PKF

PKF Legal Newsletter

October 2025

Contents

The content of this PKF Legal Newsletter has been compiled and coordinated by Stefaan De Ceulaer (**stefaan.deceulaer@pkf.com**) of PKF Global. If you have any comments or suggestions, please contact Stefaan directly.

Welcome

Following our inaugural issue in March, we're delighted to welcome you to the second edition of our PKF Legal Newsletter.

Our aim remains clear: to provide a reliable global resource for legal professionals, businesses and decision makers navigating an increasingly complex regulatory environment.

In this issue, you will find practical updates on recent regulatory changes, analysis of significant judgments and perspectives on emerging legal trends. Each contribution is designed to go beyond the headlines, focusing on implications and practical takeaways that can support compliance, strategy and informed decision-making across industries and jurisdictions.

As a global network with more than 510 offices in over 150 countries, we are well placed to support professionals navigate the legal landscape with clarity and confidence. Our legal experts specialise in providing high-quality legal advisory services to international and domestic organisations in all our markets.

We hope you find our PKF Legal Newsletter both insightful and informative. Contact details for our legal experts are provided at the end of each country contribution. Please contact the relevant PKF legal expert directly should you wish to discuss any legal matter further or, alternatively, please contact any PKF firm (by country) at **www.pkf.com/pkf-firms**.

Belgium

Dealing with increased US import tariffs

The recent increase in US import tariffs has direct consequences for Belgian companies. Higher costs not only threaten margins, but also entail additional legal risks, especially for companies that supply to the US. Timely action is essential to limit risks. How do you do this in practice?

1. Check your contracts

Check whether your supply contracts clearly state who is responsible for increased import duties. Are there clauses that allow for renegotiation or termination in the event of sudden cost increases?

2. Force majeure and hardship: What can you invoke?

Increased tariffs do not generally qualify as force majeure. In some cases, however, you can invoke 'hardship' (unforeseen difficulties) to negotiate new terms. Since 2023, 'hardship' has been regulated by law in Belgium, but be aware that it may be excluded by contract.

3. Check the applicable law

International sales contracts are often governed by the Vienna Sales Convention (formally known as the United Nations Convention on Contracts for the International Sale of Goods, CISG). This can offer you extra protection if a tariff increase seriously impedes the performance of the contract.

4. Pay attention to Incoterms®

The chosen delivery terms (Incoterms®) determine who has to pay import duties. Deliveries under DDP (delivery duty paid) mean that your company bears all import costs. Under EXW (ex-works), the buyer bears these costs.

5. Make use of price adjustment clauses

If provided for, you can pass on higher costs via a price revision clause. Under Belgian law, the price adjustment may affect a maximum of 80% of the final price and must be linked to actual cost increases.

6. Avoid selling at a loss

In Belgium, selling below cost price is prohibited, even when import tariffs rise unexpectedly. There are exceptions, but they are limited in scope.

7. Consider your termination rights

Do you have an agreement of indefinite duration? If so, you can often terminate it, provided you comply with any notice period or pay compensation.

8. Negotiation can solve a lot

Even without explicit clauses, it may be wise to discuss cost sharing with your US customers. Often, both parties benefit from a workable solution.

