PwC's Pillar Two Country Tracker

pwc

Country or region: OECD Model Rules

Last update: 7 May 2024

Status of enactment

The OECD Secretariat published Administrative Guidance on 18 December 2023, adding to Guidance issued in February and July 2023. The key provision in the latest Guidance relates to new anti-arbitrage rules for the Transitional CbCR Safe Harbour (CbCR Safe Harbour) that had been introduced in the previous update along with the UTPR Safe Harbour for fiscal years commencing on or before the end of 2025. The latest Guidance also covered some additional areas, including the allocation of blended CFC taxes and filing/notification obligations. In July, a permanent safe harbour for jurisdictions that adopt a QDMTT added to and superseded the earlier guidance that started to deal with certain issues including the QDMTT. A Consolidated Commentary, which incorporates Agreed Administrative Guidance that has been released by the Inclusive Framework since March 2022 up until December 2023, was released on 25 April 2024. It is also stated that the IF will continue to release further guidance on an ongoing basis (i.e., in smaller packages) to ensure that the GloBE Rules continue to be implemented and applied in a coordinated manner.

On 3 October 2023, the G20/OECD Inclusive Framework on BEPS (IF) opened for signature by states, without reservations, a multilateral instrument (MLI) to implement the Pillar Two Subject to Tax Rule (STTR). It was accompanied by an explanatory statement, high-level summary, and frequently asked questions.

On 12 July 2023, the OECD published a press release and “Outcome Statement” following the 15th plenary meeting of the IF, which took place in Paris on 10-11 July, and on 17 July a package of documents that included: • agreed text for the Pillar Two STTR; • the contents required in the Pillar Two GloBE Information Return; and • further Pillar Two GloBE Administrative Guidance. The Outcome Statement was approved by 138 of the 143 IF members (Belarus, Canada, Pakistan, the Russian Federation, and Sri Lanka did not sign, but Kenya and Nigeria did).

On 20 December 2022, the OECD published the first three guidance papers to form part of the implementation framework:

- Guidance on Safe Harbours and Penalty Relief, approved by the IF on 15 December;
- A public consultation document on the GloBE Information Return (OECD Secretariat consultation document and, thus, unagreed by the IF); and
- A public consultation document on Tax Certainty for the GloBE Rules (OECD Secretariat consultation document and, thus, unagreed by the IF).

A Commentary to the GloBE rules agreed by the IF, together with OECD illustrative examples, were published on 14 March 2022.

In October 2021, over 135 jurisdictions had agreed to update the international tax system on the basis that it was was no longer fit for purpose in a globalised and digitalised economy. The GloBE Model Rules agreed by the IF were published on 20 December 2021. The means by which GloBE must be incorporated into domestic law is determined by each implementing jurisdiction.

Income inclusion rule

The Implementation plan envisaged implementation of IIR from 2023 and UTPR from 2024. However, it now seems recommended by the OECD that the IIR is introduced for periods beginning on or after 31 December 2023 (although there is a Transitional CbCR Safe Harbour that could apply for fiscal years beginning on or before 31 December 2026, but not including a fiscal year that ends after 30 June 2028 while a more permanent Simplified Calculations Safe Harbour is also under discussion).

Undertaxed Payments Rule

The Implementation plan envisaged implementation of IIR from 2023 and UTPR from 2024. However, it now seems that the OECD recommends introducing the UTPR for periods beginning on or after 31 December 2024 (although there is a transitional UTPR safe harbour in relation to periods beginning on or before 31 December 2025 and ending before 31 December 2026, for the UTPR Top-up Tax to be zero for a UPE Jurisdiction having a corporate tax rate of at least 20%).

Qualified Domestic Minimum Top-up Tax

A QDMTT that will be deductible from the Top-up Tax otherwise payable must have the following attributes: (a) determine the Excess Profits of the CEs located in the jurisdiction (domestic Excess Profits) - it may use an Acceptable Financial Accounting Standard permitted by the Authorised Accounting Body or an Authorised Financial Accounting Standard adjusted to prevent any Material Competitive Distortions, rather than the financial accounting standard used in the Consolidated Financial Statements); (b) operate to increase domestic tax liability with respect to domestic Excess Profits to the Minimum Rate for the jurisdiction and CEs for a Fiscal Year; and (c) be implemented and administered in a way that is consistent with the outcomes provided for under the GloBE Rules and the Commentary, provided that such jurisdiction does not provide any benefits that are related to such rules.

There is also a QDMTT Safe Harbour, deeming the Top-up Tax payable under the GloBE Rules to be zero, allowing an MNE Group to undertake one computation under the QDMTT and avoiding the need to undertake a further calculation under the GloBE rules. To qualify the QDMTT must meet three standards: (a) the QDMTT Accounting Standard which requires a QDMTT to be computed based on the UPE's Financial Accounting Standard or a Local Financial Accounting Standard subject to certain conditions; (b) the Consistency Standard which requires the QDMTT computations to be the same as the computations required under the GloBE Rules with minor exceptions; and (c) the Administration Standard which requires the QDMTT jurisdiction to meet the requirements of an on-going monitoring process similar to the one applicable to jurisdictions implementing the GloBE Rules.

QDMTT: Accounting Standards

The definition of a QDMTT under Chapter 10 of the Model Rules allows for the compution of domestic Excess Profits based on an Acceptable Financial Accounting Standard permitted by the Authorised Accounting Body or an Authorised Financial Accounting Standard adjusted to prevent any Material Competitive Distortions, rather than the financial accounting standard used in the UPE's Consolidated Financial Statements.

For a QDMTT to meet the QDMTT Accounting Standard in the QDMTT Safe Harbour, the QDMTT legislation can similarly rely under the Local Financial Accounting Standard Rule on such alternative where all of the Constituent Entities located in that jurisdiction have financial accounts based by law on, or subject to external audit of, that local standard and the Fiscal Year of such accounts is the same as that of the UPE's Consolidated Financial Statements. This covers inclusion in consolidated financial accounts and a non-resident preparing accounts or tax information for a PE there.

QDMTT: SBIE applicable

A QDMTT is not required to have an SBIE equivalent but any it does have must not be broader than the substance factors as set out in the SBIE, i.e. tangible assets and payroll. The scope and measure of tangible assets and payroll must not be broader than the GloBE Rules to ensure functionally equivalent outcomes. The percentages cannot be higher but could (including ignoring the transitional period increases) be lower.

Covered Taxes

Article 4.2 describes covered taxes. Commentary Ch 4 para 22 et seq state that the definition of Covered Taxes is developed solely for the purposes of the GloBE Rules and has no direct interaction with Article 2 (Taxes Covered) of the OECD Model Tax Convention (OECD, 2017). In determining whether a Tax is a Covered Tax, the focus is on the underlying character of the Tax, some elements of which it goes on to discuss in detail.

The Guidance determines the formula for the applicable ETR rate under a Blended CFC Tax Regime and also clarifies how to allocate the CFC tax incurred under such a regime to entities located in jurisdictions in which the GloBE Jurisdictional ETR is below that rate.

