRS impersonation through emails, texts, phone calls and AI-generated voices, fake charities,

misleading tax advice on social media, identity theft involving IRS online account access, bogus self-employment tax credit, inflated withholding claims and aggressive offer in compromise marketing, with a new focus this year on abusive undistributed long-term capital gains claims (Form 2439). **The IRS reminds taxpayers that it usually contacts them first by mail and never demands immediate payment via email, text, or social media.** Taxpayers are encouraged to rely on trusted professionals, verify information on IRS.gov, and promptly report suspicious activity to avoid penalties, refund delays, audits, or financial loss.

[IR-2026-30, 5 March 2026]

Internal Revenue Service releases Revenue Procedure 2026-15, updating business vehicle tax limits

The Internal Revenue Service (IRS) released the Revenue Procedure (RP) 2026-15 on 3 March 2026, providing updated depreciation deduction limits and lease income inclusion amounts for passenger automobiles, including trucks and vans, used for business purposes, placed in service or leased during the calendar year 2026, in line with IRC §280F. For automobiles eligible for bonus depreciation under Section 168(k), the maximum first-year depreciation deduction is increased to USD 20,300. In contrast, vehicles that do not qualify for bonus depreciation are subject to a lower first-year cap of USD 12,300, with uniform limitations applying in subsequent years. The RP also includes detailed tables requiring lessees of higher-value vehicles to include specified amounts in gross income over the lease term, ensuring parity between leased and owned automobiles. These limits apply to the vehicles placed in service and leases beginning in 2026 and remain effective throughout the applicable recovery period or lease duration.

[IRS Revenue Procedure 2026-15]



B.

Key developments under U.S. state laws

California proposes major changes to Water's-Edge Reporting (AB 1790)

California introduced the Assembly Bill 1790 on 10 February 2026, proposing significant changes to the state's corporate tax reporting rules for multinational companies. The bill would tighten the water's-edge reporting method by requiring water's-edge filers to include 40% of their net CFC tested income in the California taxable income, starting in 2026. Under current rules, California decides whether to include a foreign corporation in the water's-edge group by averaging three factors: its U.S. property, payroll, and sales. Under the proposed bill, this approach would change for **tax years beginning in 2026**, replacing the three-factor test with a **bright-line rule** under which a non-bank foreign corporation with **at least 20% of its sales in the United States** would be required to include **all of its income and apportionment factors** in the water's-edge combined group. The bill proposes to eliminate the water's-edge election for tax years beginning on or after 1 January 2028, transitioning California to worldwide combined reporting, while allowing voluntary early exit from the election for tax years beginning on or after 1 January 2026 and before 1 January 2028. Taxpayers with an existing water's-edge election would be allowed to terminate it without Franchise Tax Board consent during tax years 2026 and 2027, even if they are not satisfied with the existing 84-month commitment period for such elections. However, the bill remains under the proposal stage and has not yet been enacted since its introduction in February 2026.

[Assembly Bill 1790]

Washington provides for ESSB 5814 Penalty Relief Programme

The Washington Department of Revenue has launched a temporary ESSB 5814 Penalty Relief Programme to help businesses adjust to new retail sales tax rules that took effect on 1 October 2025, which brought certain services under tax for the first time. Under this programme, eligible businesses can receive a penalty

waiver (not the tax or interest) for uncollected or unpaid retail sales or use tax related to these changes for reporting periods from 1 October 2025 through 31 December 2026. However, penalties for evasion, negligence, or tax avoidance are not covered. Businesses must voluntarily report and pay the tax and interest, apply online through the Voluntary Disclosure Application, and submit their application by 30 September 2027. If approved, applicants must sign and return a penalty relief agreement within 30 days, after which the department will calculate the tax due and issue an invoice that must be paid in full by the stated due date.

[Washington ESSB 5814 Penalty Relief Programme]

New York enacts law to update electronic signature procedures for tax filings starting 2027

New York has enacted legislation to modernise the use of electronic signatures in tax administration. Assembly Bill A9431, signed into law as Chapter 3 of the Laws of 2026, directs the Commissioner of Taxation and Finance to establish procedures allowing digital and other electronic signatures on all documents used by the New York State Department of Taxation and Finance. Under the new law, New York's electronic-signature procedures must, to the extent practicable, align with those of the IRS. The legislation also authorises individuals holding a valid power of attorney to electronically sign documents submitted to both the New York State Department of Taxation and Finance and the New York City Department of Finance, granting such signatures the same legal effect as handwritten signatures. A9431 moved quickly through the legislature and was **signed by the Governor on 13 February 2026**. The law **takes effect on 1 July 2027**, marking a key step toward more streamlined, digitally consistent tax compliance in New York.

[New York Senate A9431]

Alabama updates unclaimed property law to cover digital assets

The Alabama Legislature has enacted House Bill 104 (HB104) on 12 March 2026, a comprehensive update to the state's unclaimed property laws that modernises definitions, reporting requirements, and enforcement mechanisms, particularly by formally incorporating digital assets into the unclaimed property framework.

Alabama has expanded its unclaimed property law to expressly cover digital assets, including cryptocurrencies, which were not previously addressed under the state's framework, which is primarily focused on traditional property, such as bank accounts, uncashed checks, and safe deposit contents. Under the amended law, a digital asset account is presumed abandoned after three years of no owner-initiated activity, provided the owner's last known address is in Alabama. The holders of abandoned digital assets are required to report and remit the assets to the Alabama State Treasurer, who may retain custody or, where transfer is impractical or the value is nominal, liquidate the assets.

The law also imposes enhanced consumer protections, including strict regulation of recovery agents ("finders") who assist owners in reclaiming unclaimed property, capping their fees at 10%. Overall, the amendment ensures that cryptocurrencies and similar digital assets are appropriately safeguarded when owners lose track of them, while limiting excessive recovery charges and maintaining consistency with Alabama's broader unclaimed property regime.

[\[Alabama HB104/2026\]](#)

New Mexico implements corporate tax reforms through SB 151

The New Mexico government enacted SB 151 on 11 March 2026. The corporate income tax provisions, including the decoupling from the One Big Beautiful Bill Act (OBBBA) provisions and the inclusion of the net controlled foreign corporation tested income (NCTI), apply to taxable years beginning on or after 1 January 2027.

Key federal decoupling provisions are as follows: -

Decoupling from federal bonus depreciation: New Mexico will no longer follow the federal bonus depreciation provisions under **IRC §§168(k) and 168(n)** that allow 100% expensing of certain qualified and production property.

Interest limitation calculation: The state will require businesses to use Earnings Before Interest and Taxes (EBIT) rather than Earnings Before Interest, Taxes, Depreciation, and Amortisation (EBITDA) for the IRC §163(j) business interest deduction.

Inclusion of GILTI base: New Mexico eliminates the prior subtraction adjustment for global intangible low-taxed income (GILTI), now referred to under the OBBBA as the NCTI, effectively including the NCTI in New Mexico's corporate income tax base.

[\[Senate Bill 151, New Mexico\]](#)



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