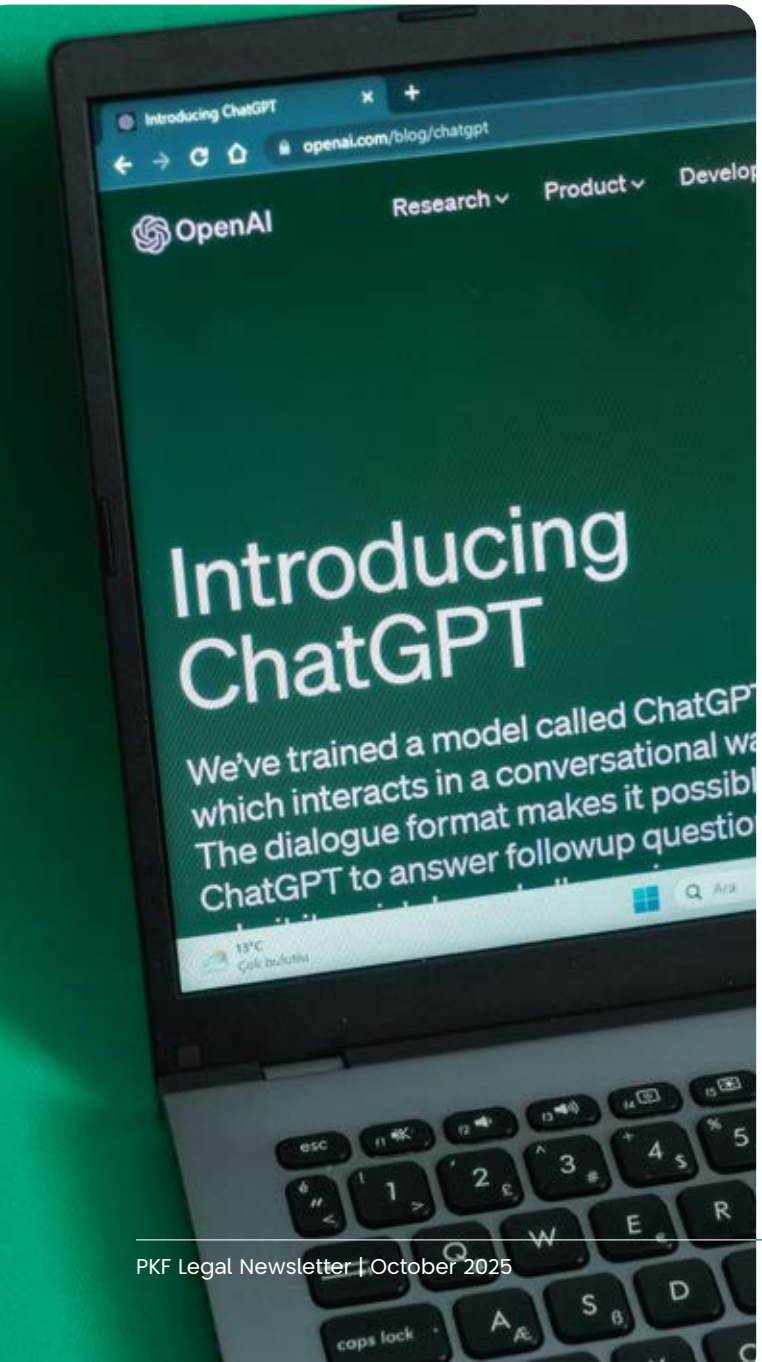
9. Conclusion

Make an inventory of your current export contracts to the US and analyse whether renegotiation or adjustment is possible. A proactive approach prevents bigger problems later on.

The European AI Act – What you need to know

On 1 August 2024, the European Artificial Intelligence Act (better known as the 'AI Act') entered into force. The AI Act aims to protect European citizens by regulating the use of artificial intelligence (AI) systems – basically all systems that are 'machine-based' and can learn from data to adapt to new information. This includes a wide range of technologies, from simple algorithms to highly complex machine learning models (well-known examples include ChatGPT and Copilot).

The AI Act applies to all providers of AI systems within the EU (regardless of whether the provider itself is based in or outside the EU) and to all users of AI systems within the EU.



What does this mean for your organisation?

You must identify which AI applications are used within your organisation. For each AI application, you must also determine which risk category of the AI Act it falls under. Depending on the category, certain steps must be taken.

In addition, the AI Act stipulates that employees must have a certain degree of 'AI literacy'. The best way to document this is to draw up an 'AI policy' and distribute it to your employees.

Such a policy explains, among other things, how employees should deal with AI applications, which applications are (or are not) permitted within your organisation, who your employees should contact when they want to use new AI applications, what information can (and more importantly, cannot) be entered into AI applications, etc.

Depending on the size of your company and the AI applications used, this AI policy can be supplemented with internal training.

The AI Act is entering into force in a number of phases. The current phase entails the rules on AI literacy and entered into force on 2 August 2025.

If you have not yet implemented an AI policy, make sure to keep in mind that AI applications have become indispensable, which is why it is important to take the necessary measures now and keep the risks associated with AI under control within your organisation.

Pay transparency in Belgium: What employers need to know about the 5% threshold

The EU Pay Transparency Directive (2023/970) (the 'EU Directive') is set to reshape wage practices across Europe, and Belgium is no exception. While national implementation is still in progress, Belgian employers already face certain obligations under existing law – and more are on the way by June 2026. For entrepreneurs, the key questions are: When do I need to act? What counts as 'too big' a pay gap? And what happens if I ignore it?

Existing Belgian obligations

Belgium is not starting from scratch. Since 2012, companies with 50 or more employees have been required to produce a biannual pay report analysing remuneration structures and identifying potential gender pay gaps. This report is submitted to the works council (or union delegation). Where discrepancies are found, the works council can demand an action plan to address them, supported by a mediator if necessary.

What changes under the EU Directive?

The EU Directive tightens the rules significantly:

- Company size thresholds:
  - Firms with 250+ employees will need to report annually on pay gaps.
  - Firms with 150–249 employees will report every three years (starting in 2027).
  - Firms with 100–149 employees will join in later (first reports due in 2031).
  - Employers with fewer than 100 employees will not be covered at EU level, though Belgium may decide to lower thresholds.
- The 5% rule: Any gender pay gap of 5% or more that cannot be explained by objective, gender-neutral factors must be corrected. If it isn't resolved within six months, the employer is obliged to conduct a joint pay assessment together with employee representatives. This process goes beyond numbers: it examines job classifications, promotion policies and bonus systems to uncover structural bias.

Risks of non-compliance

For many entrepreneurs, the main concern is not the paperwork but the potential sanctions. Belgium will have to ensure penalties are effective, proportionate and dissuasive, as required by the EU Directive. In practice, risks include:

- **Financial liability:** Employees can claim compensation covering lost pay, benefits and even non-material damages such as reputational or psychological harm.
- **Fines:** While Belgian lawmakers are still debating the exact amounts, administrative sanctions will certainly apply.
- **Retroactive adjustments:** Employers may be forced to 'top up' salaries and benefits for underpaid employees, including all tax and social security contributions.
- **Reputational damage:** Publication of reports showing persistent, unexplained gaps could impact employer branding and recruitment.