Qualifying Refundable Tax Credits

The generation and use of tax credits is excluded from the Total Deferred Tax Adjustment Amount and any movement in deferred tax expense arising from the generation and use of such tax credits is excluded from the computation of Adjusted Covered Taxes. Commentary Ch 4 para 80 et seq notes that a tax credit is an amount that taxpayers can subtract directly from taxes owed to a government and includes tax credits granted in a jurisdiction due to a tax liability imposed in another jurisdiction or imposed on profits distributed by another entity such as foreign tax credits.

A Qualified Refundable Tax Credit (QRTC) is treated as income for purposes of the GloBE Rules, which means the credit is taken into account in the denominator of the ETR computation and is not treated as reducing a CE’s taxes in the year the refund or credit is claimed. Commentary Ch.10 para 134 et seq notes that in order to be treated as a QRTC, the tax credit regime must be designed - in substance and not just form - in a way so that a credit (potentially part of a whole) becomes refundable within 4 years from when the conditions under the laws of the jurisdiction granting the credit are met.

A Marketable Transferable Tax Credit (MTTC) is treated under the Administrative Guidance in a similar way to a QRTC in relation to its face value or, if it is transferred, generally the transfer price. An MTTC is a tax credit that can be used by the holder of the credit to reduce its liability for a Covered Tax in the jurisdiction that issued the tax credit and that meets the legal transferability standard and the marketability standard in the hands of the holder.

CbCR Transitional Safe Harbour

The transitional CbCR Safe Harbour would reduce an MNEs top-up tax for a particular tested jurisdiction to zero where one of three criteria are met:

1. De minimis test: The jurisdiction has total CbCR revenue of less than €10 million, and the CbCR profit (loss) before income tax is less than €1 million (including a loss). Or
2. Simplified ETR test: The jurisdiction has an ETR that is equal to or greater than the ‘transition rate’ in the jurisdiction for the fiscal year. a. The ‘simplified ETR’ is calculated by dividing the simplified covered taxes (income tax expense reported in the MNE’s financial statements, minus any taxes that are not covered taxes or taxes

relating to uncertain tax positions) by the profit or loss before tax reported in the MNE Group's CbCR. b. The 'transition rate' is: 15% for fiscal years beginning in 2023 and 2024; 16% for fiscal years beginning in 2025; and 17% for fiscal years beginning in 2026. Or
3. Routine profits test: The tested jurisdiction's profit or loss before income tax for the jurisdiction is equal to or less than the substance-based income exclusion for constituent entities resident in that jurisdiction under the CbCR, as calculated under the GloBE rules.

This transitional safe harbour would exist for fiscal years beginning on or before 31 December 2026, but not including a fiscal year that ends after 30 June 2028.

If an MNE Group has not applied the Transitional CbCR Safe Harbour with respect to a jurisdiction in which it has a CE in a Fiscal Year in which it is subject to the GloBE Rules, the MNE Group cannot qualify for that safe harbour for that jurisdiction in a subsequent year ("once out, always out" approach).

The December 2023 Guidance clarifies the application of the CbCR Safe Harbour, addressing the consistent use of data and what constitutes a qualifying CbCR (including where there are purchase price accounting adjustments). The guidance provides clarification with respect to the tested jurisdictions and the taxes that can be included as part of an entity's simplified covered taxes and also addresses the percentages to use in applying the routine profits test. the CbCR Safe Harbour will not be available to the extent that inconsistent treatment of a Hybrid Arbitrage Arrangement (usually implemented after 15 December 2022) would otherwise result in a jurisdiction qualifying for the CbCR Safe Harbour.

Special rules apply for a number of other specific situations.

UTPR Transitional Safe Harbour

Under the Administrative Guidance there is a transitional UTPR Safe Harbour, designed to provide transitional relief in the UPE Jurisdiction during the first two years in which the GloBE rules come into effect. Under the Transitional UTPR Safe Harbour, the UTPR Top-up Tax Amount calculated for a UPE Jurisdiction where the combined normal rate of corporate income tax and sub-national taxes is at least 20% is deemed to be zero for Fiscal Years which run no longer than 12 months that begin on or before 31 December 2025 and end before 31 December 2026.

When an MNE qualifies for both a transitional CbCR and UTPR safe harbour in a jurisdiction in a fiscal year, the MNE may elect to apply the Transitional CbCR Safe Harbour, rather than the UTPR Safe Harbour, in order to avoid losing the benefit of the Transitional CbCR Safe Harbour in a subsequent Fiscal Year under the "once out, always out" approach.

Permanent Safe Harbours

The Administrative Guidance sets out the framework for a Permanent Safe Harbour on the use of Simplified Calculations, to be developed in subsequent Agreed Administrative Guidance . The Top-up Tax (other than Additional Current Top-up Tax) for a jurisdiction would be deemed to be zero for a Fiscal Year when the Tested Jurisdiction meets one of the three following conditions:

1. The Routine Profits Test. If its GloBE Income under a Simplified Income Calculation is equal to or less than the amount that results from computing the Substance-based Income Exclusion for that jurisdiction
2. The De Minimis Test. If the Average GloBE Revenue under a Simplified Revenue Calculation is less than €10 million, and the Average GloBE Income under a Simplified Income Calculation is less than €1 million or shows a loss
3. The ETR Test. If the Effective Tax Rate under the Simplified Income Calculation and Simplified Tax Calculation, is at least 15%

The December 2023 Guidance provides for Simplified Income, Revenue and Tax Calculations for Non-Material Constituent Entities (NMCEs) as part of the framework.

Subject to Tax Rule

IF jurisdictions applying nominal corporate income tax rates below the 9% minimum rate (or a lower rate if another provision of a double tax treaty allows it) to interest, royalties, and a defined set of other payments took on a commitment to implement the STTR in their bilateral tax treaties when requested to do so by IF jurisdictions identified as developing countries for this purpose. The STTR MLI aims to facilitate the implementation of the STTR in existing bilateral tax treaties without the need for more complex/time-consuming bilateral negotiations and amendments to such treaties. So, IF jurisdictions can implement the STTR by electing to sign the MLI or by amending bilateral treaties when requested by developing IF jurisdictions. Where the STTR is added as an Annex to the Covered Tax Agreement, it will apply after entering into force without reservations. Thus, its application does not require a 'matching exercise' or further steps, apart from the implementation of the STTR MLI. Accordingly, the STTR MLI directly amends existing bilateral tax treaties, functioning like an amending protocol to a single existing bilateral tax treaty.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