What this means for employers today

Even though Belgium's federal transposition is ongoing, waiting until 2026 is risky. Employers – especially those nearing the reporting thresholds – should start preparing now by:

- reviewing job descriptions and pay structures;
- establishing objective, transparent criteria for pay decisions;
- mapping current pay data to identify potential gender gaps; and
- developing internal communication strategies to explain pay practices.

Conclusion

For Belgian employers, the 5% threshold is not just a statistic – it is a trigger for action. If unexplained differences persist, the law will require formal joint assessments, exposing companies to scrutiny, costs and potential sanctions. By preparing now, businesses can not only ensure compliance but also strengthen their reputation as fair and responsible employers.

PKF Comment

For further information or advice in relation to this, or with respect to Belgian legal issues, please contact Christophe Piette at **christophe.piette@pkfbofidilegal.com** or call **+32 2 486 58 16**.

BACK

Germany

KRITIS-Dachgesetz: Strengthening protection for critical infrastructure in Germany

The KRITIS-Dachgesetz is a German federal law focused on strengthening the physical resilience and security of critical infrastructure ('KRITIS'). It transposes the EU Critical Entities Resilience (CER) Directive (EU 2022/2557) into national legislation and introduces significant new obligations for operators in sectors vital to public welfare and security, such as energy, healthcare, water supply, transportation, finance and others. The KRITIS-Dachgesetz is currently under parliamentary consideration following a draft bill submitted by the Federal Ministry of the Interior. It is expected to come into force in late 2025, with a transition period anticipated for affected operators.

Purpose and scope

The KRITIS-Dachgesetz aims to ensure that operators of critical infrastructure are better protected against all types of threats, including natural disasters, sabotage, terrorism and other disruptions. It supplements existing cybersecurity regulations (like the NIS2 Implementation Act), mandating comprehensive security measures that go beyond digital risks – focusing on physical and organisational resilience.

Key provisions of the draft bill

- **Operators affected:** The law covers organisations whose failure would significantly impact public safety and state security. These include energy suppliers, hospitals, water utility providers, transportation hubs and more. Notably, certain sectors like IT, telecommunications, finance and insurance are regulated separately.
- **Obligations:** Operators must conduct risk assessments, prepare resilience and crisis management plans, ensure personnel and physical security and designate always-accessible contact points for emergencies.
- **Reporting and proof:** There are mandatory notification and reporting requirements if incidents occur or thresholds are crossed. Compliance with standards of current technology is required.
- **Enforcement:** Non-compliance can lead to fines.
- **Scope:** The draft bill estimates that around 1,700 critical facilities will be subject to full resilience obligations under the law. However, it is likely that an even larger number of facilities and operators will face partial resilience requirements, reflecting the varying degrees of criticality and sector-specific needs. The overall scope and exact obligations may continue to evolve as the law and related regulations are finalised.

Practical implications for international clients

Foreign companies active on the German market should review whether their German subsidiaries or operations qualify as critical infrastructure under the new law. If this is the case, early preparation to align with the upcoming requirements would be prudent. Given that regulatory details and sector-specific definitions are still evolving, seeking tailored legal advice and monitoring further developments will help ensure compliance.

Liability risks for corporate leaders in Germany

Why it matters

Corporate leaders in Germany – managing directors, board members and senior officers – face increasing personal liability risks. This development is driven by stricter court rulings, complex regulatory requirements, rising insolvency rates, cyberthreats and expanding compliance obligations. International counsel should be aware of these trends when advising clients with German operations.

Current hotspots

- **Court practice:** The Regional Court of Munich (Wirecard ruling, 5 September 2024) confirmed the ongoing trend towards stricter liability. It emphasised that directors cannot place unconditional trust in fellow board members, set clear limits on the business judgement rule where decisions are based on insufficient information or existential risks and underlined that external expert advice must be critically assessed. This ruling is widely regarded as a milestone in German corporate liability jurisprudence.
- **Insolvency exposure:** Insolvencies are on the rise in sectors such as real estate, construction and retail. Managing directors must ensure that financial difficulties are identified early and that insolvency filings are made without delay. Late filings can result in personal liability, even after a director has left office.
- **Cyber and data risks:** Surveys report almost 90% of German executives consider cyberattacks the leading liability threat. The forthcoming implementation of the NIS2 directive intensifies directors' accountability for cybersecurity governance, requiring documented oversight, regular training and strict adherence.
- **Compliance and regulation:** Deficient compliance systems, poor implementation of the Supply Chain Due Diligence Act and inadequate whistleblower protections increase legal exposure.

  Upcoming EU rules on artificial intelligence (AI) and stricter anti-money laundering frameworks will further expand oversight duties.

Practical guidance

- **Document decisions:** Keep detailed records of board meetings and external expert advice to evidence thorough deliberation.
- **Strengthen risk management:** Elevate cybersecurity and data protection to top priorities at board level, supported by regular audits and directors' and officers' (D&O) insurance.
- **Regular monitoring:** Conduct financial reviews and implement internal early-warning systems to detect insolvency risks early and take timely action.
- **Upgrade compliance:** Implement robust whistleblower systems, continuous staff training and comprehensive third-party monitoring.
- **Prepare for evolving regulations:** Establish governance frameworks for AI applications and anti-money laundering compliance aligned with new legal standards.