The OECD allows local filing requirements and local compliance dates, i.e., to be agreed by each country. However, a GloBE Information Return (GIR) will also be required within 15 months (18 months in the Transitional Year) by the CE, its UPE or a designated filing entity. The GIR requires a broad range of information to be disclosed including detail required on a CE-by-CE computation in Section 3.4. However, there is to be a transitional simplified jurisdictional reporting framework (Simplified Framework), as a temporary measure that allows for simplified reporting for all fiscal years beginning on or before 31 December 2028 (but not including a fiscal year that ends after 30 June 2030). Under the Simplified Framework, the MNE Group is generally not required to report adjustments to financial accounts net income and loss, current tax expense, or deferred tax expense on a CE-by-CE basis and all adjustments can be reported on a net basis. The Simplified Framework is only allowed for jurisdictions where either (1) no Top-up Tax liability arises or (2) Top-up Tax liability arises, but it does not need to be allocated on a CE-by-CE basis. The IF has adopted a "targeted" dissemination approach for sharing information about each MNE Group, whereby: • The UPE jurisdiction is provided with the entire GIR; • Jurisdictions with taxing rights under the GloBE Rules are provided with relevant sections of the GIR; and • All CE implementing jurisdictions are provided with general information and the corporate structure. The Simplified Framework will not limit any rights of tax authorities to request additional information.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

For any Fiscal Year beginning on or before 31/12/2026 (but not including a Fiscal Year that ends after 30/6/2028), no penalties or sanctions should apply in connection with the filing of a GloBE Information Return where a tax administration considers that an MNE has taken "reasonable measures" to ensure the correct application of the GloBE Rules. A tax administration may consider that an MNE has taken reasonable measures where the MNE can demonstrate that it has acted in good faith to understand and comply with the relevant domestic application of the GloBE Rules and the QDMTT.

Application of OECD guidance to Pillar Two local rules

PwC Thought Leadership

Pillar Two: how safe is the safe harbor?(CBTT podcast)

Doug McHoney (PwC's International Tax Services Global Leader) and Steve Kohart, International Tax Principal with PwC US and former Advisor for the Center for Tax Policy and Administration for the OECD, discuss the OECD's latest Pillar Two Administrative Guidance, which was published December 18, 2023 and primarily covers the transitional country by country Safe Harbor. Listen here

OECD releases further Pillar Two GloBE Administrative Guidance and timeline update for Pillar One

The OECD Secretariat published the latest set of Administrative Guidance on the Global Anti-Base Erosion Model Rules (GloBE rules) of Pillar Two on 18 December 2023 intended to clarify the operation of the GloBE rules. This is the third set of administrative guidance. Read more

Multilateral instrument implementing the Pillar Two Subject to Tax Rule opens for signature

On 3 October 2023, the OECD Inclusive Framework announced the conclusion of negotiations on a multilateral instrument (MLI) to implement the Pillar Two Subject to Tax Rule (STTR). Read more

Pillar Two Administrative Guidance: More details, more questions (CBTT podcast)

Doug McHoney (PwC's International Tax Services Global Leader) and Steve Kohart, International Tax Principal with PwC US and former Advisor for the Center for Tax Policy and Administration for the OECD, discuss the latest wave of OECD Pillar Two guidance. Listen here

OECD releases Pillar Two GloBE Rules Administrative Guidance and GloBE Information Return

The OECD/G20 Inclusive Framework on BEPS (IF) released a number of documents relating to the Two-Pillar solution on 17 July 2023, one of which was a second set of GloBE Administrative Guidance. Also released as part of the OECD package was an updated version of the GloBE Information Return (GIR). Read more

OECD releases Pillar Two Subject to Tax Rule report

On 17 July 2023 the OECD Inclusive Framework (IF) released a report with model treaty text to give effect to the Subject-to-Tax-Rule (STTR), together with an accompanying commentary explaining the purpose and operation of the STTR. The OECD Secretariat also published a summary of the STTR, titled "The Subject to Tax Rule in a Nutshell," to assist in understanding the STTR model provisions. Read more

OECD presents report to G-20 Finance Ministers and releases key documents under Pillar One and Pillar Two

Read more

Pascal Saint-Amans: The Pillar Two Origin Story (CBTT podcast)

Doug McHoney (PwC's International Tax Services Global Leader) and Pascal Saint-Amans (former Director of the OECD's Centre for Tax Policy and Administration and current partner with Brunswick) discuss the BEPS Project with an overview of the Pillar Two origin story, the challenges and successes of the project, harmful tax practices and the ways the OECD is trying to change tax systems, the natural complexity of tax, the future of tax incentives, compliance requirements, the private sector's role in the policy process and much more. Listen here

OECD releases Administrative Guidance on the Pillar Two Global Minimum Tax Rules

The OECD released Administrative Guidance on the Pillar Two Global Anti-Base Erosion Rules on 2 February 2023. This guidance addresses a wide range of issues identified by IF members as most in need of immediate clarification and simplification. Among others, it confirms the status of the US GILTI as a CFC Tax Regime under the GloBE Rules, sets out a mechanical allocation formula for GILTI and other 'Blended CFC Tax Regimes,' and provides guidance on Qualified Domestic Minimum Top-up Taxes and the treatment of some credits and incentives. Read more

OECD announces Pillar Two GloBE information return consultation

An OECD Secretariat consultation document on the GloBE Information Return (GIR) was published on 22 December 2022. The public consultation document indicates that the ultimate objective of the GIR is to develop a consistent and transparent set of standards for information collection that preserves consistency and certainty of outcomes for MNE groups, while avoiding a significant increase in taxpayer and tax administrations' compliance burdens. Read more

OECD releases Pillar Two guidance on Safe Harbours and Penalty Relief

The Inclusive Framework (IF) on 15 December Pillar Two Guidance on Safe Harbours and Penalty Relief, which covers the following: Transitional Country-by-Country Reporting (CbCR) Safe Harbour, Simplified Calculations Safe Harbour and Transitional Penalty Relief Regime. Read more

OECD releases Pillar Two Commentary and launches public consultation on the Implementation Framework

The OECD released Commentary and illustrative Examples to the Pillar Two Model Rules (Model Rules) on 14 March 2022. The Commentary provides guidance on the interpretation and application of the Model Rules and is intended to promote a consistent interpretation of the Model Rules, which will help facilitate coordinated outcomes for both tax administrations and MNE Groups. Read more

OECD releases Pillar Two 15% minimum effective tax rate Model Rules

The OECD released the long-awaited Pillar Two 15% minimum effective tax rate Model Rules on 20 December, just days before the expected release of a draft EU Directive on minimum taxes. These Model Rules cover the income inclusion rule (IIR) and undertaxed payments rule (UTPR), collectively referred to as 'GloBE.' Read more

PwC Contacts

William Morris, Global Tax Policy Leader, PwC US

Phil Greenfield, Global Tax Policy, PwC United Kingdom

Chloe Fox, Global tax Policy, PwC Ireland

PwC global Pillar Two website

Country or region: EU Directive

Last update: 20 February 2024

Status of enactment

The Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union entered into force on 23 December, the day following its publication in the Official Journal of the European Union. Member States shall transpose the Directive into their domestic law by 31 December 2023. The EU Council formally adopted the EU minimum tax Directive by written procedure on 15 December, ending the written procedure with this unanimous agreement notwithstanding the fact that Hungary abstained from the final vote and Sweden made a written observation on a specific provision of the Directive.