Conclusion

German courts and regulators are steadily tightening the standards for executive responsibility. These developments are relevant not only for German-headquartered companies but also for any business with subsidiaries in Germany. Directors and executives must be aware of the potential personal liability, monitor local operations closely and take timely measures to ensure compliance, robust governance and proper documentation.

PKF Comment

If you believe the above may impact your business or personal situation or require any advice with respect to legal matters in Germany, please contact Dr Dirk Moldenhauer at **dr.dirk.moldenhauer@pkf-wms.de** or call **+49 541 94422 820**.

BACK

When the last place of residence changes everything: The EU Succession Regulation from a German perspective

In a globalised world, it is no longer unusual: people live, work and invest across borders. But what happens to their estate when such a person dies?

International inheritance cases often raise complex legal questions that can lead to surprising and sometimes undesirable consequences for heirs. The EU Succession Regulation (Reg (EU) No 650/2012) governs which national inheritance law applies in the event of death in large parts of Europe.

The issue can be illustrated with the following case:

> A wealthy German national lives in Germany with his wife and their two children. He does not make a will, as he agrees with the statutory inheritance rules under German law – according to which the wife inherits half alongside the children (section 1931 (1) German Civil Code ('BGB') in conjunction with section 1371 BGB).
>
> After retiring, he relocates his habitual residence to his holiday home in Sweden. In Germany, he still owns a rental property and shares in a German limited liability company (GmbH). He dies in Sweden in July 2025.

According to the decedent's understanding, the inheritance should be governed by German law. Under this law, the spouse and children form a community of heirs (Erbengemeinschaft), with each person's share corresponding to their legal inheritance portion.

Under German law, the inheritance of the surviving spouse is determined by the matrimonial property regime. The equalisation of accrued gains (Zugewinngemeinschaft) is the statutory matrimonial property regime.

In this case, the surviving spouse inherits a quarter, and the equalisation of accrued gains increases the intestate portion of the surviving spouse by one quarter of the inheritance (sections 1371 and 1931 of the German Civil Code).

The children are the first-degree heirs of the deceased. Their inheritance share is one quarter each.

Under German civil law, a community of heirs means that all heirs jointly own the entire estate. Each heir holds a fractional share, but not specific individual assets. The estate remains collectively owned until the community is dissolved, at which point individual assets can be distributed to the heirs.

According to Article 21(1) of the EU Succession Regulation, the law of the country in which the deceased had their habitual residence at the time of death applies to the entire succession – in this case, Swedish inheritance law. As no testamentary disposition was made by the decedent, no choice of law was made.

As a result, the wife inherits the entire estate directly. The children are only considered as so-called efterarvingar – a kind of reversionary heir, who only inherit after the wife's death. The wife may use the entire inherited estate but may not pass it on to others. This does not reflect the presumed intention of the deceased, who had relied on German law.

If it was planned that the children would acquire income from the (GmbH) shares and the rental property (or use inheritance tax benefits), this did not happen. This is because, under applicable Swedish civil law, the children did not inherit these assets.

The European Certificate of Succession may be used to take possession of the inheritance in Germany (Art. 63 Reg (EU) No 650/2012). It should be noted that this certificate expires within six months.

Additionally, the assets located in Germany may be subject to unexpected tax consequences, as German inheritance tax law is linked to the civil law succession under Swedish law.

Due to the wife's position as sole heir and the children's reversionary status, inheritance tax benefits cannot be claimed by the children for the acquisition due to the father's death.

It should also be noted that in such cases, inheritance and matrimonial property law may diverge, as the EU Matrimonial Property Regulation (Regulation (EU) 2016/1103) refers to a different connecting factor (Art. 26(1)(a) EU-2016/1103), which can lead to further discrepancies.

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PKF Comment

Inheritance cases with an international dimension require early attention and planning.

Anyone who owns assets abroad or lives abroad should seek legal (and tax) advice at an early stage to ensure that the desired legal consequences occur in the event of inheritance. Unexpected consequences can only be avoided with an adequate testamentary disposition. With our international PKF network, we are at your disposal to assess and resolve the legal (and tax) issues.

For further information or advice in relation to this, or with respect to German legal issues, please contact Ruth Greve at **ruth.greve@pkf-fasselt.de** or call **+49 203 30001237** or **+49 162 2001237**.

BACK

Italy

The new Collective Economic Agreement ('AEC') for the commerce sector

In Italy, agency agreements and relationships are governed by the Italian Civil Code, which was amended in implementing EC Directive No. 86/653.

In addition to the Civil Code, Collective Economic Agreements ('AEC', established between trade unions (representing employees) and employers/ agents) provide for some additional terms and conditions, generally more favourable to agents.

On 1 July 2025, the new AEC for the commerce sector came into effect, having been signed on 4 June 2025. The new provisions of the collective agreement therefore automatically apply from 1 July 2025 to agency contracts that provide for the application of the AEC Commerce.

The list of definitions has been expanded, introducing for the first time the definition of 'promotion' (art. 1, par. 2, lett. c), which seems aimed at extending the scope of the agreement to new types of intermediaries engaging in online activities.