Income inclusion rule

Article 56 of the draft Directive provides that Member States shall bring the provisions of the Directive into force by 31 December 2023, with the IIR to apply in respect of fiscal years beginning as from 31 December 2023.

Article 50 provides that Member States can elect for a delayed introduction of both the IIR and the UTPR where that Member State has no more than 12 UPEs of groups in scope of the Directive located in that Member State. The election allows a Member State to postpone the introduction of the IIR and the UTPR for six consecutive fiscal years.

Undertaxed Payments Rule

Article 56 of the draft Directive provides that Member States shall bring the provisions of the Directive into force by 31 December 2023, with the UTPR to apply in respect of fiscal years beginning as from 31 December 2024.

Article 50 provides that Member States can elect for a delayed introduction of both the IIR and the UTPR where that Member State has no more than 12 UPEs of groups in scope of the Directive located in that Member State. The election allows a Member State to postpone the introduction of the IIR and the UTPR for six consecutive fiscal years.

Qualified Domestic Minimum Top-up Tax

Recital 13, Article 1(2) and Article 11 of the Directive allow a Member State to elect to apply a QDMTT. Member States may elect to apply a qualified domestic Top-up Tax in accordance with which Top-up Tax shall be computed and paid on the excess profit of all the low-taxed CEs located in their jurisdiction pursuant to the provisions of the draft Directive.

QDMTT: Accounting Standards

Articles 11(1) and 15(5) specify that the financial accounting net income/ loss and domestic excess profits of the constituent entities located in that Member State may be determined in accordance with an acceptable financial accounting standard or an authorised financial accounting standard that is different from the financial accounting standard used in the preparation of the consolidated financial statements of the ultimate parent entity, provided that such financial accounting net income or loss is adjusted to prevent any material competitive distortion.

QDMTT: SBIE applicable

The Directive is silent on this particular point.

Covered Taxes

Article 20 describes covered taxes. Prelim (11) states that as regards covered taxes, the provisions of the Directive should be interpreted in light of any further guidance provided by the OECD, that should be taken into account by Member States in order to ensure a uniform identification of the Covered Taxes of all Member States and third country jurisdictions. Prelim (27) says that for a third country without a QIIR, it would be necessary to develop a common methodology for allocating amounts, which would be treated as covered taxes under the rules of the global agreement, to entities within an MNE group that would be subject to Top-up Tax in accordance with the rules of the Directive. For this purpose, Member States should use the OECD GloBE Implementation Framework guidance as their reference.

Qualifying Refundable Tax Credits

ArtIcle 22(5)(3) states that the total deferred tax adjustment amount shall not include the amount of deferred tax expense with respect to the generation and use of tax credits (there is no interpretation of the term 'tax credit'). Article 16(5) states qualified refundable tax credits shall be treated as income for the computation of the qualifying income or loss of a CE. Article 2(32)(a) defines a ‘qualified refundable tax credit’ in such a way that an amount (or the part that qualifies) must be paid as a cash payment or a cash equivalent to a CE within four years from the date when the CE is entitled to receive the refundable tax credit under the laws of the jurisdiction granting the credit. It does not include any amount of tax creditable or refundable pursuant to a qualified imputation tax or a disqualified refundable imputation tax.

CbCR Transitional Safe Harbour

The Directive does not include any comment in connection with the transitional safe harbour. The only comment about safe harbours is included in article 32, which provides that the filing CE can elect a TPT shall be zero if the effective level of tax of the CEs in that jursidiction fulfil the conditions of a "qualifying international agreement on safe harbours", i.e., an international set of rules and conditions which all Member States have consented to and which grants groups in the scope of the Directive the possibility of electing to benefit from one or more safe harbours for a jurisdiction.

UTPR Transitional Safe Harbour

The Directive does not include any comment in connection with the transitional safe harbour. The only comment about safe harbours is included in article 32, which provides that the filing CE can elect a TPT shall be zero if the effective level of tax of the CEs in that jursidiction fulfil the conditions of a "qualifying international agreement on safe harbours", i.e., an international set of rules and conditions which all Member States have consented to and which grants groups in the scope of the Directive the possibility of electing to benefit from one or more safe harbours for a jurisdiction.

Permanent Safe Harbours

The Directive does not include any comment in connection with the transitional safe harbour. The only comment about safe harbours is included in article 32, which provides that the filing CE can elect a TPT shall be zero if the effective level of tax of the CEs in that jursidiction fulfil the conditions of a "qualifying international agreement on safe harbours", i.e., an international set of rules and conditions which all Member States have consented to and which grants groups in the scope of the Directive the possibility of electing to benefit from one or more safe harbours for a jurisdiction.

Subject to Tax Rule

Directive (EU) 2022/2523 does not cover the STTR

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

To be agreed by each Member State

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

Prelim (24) notes that In implementing the Directive, Member States should use the OECD Model Rules and the explanations and examples in the Tax Challenges Arising from the Digitalisation of the Economy – Commentary to the Global Anti-Base Erosion Model Rules (Pillar Two) released by the OECD/G20 Inclusive Framework on BEPS … as a source of illustration or interpretation in order to ensure consistency in application across Member States to the extent that those sources are consistent with this Directive and Union law. The application and timing of Administrative Guidance which includes the transitional penalty relief and any later updates to the Commentary based on that Guidance are uncertain.

Application of OECD guidance to Pillar Two local rules

PwC Thought Leadership

EU Member States give final approval to proposed Pillar Two Directive

On 15 December, the EU Council formally adopted the EU minimum tax Directive by written procedure. Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union was published in the Official Journal of the European Union on December 22, and entered into force on December 23. Read more

PwC Contacts

Edwin Visser, EMEA Tax Policy Leader, PwC Netherlands

Keetie van der Torren-Jakma, Global Tax Policy, PwC Netherlands

PwC global Pillar Two website

Country or region: Albania

Last update: 12 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Erold Kamberi, PwC Albania

Country or region: Angola

Last update: 9 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Luis Andrade, Partner, PwC Portugal & Angola

Country or region: Argentina

Last update: 11 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Juan Manuel Magadan, Partner, PwC Argentina

Country or region: Armenia

Last update: 15 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Gunel Sadiyeva, PwC Azerbaijan

Enkhzul Jambal; PwC Mongolia

Country or region: Australia

Last update: 22 March 2024

Status of enactment

Current status: Draft/proposed law published

On 21 March 2024, the Australian Treasury released draft legislation for the implementation of the OECD's Pillar Two minimum tax regime in Australia, confirming that a global and domestic minimum tax will apply in Australia with effect from 1 January 2024

In the 2023-24 Budget, the Government announced the implementation of a 15% global minimum tax and domestic minimum tax, key aspects of Pillar Two of the OECD/G20 Two-Pillar Solution to address the tax challenges arising from the digitalisation of the economy. The IIR will apply for fiscal years starting on or after 1 January 2024. The UTPR will apply for fiscal years starting on or after 1 January 2025. The domestic minimum tax will apply for income years starting on or after 1 January 2024.