The definition of 'calculation base' has been introduced, which includes not only commissions but also all amounts paid exclusively as reimbursements or lump-sum expense contributions, performance bonuses, coordination or collection (art. 1 bis). This calculation base will be used as a reference for calculating severance allowances (art. 2, par. 4), as well as for determining any negative changes for the agent (art. 3, par. 6), for the non-competition agreement (art. 8, par. 2, lett. a) and for any compensation in lieu of notice (art. 11, par. 13).

To discourage repeated use of fixed-term contracts, it is established that a fixed-term contract may be renewed for no more than two consecutive periods.

As regards variations in the content of the relationship, new limits and some modifications have been introduced (art. 3), including the prohibition of making significant changes in the first 12 months of the relationship. Further, the thresholds for medium and significant changes have been modified (medium changes are those between 5% and 15%, while significant changes are those over 15%) and the possibility for the agent to refuse medium changes (in addition to sensitive changes) has been introduced.

The information obligations on the principal have been tightened. For example, the principal must notify the agent within 30 days of receiving an order if it is unable to fulfil it (art. 4, par. 6) (the previous version did not specify a time limit); the principal must provide the agent with data related to turnover not only for checking paid commissions but also for calculating severance allowances (art. 4, par. 8); and the principal must also provide data regarding online sales (art. 5, par. 8).

For the first time, the agent's right to commissions on sales made by the principal through e-commerce in their exclusive area is expressly recognised (art. 5, par. 14).

As regards post-contractual non-competition agreements, it is clarified that the related compensation cannot be paid through advances given during the relationship (art. 8, par. 3). This is in line with the provision already contained in paragraph 1 of the same article, which states that such compensation must be paid 'in a single payment at the end of the relationship'.

Paternity rights have been expanded, such that fathers are entitled to up to 20 consecutive days of leave in the first five months following the birth, adoption or custody of a child.

The agent's contract is suspended for the duration of the leave and cannot be terminated by the principal during this period.

The notice period for a single-mandate agent has been modified to be more favourable to the agent. The termination notice period is now five months for the first three years of the relationship (rather than for the first five years), six months from the fourth year, seven months from the fifth year and eight months from the sixth year onwards.

The right to severance pay is recognised for partnership agents even where a partnership is dissolved due to: (i) all partners reaching retirement age; or (ii) loss of plurality of partners because of total or permanent disability, retirement or death, provided that the loss is not reconstituted within the six-month period specified in art. 2272, n. 4 of the Italian Civil Code.

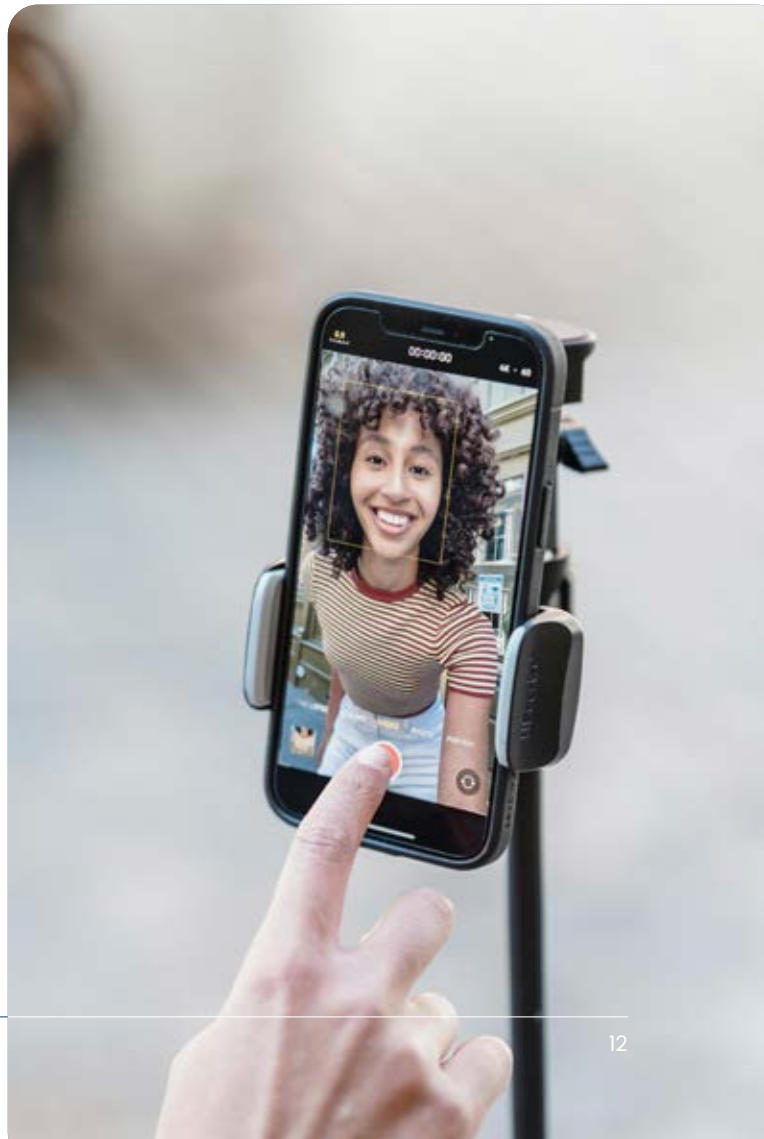
Finally, a further change has been introduced in connection with performance-related pay, whereby the initial and final values are determined with reference to months rather than quarters. For example, for the second year of the relationship, the initial value is determined by considering the average annual turnover of the first six months (instead of the first two quarters) and the final value is determined by considering the average annual turnover of the last six months (instead of the last two quarters), and so on.

The classification of 'influencers' in Italy

In Italy, there is a lack of specific and comprehensive rules for content creators and influencers. As a matter of fact, Italian laws do not provide a specific definition or regulations for influencers and/or their contracts.

Indeed, several possible contractual frameworks could apply to influencers (including, for example, freelance/independent professional work/self-employment, employment, so-called 'co.co.co' contracts and sales agents), depending on the actual activity performed by the influencer, how the relationship is structured and the terms and conditions of the engagement agreements with clients/agencies.

In February 2025, the National Institute of Social Security ('INPS') issued Circular No. 44/25 ('the Circular') which provides some important guidelines and has generally categorised influencers within the framework of self-employment.



In addition, the Circular clarifies the role of the influencer, outlines the criteria for classification and establishes the obligation for influencers to register with INPS and pay social security contributions if they meet specific thresholds of activity and income.

INPS explains that 'content creators' (including influencers) may fall under different social security schemes depending on how their activities are carried out. It should also be noted that, in cases where the contractual arrangement involves 'agencies', the entity that is legally required to fulfil the contribution obligations is always the party that formally enters into the 'engagement' contract.

In particular:

i. **INPS Separate Management Fund (Gestione Separata INPS)**

If an influencer's activity is carried out in an autonomous and continuous manner, it must be registered with the INPS Separate Management Fund. This regime applies to professionals who operate without an employment relationship and are not registered with other social security funds. It is considered the most appropriate fund for influencers whose activities are purely professional and independent, for example, when they create original content on commission, offer brand or product promotion services or engage in digital marketing consulting, without directly selling products. Workers with coordinated and continuous collaboration ('co.co.co') contracts must also be enrolled in this fund.

ii. **Special pension fund for performers, Fund for Workers in the Entertainment Industry ('FPLS')**

Established following the merger of the former National Institute for Pension and Assistance for Entertainment Workers ('ENPALS') into INPS, this special pension fund supports 'entertainment workers', including actors, musicians, singers, dancers and other artists, as indicated in Legislative Decree no. 708/1947.

Accordingly, individuals who fall within these categories and who use social media as their main channel for sharing their art and for their primary profession must be enrolled in this fund.

Where the influencer's activities are not limited to uploading video content to online platforms and, on the basis of contractual commitments with a client (a brand or intermediary agency), those activities bear the characteristics of an artistic or entertainment performance related to the entertainment industry (e.g. the creation of audiovisual products specifically for advertising purposes), the influencers (or content creators) are regarded as entertainment workers.

Where the influencer acts as an agent (sales representative), there is a specific mandatory assistance agency and fund (Enasarco) where the agents must be enrolled by principals, who are required to pay social contributions based on the commissions paid to the agent.

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PKF Comment

For further information or advice in relation to this, or with respect to Italian legal issues, please contact Marco De Leo at **mdeleo@rinaldilawf.com** or call **+39 02 7600 88 60**.

BACK

Spain

In recent months, there have been significant legislative changes that impact various sectors. It is crucial to be aware of these updates and take appropriate measures.

Below is an overview of the main regulatory adjustments.

Recent legislative changes

Royal Decree-Law 4/2025 of 8 April on urgent measures in response to the tariff threat and to relaunch trade

The Spanish government has approved Royal Decree-Law 4/2025 of 8 April, which contains a set of urgent economic and financial measures aimed at mitigating the impact of the tariff policy adopted by the United States and relaunching the internationalisation of Spanish trade. It focuses mainly on the following aspects:

1. **Injecting liquid funds and boosting investment capacity:** New financing modalities have been introduced and existing instruments have been reinforced to support Spanish foreign trade activity. As an example, a line of Official Credit Institute ('ICO') guarantees has been created for exporting and importing companies with significant exposure to US tariff policies.

2. **Greater coverage of business risks:** The aim is to reinforce business stability by offering new loss compensation mechanisms, and the accounting moratorium has been extended, avoiding the legal obligation to dissolve companies due to losses.

3. **Flexibility of the deadline for the preparation of annual accounts.**

Royal Decree 681/2025 of 29 July which regulates the Fund for Entrepreneurship and Small and Medium Enterprises ('FEPYME'), F.C.P.J.

The Fund for Entrepreneurship and Small and Medium Enterprises ('FEPYME') was created as a new financial instrument attached to the Ministry of Industry and Tourism, of a public nature and without legal personality, with the aim of unifying in a centralised structure the lines of financing in order to respond quickly to the needs of entrepreneurs.

Its main objective is to facilitate access to financing for SMEs and public entities that develop viable and innovative entrepreneurial projects, particularly in the field of language technologies and natural language processing, by providing them with financial support through the granting of equity loans, which are not considered state aid.