The Australian Tax Office (ATO) have commenced targeted public consultation on the implementation with MNEs likely to be in scope of the proposed measures and their advisors. Consultation will focus on potential administration issues and will be conducted in phases: • Phase 1 with industry groups and their members (July – August 2023) • Phase 2 with mid-tier firms (August – October 2023) • Phase 3 with large advisory firms (September – November 2023)

The ATO have announced that they are currently developing preliminary communications for identified MNEs (and their advisors) to encourage them to consult with the ATO to clarify any issues in advance. They have also announced that further communication and support materials will be provided to familiarise taxpayers with their obligations leading up to 1 January 2024.

Income inclusion rule

The IIR will apply to fiscal years that begin on or after 1 January 2024 to:

- Multinational groups with annual global revenue of EUR750 million or more.
- In-scope multinationals across all sectors subject to certain exclusions for investment funds, pension funds, government entities, international organisations, not-for-profit organisations, as defined in the OECD Global anti-Base Erosion (GloBE) Rules, and income associated with international shipping

Undertaxed Payments Rule

The UTPR will apply to fiscal years that begin on or after 1 January 2025 to:

- Multinational groups with annual global revenue of EUR750 million or more.
- In-scope multinationals across all sectors subject to certain exclusions for investment funds, pension funds, government entities, international organisations, not-for-profit organisations, as defined in the OECD Global anti-Base Erosion (GloBE) Rules, and income associated with international shipping

Qualified Domestic Minimum Top-up Tax

The domestic minimum tax will apply to fiscal years that begin on or after 1 January 2024 to:

- Australian operations of multinational groups with annual global revenue of EUR750 million or more.
- In-scope multinationals across all sectors subject to certain exclusions for investment funds, pension funds, government entities, international organisations, not-for-profit organisations, as defined in the OECD Global anti-Base Erosion (GloBE) Rules, and income associated with international shipping

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

Exposure draft legislation released for Pillar Two in Australia

Read more

Federal Budget 2023-24 - Australia will implement key aspects of the OECD's 'Pillar Two' framework, including a domestic minimum tax, with an effective date for some measures from 1 January 2024.

Read more

PwC Contacts

Chris Stewart, Partner, PwC Australia

PwC Australia Pillar Two website

Country or region: Austria

Last update: 18 March 2024

Status of enactment

Current status: Final law in force

The Austrian Pillar Two legislation was enacted in December 2023 and published in the Austrian Official Gazette on 30 December 2023. The transposition of the EU minimum tax Directive in Austria is through a separate law which foresees the implementation of an IIR (for fiscal years starting on or after 31 December 2023), a UTPR (for fiscal years starting on or after 31 December 2024) and a QDMTT (for fiscal years starting on or after 31 December 2023).

On 24 November 2023 the Austrian Pillar Two draft legislation was submitted to the Austrian parliament. The draft legislation largley followed the consultation draft. However, some details and clarifications in the provisions and the explanatory notes were not included. On 3 October 2023 the Austrian Ministry of Finance (BMF) published a consultation draft for an act to ensure a global minimum tax of 15% for MNE and large-scale domestic groups (Pillar Two). It largely followed the EU minimum tax Directive, the OECD model rules as well as further publications of the OECD (e.g. Administrative Guidance and Safe Harbour Rules).

Income inclusion rule

The IIR applies for fiscal years beginning on or after 31 December 2023.

Undertaxed Payments Rule

The UTPR applies for fiscal years beginning on or after 31 December 2024.

Qualified Domestic Minimum Top-up Tax

The Austrian minimum tax act includes an Austrian domestic top-up tax which is in line with the regulations of the EU minimum tax Directive as well as the OECD Model rules.

QDMTT: Accounting Standards

With regard to the Austrian domestic top-up tax, the general computation rules apply, i.e. it is, in general, based on the accounting standard used in the preparation of the consolidated financial statements of the ultimate parent entity.

QDMTT: SBIE applicable

The Substance Based Income Exclusion would be applicable.

Covered Taxes

Corresponding provisions in the Austrian law are in line with the definition of covered taxes according to the EU minimum tax Directive and the OECD rules.

Qualifying Refundable Tax Credits

Corresponding provisions in the Austrian law are in line with the definition of qualifying refundable tax credits according to the EU minimum tax Directive

CbCR Transitional Safe Harbour

The Austrian law includes CbCR Safe Harbour tests (i.e. de-minimis test, effective tax rate test, routine profits test) that are largely in line with OECD requirements.

UTPR Transitional Safe Harbour

The Austrian law includes a UTPR Safe Harbour that is in line with OECD requirements.

Permanent Safe Harbours

According to the Austrian law, a permanent safe harbour exists for a jurisdiction if a local QDMTT is levied for the respective jurisdiction (QDMTT safe harbour).

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

The filing of the GIR should be made by each Austrian constituent entity, or by one designated Austrian constituent entity on behalf of all Austrian constituent entities, or by the UPE or another designated filing entity, provided that there is an automatic exchange of GloBE Information Returns between Austrian and the foreign jurisdiction. In this case a notification has to be filed with the Austrian tax office stating which entity files the GIR for the Austrian constituent entities. Generally, the GIR shall be filed no later than 15 months after the last day of the fiscal year (respectively 18 months after the last day of the fiscal year that is the transitional year).

QDMTT return

There is no separate QDMTT return in Austria.

TPT return (IIR and UTPR)

In case of a top-up tax, an advance notification has to be filed with the Austrian tax office. Details on this advance notification will follow in a separate ordinance. The advance notification will be due on 31 December of the second calender year following the tested Pillar Two year, i.e. for FY 2024 the advance notification needs to be filed until 31 December 2026.

Other formal registrations required

Transitional Penalty Relief

The Austrian minimum tax act does not include transitional penalty relief provisions.

Application of OECD guidance to Pillar Two local rules

According to the explanatory remarks to the Austrian legislation, the Austrian legislator intends to implement the EU minimum tax Directive as close as possible to the global framework/agreement, in order to ensure that the rules implemented in Austria are considered as "qualified" within the meaning of the Pillar Two rules. Further to that, the explanatory remarks state that the OECD commentary as well as the Administrative Guidance should be considered when implementing and interpreting the provisions of the Austrian minimum tax act.