The regulation provides an operational guide on the eligibility requirements, the management and operation of the loans, as well as anti-fraud, audit monitoring and control mechanisms. Granting of such loans does not require additional guarantees, being subject only to criteria of technical and economic viability of the project.

Law 2/2025 of 29 April which amends the revised text of the Workers' Statute Law, approved by Royal Legislative Decree 2/2015 of 23 October on the termination of the employment contract due to permanent disability of workers and the revised text of the General Social Security Law, approved by Royal Legislative Decree 8/2015 of 30 October on permanent disability

The approval of Law 2/2025 represents a change in the labour regulations in connection with reinforcing the protection of labour rights of people with disabilities, guaranteeing equal opportunities and non-discrimination in employment.

It promotes a model of integration and permanence that requires the adaptation of internal company procedures before termination can be considered. The main adjustments are: i) the elimination of the automatic termination of the employment contract in the event of a declaration of permanent disability (total, absolute or severe disability), which is now subject to specific causes; and ii) the inclusion of the transitional period between the declaration of permanent incapacity and the possible adaptation of the post or compatible relocation as a cause for suspension of the employment contract, with the right to reserve the post.

In addition, modifications have been introduced in the field of social security, especially regarding the transition between temporary incapacity and permanent incapacity and its effects on economic benefits and contributions in order to harmonise both situations.

Royal Decree-Law 3/2025 of 1 April, establishing the programme of incentives linked to electric mobility (MOVES III) for the year 2025

Royal Decree-Law 3/2025 of 1 April regulates the MOVES III programme for the year 2025, focused on promoting electric mobility in Spain. This incentive plan establishes an economic support framework for the acquisition of electric vehicles and the installation of charging infrastructure, thus contributing to the reduction of polluting emissions and the promotion of energy efficiency.

All measures are focused on maintaining the pace of electrification of mobility that contributes to achieving the decarbonisation and energy efficiency objectives established in the update of the National Integrated Energy and Climate Plan ('PNIEC') 2023–2030.

Management of the programme is the responsibility of each autonomous community and the cities of Ceuta and Melilla. These regional bodies will launch their own requests for proposals. The programme is aimed at individuals, companies and public administrations, granting direct aid and tax incentives to promote more sustainable and efficient transport.

PKF Comment

If you believe the above may impact your business or personal situation or require any advice with respect to legal matters in Spain, please contact Carlos Palomino at **cpalomino@pkf-attest.es** or call **+34 944 356 500** or **+34 915 561 199**.

BACK

United States

Regulatory and enforcement pressure rises in Mexico and Latin America – Is your business ready?

A wave of recent US policy changes is reshaping the operating environment for businesses with ties to Mexico and Latin America. In addition to wide-reaching tax reforms introduced under the administration's 'One Big Beautiful Bill', new national security directives and criminal enforcement priorities are redefining corporate compliance obligations abroad. Among the most significant developments is the designation of certain cartels and transnational criminal organisations (TCOs) as Foreign Terrorist Organisations (FTOs) – a shift that carries serious implications for companies engaged in international trade, finance or logistics.

These changes collectively raise the bar for corporate accountability, particularly when it comes to due diligence, third-party risk management and internal controls. For businesses operating in or with partners across the region, the evolving landscape demands more than basic compliance. It requires proactive, enterprise-level strategies to detect risk exposure and maintain regulatory readiness across functions.

Key policy changes

A shift in enforcement mindset: By categorising cartels and TCOs alongside terrorist organisations responsible for American casualties, federal agencies adopted a posture that prioritises total elimination over selective enforcement. Recent guidance makes it clear that corporate dealings as simple as vendor or third-party payments which indirectly touch these organisations will now be viewed through a national security lens, a significant departure from previous policy.

Enhanced investigative powers: Designating cartels and TCOs as FTOs allows the government to leverage national security authorities, such as the Financial Crimes Enforcement Network's (FinCEN) section 314(a) requests, which enable federal agencies to seek information from financial institutions about potential money laundering or terrorist financing.

These requests compel all financial institutions to search their records for accounts or transactions involving designated entities or individuals. Institutions must respond within two weeks or risk civil and criminal penalties. This mechanism dramatically increases law enforcement's ability to detect and trace illicit financial connections, often well before companies even realise their exposure.

What this means for your business

For financial institutions and companies operating in or with partners in Mexico and Latin America, the implications are clear: compliance and due diligence programmes must be robust to address the expanded risk environment and policy changes. Even inadvertent connections to designated entities can trigger significant legal and reputational consequences.

To remain compliant and mitigate risk, financial institutions and companies with operations, vendors or partners in Mexico and Latin America should take immediate steps to:

- **evaluate third-party relationships** for hidden exposure to designated entities;
- **reassess anti-money laundering (AML) and know your client (KYC)** policies and procedures in light of the shifting risk landscape;
- **update compliance and due diligence protocols** to address elevated national security scrutiny;
- **implement financial controls and audit trails** that align with Department of Justice (DOJ) expectations and expanded use of FinCEN's authorities;
- **prepare internal teams** to respond swiftly to enforcement enquiries or 314(a) requests; and
- **complete a forensic analysis** to quantify potential exposure and build a documented record of good-faith compliance efforts.

PKF Comment

The Forensics, Litigation and Valuation team at PKF O'Connor Davies has deep experience navigating complex regulatory and enforcement matters. We assist clients by evaluating and enhancing internal controls, assessing critical risks, conducting data analysis and forensic reviews, investigations and quantifying economic exposure.

Through our **Latin America Desk**, we connect specialists from our New York City base with skilled counterparts in more than 40 offices throughout Latin America and the Caribbean, including Mexico, Colombia, Chile, Brazil, Argentina, Puerto Rico and the Dominican Republic.

We provide exceptional guidance and customised solutions integral to managing risk and success for businesses, individuals and organisations throughout the US and Latin America. In addition, clients have access to accounting, audit, tax and business advisory expertise at more than 510 office locations in over 150 countries on five continents through our membership of PKF Global, a global network of independent accounting and advisory firms.

If you have any questions or need assistance facing these regulatory and enforcement risks, please contact your PKF O'Connor Davies client service team or:

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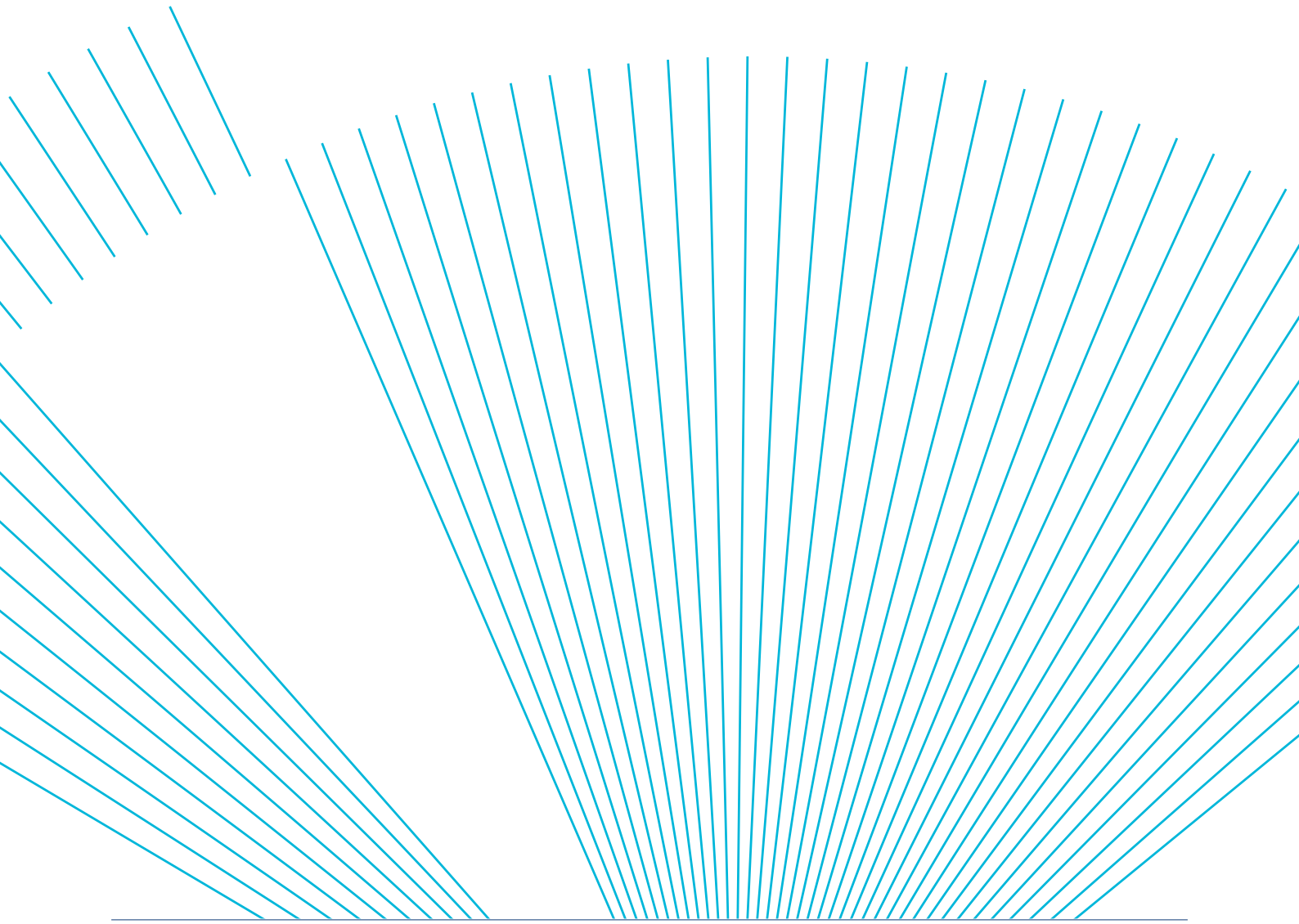
Closing remarks

As the legal landscape continues to evolve, our commitment is to ensure that you remain well informed and well prepared. The PKF Legal Newsletter is not just a collection of updates, but a platform for insight, dialogue and shared expertise across our global network.

We hope this edition provides meaningful value in your professional practice. We look forward to staying connected and to bringing you further updates and thought leadership in future editions.



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