PwC Thought Leadership

PwC Contacts

Christof Woerndl, Partner, PwC Austria

Martin Jann, Partner, PwC Austria

Matthias Mayer, PwC Austria

PwC Austria Pillar Two website

Country or region: Azerbaijan

Last update: 15 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Gunel Sadiyeva, PwC Azerbaijan

Country or region: Bahamas

Last update: 22 May 2023

Status of enactment

Current status: Public consultation

On May 17 the Bahamas government published a public consultation “the Green Paper on Corporate Income Tax Strategies for the Bahamas”, which sets out the options under consideration for transitioning away from the existing business licence tax (BTL) regime, as well as implementing changes to address Pillar Two

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

Corporate Income Tax for The Bahamas

On 21 February 2024, the Prime Minister of The Bahamas, during the Government's Mid-Year 2023/2024 Budget Statement to Parliament announced plans to forge ahead with the legislative enactment and implementation of a Qualified Domestic Minimum Top-Up Tax ("QDMTT"), part of the OECD Pillar Two tax framework during 2024. Read more

PwC Contacts

Prince Rahming, Partner, PwC Bahamas

Rochelle Sealy, PwC Bahamas

Country or region: Bahrain

Last update: 14 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available

Covered Taxes

No information available

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available

Permanent Safe Harbours

No information available

Subject to Tax Rule

No information available

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Hanan Aboud, Partner, PwC Middle East

Chris Maycroft, Director PwC Middle East

PwC Bahrain Pillar Two website

Country or region: Barbados

Last update: 10 November 2023

Status of enactment

Current status: Public consultation

On 7 November 2023, the Prime Minister of Barbados delivered an eagerly anticipated Ministerial Statement to the House of Assembly to address the Pillar Two rules, which will significantly impact Barbados corporate entities. The Prime Minister announced that, with effect from 1 January 2024, a Qualified Domestic Minimum Top-Up Tax shall be introduced consistent with the GloBE Rules for in-scope companies.

The Prime Minister announced In the Budgetary Proposals and Financial Statement 2023 on 14 March 2023 that the Government was deep in consultations with the Barbados Revenue Authority. The Prime Minister indicated that she would likely come back to the country within six months on this issue.

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

On 7 November 2023, the Prime Minister of Barbados delivered an eagerly anticipated Ministerial Statement to the House of Assembly to address the Pillar Two rules and announced that, with effect from 1 January 2024, a Qualified Domestic Minimum Top-Up Tax shall be introduced consistent with the GloBE Rules for in-scope companies.

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available

Covered Taxes

No information available

Qualifying Refundable Tax Credits

No information available

CbCR Transitional Safe Harbour

The Corporation Tax Reform 2024 Policy Paper makes reference to the implementation of a number of safe harbours in relation to the new top-up tax: QDMTT Safe Harbour, UTPR Safe Harbour and CbCR Safe Harbour

UTPR Transitional Safe Harbour

The Corporation Tax Reform 2024 Policy Paper makes reference to the implementation of a number of safe harbours in relation to the new top-up tax: QDMTT Safe Harbour, UTPR Safe Harbour and CbCR Safe Harbour

Permanent Safe Harbours

No information available

Subject to Tax Rule

No information available

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

Barbados charts a new course, the response to Pillar Two global minimum tax

Read more

PwC Contacts

Javier Lemoine, PwC Barbados

Country or region: Belgium

Last update: 8 April 2024

Status of enactment

Current status: Final law in force

On 14 December 2023, Belgium approved the final law introducing a minimum tax for multinational companies and large domestic groups. This is the Belgian transposition of Council Directive (EU) 2022/2523 of 15 December 2022 ensuring a global minimum level of taxation for groups of multinational enterprises and large domestic groups in the European Union.

The text was also published in the Belgisch Staatsblad/Moniteur Belge on 28 December 2023 so that the law entered into force on 31 December 2023.

Income inclusion rule

In general, the Belgian law closely follows the (Dutch/French translation of the) EU Directive and therefore the OECD Model Rules. Belgium also adopted the overall implementation timeline proposed by the Directive (EU) 2022/2523 of 15 December 2022, i.e., 31 December 2023 for the IIR and 31 December 2024 for the UTPR.

Undertaxed Payments Rule

The Belgian Pillar Two legislation adopted the overall implementation timeline proposed by the Directive (EU) 2022/2523 of 15 December 2022, i.e., 31 December 2023 for the IIR and 31 December 2024 for the UTPR.

Qualified Domestic Minimum Top-up Tax

The Belgian Pillar Two law includes a QDMTT following the same principles as the IIR. The QDMTT is applicable to financial years that start on or after 31 December 2023.

QDMTT: Accounting Standards

The law refers to the financial accounting standard used for the preparation of the UPE's consolidated financial statements.

QDMTT: SBIE applicable

The Substance Based Income Exclusion would be applicable as per the Belgian draft law

Covered Taxes

The definition of covered taxes closely follows the principles of the OECD under Pillar Two. Belgian corporate taxes and other taxes in lieu of the corporate income taxes (like withholding taxes) should qualify as covered taxes. There is no specific guidance available beyond the guidance available at the level of the OECD (until February 2023).

Qualifying Refundable Tax Credits

The law adapts the repayment period of the Belgian tax credit for R&D from 5 to 4 years in view of ensuring that it is a 'Qualified Refundable Tax Credit' for Pillar Two purposes.

CbCR Transitional Safe Harbour

Belgium adopted the Transitional Safe Harbour guidance included in the Implementation Framework issued by the OECD in December 2022.

UTPR Transitional Safe Harbour

The law does not include the UTPR Safe Harbour rule. On 6 March 2024, the Belgian government submitted a draft law to parliament which includes the UTPR Safe Harbour included in the Implementation Framework issued by the OECD in July 2023.

Permanent Safe Harbours

The permanent De-minimis Safe Harbour is included in the Belgian law. No other Permanent Safe Harbours are included. On 6 March 2024, the Belgian government submitted a draft law to parliament which includes (i) the UTPR Safe Harbour, (ii) the QDMTT Safe Harbour and (iii) the Simplified Calculation Safe Harbur for Non-Material Constituent Entities included in the Implementation Framework issued by the OECD in July and December 2023.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

The GIR for FY 2024 is due (in line with the OECD timeline) in June 2026 (within 18 months after the closing of the Fiscal Year). For the GIR related to Fiscal Years starting after 31 December 2024, the due date is within 15 months after closing of the Fiscal Year.

QDMTT return

Belgium provides for a QDMTT return which is due within 11 months after the ending of the financial year. For accounting years that follow calendar years, the corporate income tax return for FY 2024 is due by 30 November 2025.

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

Belgium is expected to adhere to the largest extent with the December 2022 guidance, although this is not explicitely included in the law.

Application of OECD guidance to Pillar Two local rules

The Belgian legislation does reflect the Commentary to the GloBE Rules as published in March 2022, the guidance published in December 2022 regarding the Transitional Safe Harbours and the Administrative Guidance published in February 2023. On 6 March 2024, the Belgian government submitted a draft law to parliament, which is intended to amend the Belgian Pillar Two law. If the draft law is approved, it would be applicable to financial years starting on or after 31 December 2023. The key topics included in the Implementation Framework published by the OECD in July and December 2023 that would be introduced by the draft law are (i) Marketable Transferable Tax Credits, (ii) the election to allow NME Groups to elect to include dividends related to Portfolio Shareholdings, (iii) additional permanent safe harbours, i.e. QDMTT Safe Harbour, Simplified Calculation Safe Harbour for Non-Material Constituent Entities and the UTPR Safe Harbour, (iv) The treatment of hybrid arbitrage arrangements under the Transitional CbCR Safe Harbours and (v) additional guidance on the allocation of Blended CFC Taxes (GILTI).

PwC Thought Leadership

Belgian draft law amending the investment deduction and innovation income deduction regime

Read more

Belgian draft law amending the law introducing a minimum tax for multinational companies

On 6 March 2024, the Belgian government submitted a draft law to parliament, which is intended to amend the law of 19 December 2023 on the introduction of a minimum tax for multinational companies and large domestic groups. If the draft law is approved, it would be applicable to financial years starting on or after 31 December 2023. Read more

Belgian Federal Government approves law introducing a minimum tax for multinational companies (Pillar 2)

On 14 December 2023, Belgium approved the final law introducing a minimum tax for multinational companies and large domestic groups. This is the Belgian transposition of Council Directive (EU) 2022/2523 of 15 December 2022 ensuring a global minimum level of taxation for groups of multinational enterprises and large domestic groups in the European Union. Read more

How to get Pillar 2 ready: a step-by-step approach (Tax Bites Podcast)

Listen here

Belgium agrees on core principles for implementation of the Global Minimum Tax (GloBE/Pillar 2) for MNE's and some additional tax measures

The Belgian government reached an agreement on the Federal budget. After long discussions within the government, a number of measures have been decided that will reduce expenditures and measures that will increase revenue. Read more

PwC Contacts

Pieter Deré, Partner, PwC Belgium

Evi Geerts, Director, PwC Belgium

PwC Belgium Pillar Two website

Country or region: Bermuda

Last update: 19 January 2024

Status of enactment

Current status: Pillar Two plans announced

Bermuda published the Corporate Income Tax Act in its Official Gazette, which imposes a corporate income tax starting 1 January 2025 on certain Bermuda entities part of large MNE groups.

On 8 August 2023, the Government of Bermuda issued a public consultation paper as part of its considerations on introducing a corporate income tax to apply to Bermuda businesses that are part of Multinational Enterprise Groups (MNEs) with annual revenue of €750M or more. To allow interested parties to offer comments on the proposed tax regime, the Government of Bermuda opened a series of consultation periods.

Income inclusion rule

Per the Public Consultation issued on August 8, 2023, Bermuda does not intend to implement an IIR but rather a corporate income tax on entities with specific fact patterns

Undertaxed Payments Rule

Per the Public Consultation issued on August 8, 2023, Bermuda does not intend to implement an UTPR but rather a corporate income tax on entities with specific fact patterns

Qualified Domestic Minimum Top-up Tax

Per the Public Consultation dated August 8, 2023, the Government has ruled out the introduction of a QDMTT in the near term. It remains possible that a QDMTT may be advisable for Bermuda in the future once the Bermuda corporate income tax has been fully established and is functioning as intended.

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

Per the Public Consultation issued on August 8, 2023, the Bermuda corporate income tax would be reduced by foreign taxes to mitigate the potential for double taxation of profits earned in Bermuda (e.g., to the extent that profits earned in Bermuda are subject to both foreign taxes and Bermuda corporate income taxes).

- The types of non-Bermuda taxes that would be creditable foreign taxes include income taxes (federal, state, and local), withholding taxes, U.S. federal excise tax on insurance and reinsurance premiums, and other taxes collected in lieu of an income tax. *A foreign tax credit may be permitted for foreign income taxes imposed on a direct or indirect parent of a Tax Resident Entity under another jurisdiction's controlled foreign corporation ("CFC") regime, equal to the CFC taxes paid or accrued by the direct or indirect parent on Bermuda profits. *The allowable credit would be expected to equal the amount of the current and deferred taxes of each Tax Resident Entity or Bermuda PE included in the preparation of the consolidated financial statements of the Ultimate Parent Entity consistent with the requirements above.

Qualifying Refundable Tax Credits

Per the Public Consultation issued on August 8, 2023, It is expected that the Bermuda corporate income tax regime would provide for QRTCs as defined in the GloBE Rules. The QRTCs should be developed to support key policy initiatives of the Government of Bermuda. For example, QRTCs should be designed to encourage local substance (e.g., local recruitment and training incentives, capital investments in Bermuda infrastructure and improvements, and innovation (e.g., R&D)).

CbCR Transitional Safe Harbour

No information available; however ,the Public Consultation issued on August 8, 2023 references that the Bermuda corporate income tax under consideration should leverage certain key scoping and definitional elements of the GloBE Rules, both to expedite the development of the Bermuda corporate income tax rules and support consistent, predictable global tax outcomes on profits earned in Bermuda.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

Bermuda enacts a corporate income tax, requiring businesses to begin preparing for compliance

Read more

Proposed Bermuda corporate income tax is closely modeled after the GloBE rules, with key differences

Read more

PwC Contacts

Scott Slater, Partner, PwC Bermuda

Country or region: Bosnia and Herzegovina

Last update: 22 September 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available

Qualifying Refundable Tax Credits

No information available

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Mubera Brkovic, Tax Director, PwC Bosnia

Country or region: Brazil

Last update: 12 April 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available

Qualifying Refundable Tax Credits

No information available

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

Brazil Tax Reforms (podcast)

Listen here

PwC Contacts

Gabriel Buratto, Partner, PwC Brazil

PwC Brazil Pillar Two website

Country or region: British Virgin Islands

Last update: 4 September 2023

Status of enactment

Current status: No public announcement yet

In January 2023, BVI Finance held a webinar with a panel of experts to discuss the implications of Pillar Two with delegates present including BVI Finance members, private sector practitioners and representatives from some of the world's leading financial services firms. The BVI International Tax Authority representative stated that the BVI have to take a pragmatic approach on what the BVI decides to do and how it will work and that it would be a big administrative burden to implement a 15% tax. He also stated that the BVI will continue to work directly with the OECD to see how it might affect the jurisdiction. The BVI Government continues to put resources into the International Tax Authority to ensure that they are able to follow the ever-changing landscape in taxation. On 15 August 2023 the BVI Deputy Premier mentioned that they are watching Pillar Two situation very closely and that BVI has always "adhered to all of the international requirements", being the global minimum tax "no different".

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available

Qualifying Refundable Tax Credits

No information available

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Alexander Lower, Managing Director, PwC British Virgin Islands

Country or region: Bulgaria

Last update: 15 January 2024

Status of enactment

Current status: Final law in force

The EU global minimum tax Directive is transposed into the Bulgarian Corporate Income Tax Act. The amendment to the CIT Act was promulgated in the State Gazette, in force as of 1 January 2024. On 12 December 2023 Bulgaria's National Assembly passed amendments to the Corporate Income Tax Act, allowing the country to transpose the EU minimum tax Directive into national law.

Bulgaria had published the draft legislation to transpose the EU global minimum tax Directive into the domestic Corporate Income Tax Law, which was open for public consultation until 26 October 2023.

Bulgaria has to implement the Pillar Two rules in line with the Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union.

Income inclusion rule

The IIR rules implemented in the Bulgarian CIT Act shall apply as of 1 January 2024.

Undertaxed Payments Rule

The UTPR rules implemented in the Bulgarian CIT Act shall apply as of 1 January 2025. According to the wording of the law, UTPR shall apply as of 1 January 2024 to Bulgarian Constituent Entities, where the EU-based UPE of the group has elected to defer the application of IIR and UTPR for 6 years as of 31 December 2023.

Qualified Domestic Minimum Top-up Tax

Bulgaria adopts a domestic top-up tax (intended to be a QDMTT) as part of its overall implementation of Pillar Two under Art. 11 of the Directive (EU) 2022/2523 of 14 December 2022.

The De minimis relief and the relief for MNEs in initial phase of international expansion would not apply for QDMTT purposes in Bulgaria.

QDMTT: Accounting Standards

If the consolidated financial statements of the UPE are qualified accounting standards different from IFRS, QDMTT shall be based on IFRS or Bulgarian local GAAP.

QDMTT: SBIE applicable

For QDMTT purposes, substance-based income exclusion would only apply with respect to assets (and not payroll costs).

Covered Taxes

The scope of covered taxes under the Bulgarian rules transposing the EU Directive appear in line with the definition of covered taxes according to the EU Directive / OECD model rules.

Qualifying Refundable Tax Credits

Corresponding provisions in the domestic rules are in line with the definition of qualifying refundable tax credits according to the EU Directive 2022/2523 / OECD model rules.

CbCR Transitional Safe Harbour

Transitional CbCR safe harbour rules are included in the domestic rules in Bulgaria (CbCR de minimis, simplified ETR, routine profits test).

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

The deadline for the GIR and the notification to the Bulgarian tax authorities (if relying on a GIR filed by another authorised entity) is in line with the EU minimum tax Directive, i.e., 15 months as of the end of the reporting period / 18 months for the first year.

QDMTT return

QDMTT return: the deadline is in line with the EU minimum tax Directive (15 months as of the end of the reporting period / 18 months for the first year).

TPT return (IIR and UTPR)

Top-up tax return: the deadline in line with the EU minimum tax Directive (15 months as of the end of the reporting period / 18 months for the first year).

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

15% global minimum tax adopted in Bulgaria as of 1 January 2024

The law implementing the EU Global Minimum Tax Directive was finally voted by the Bulgarian Parliament on 12 December 2023 Read more

PwC Contacts

Elizabeth Sidi, PwC Bulgaria

Country or region: Cameroon

Last update: 4 April 2024

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

No information available.

TPT return (IIR and UTPR)

No information available.

Other formal registrations required

No information available.

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Fanny Fukeu, PwC Cameroon

Country or region: Canada

Last update: 7 May 2024

Status of enactment

Current status: Draft/proposed law published

On 2 May 2024, proposed legislation to implement Pillar Two (the Global Minimum Tax Act) was introduced in a bill in Canadian Parliament; this bill has not yet been enacted. An earlier version of this proposed legislation was released for public comment in August 2023. The proposed legislation includes an IIR, and a QDMTT that will apply to Canadian entities of MNE groups that are within the scope of Pillar Two. The IIR and the QDMTT will come into effect for fiscal years of MNE groups that begin on or after 31 December 2023.

The proposed legislation does not include a UTPR. According to statements accompanying the 28 March 2023 Canadian federal budget, Canada intends to release draft legislative proposals for a UTPR at a later time, with the UTPR coming into effect for fiscal years of MNE groups that begin on or after 31 December 2024.

For these purposes, an MNE group is considered to have the same fiscal year as its Ultimate Parent Entity.

Income inclusion rule

The IIR will come into effect for fiscal years of MNE groups that begin on or after 31 December 2023. For these purposes, an MNE group is considered to have the same fiscal year as its Ultimate Parent Entity.

The Canadian proposed legislation is intended to be interpreted consistently with the GloBE model rules (as well as the commentary and administrative guidance on those rules approved by the OECD/G-20 Inclusive Framework). However, the structure and drafting of the proposed legislation differs from the model rules in many respects, so careful review will be needed to confirm how the Canadian proposals will apply to MNE groups.

The Canadian general anti-avoidance rule ("GAAR") applies to the proposed legislation, with such modifications as the circumstances require.

Undertaxed Payments Rule

Proposed legislation to implement the UTPR has not yet been released, but is expected in the future. The UTPR will come into effect for fiscal years of MNE groups that begin on or after December 31, 2024. For these purposes, an MNE group is considered to have the same fiscal year as its Ultimate Parent Entity.

Qualified Domestic Minimum Top-up Tax

The QDMTT (called the Domestic Minimum Top-up Tax) will apply to Canadian entities of MNE groups that are within the scope of Pillar Two. This tax is intended to qualify for the QDMTT safe harbour, and to be interpreted consistently with the requirements outlined in the GloBE commentary.

The QDMTT includes an exemption for up to 5 years, for MNE groups that are in the initial phase of their international activities (MNE groups which are present in no more than six jurisdictions and holds no more than 50 million Euros of tangible assets outside their largest jurisdiction). This exemption is not available where a relevant parent entity of the MNE group directly or indirectly owns Canadian entities of the group, and is located in a foreign jurisdiction that has a Qualified IIR.

The QDMTT will come into effect for fiscal years of MNE groups that begin on or after 31 December 2023. For these purposes, an MNE group is considered to have the same fiscal year as its Ultimate Parent Entity.

QDMTT: Accounting Standards

The QDMTT is based on the UPE's accounting standards.

QDMTT: SBIE applicable

The Substance Based Income Exclusion would be applicable.

Covered Taxes

The proposed legislation defines covered taxes in general terms, which closely resemble the definition in the GloBE model rules. No guidance has yet been provided regarding whether specific Canadian taxes will be considered covered taxes.

Qualifying Refundable Tax Credits

The proposed legislation follows the GloBE model rules dealing with tax credits, without substantive changes. The Canadian government has not yet provided guidance on what Canadian tax credits will constitute Qualified Refundable Tax Credits (or whether any tax credits may be modified in response to Pillar Two).

CbCR Transitional Safe Harbour

The proposed legislation includes a transitional CbCR safe harbour, which is consistent with the safe harbour described in the 20 December 2023 report of the Inclusive Framework (i.e., a safe harbour available to an electing MNE group that satisfies a de minimis threshold test, a simplified ETR test, or a routine profits test).

UTPR Transitional Safe Harbour

No announcement yet.

Permanent Safe Harbours

The proposed legislation also provides a permanent QDMTT safe harbour, which will generally be available for entities located in a jurisdiction that has an acceptable QDMTT (as determined by the OECD/G-20 Inclusive Framework).

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

The OECD-G20 Inclusive Framework has developed a standardized GIR. The ultimate parent entity of an MNE group (or another designated filing entity chosen by the group) can generally file this return on behalf of the group. This return does not need to be filed in Canada if the ultimate parent entity (or designated filing entity) files the form in the foreign jurisdiction where it is located, and that jurisdiction has a qualifying competent authority agreement with Canada (which provides for the automatic exchange of these returns). In other cases, the return must be filed in Canada (e.g., if the ultimate parent entity of designated filing entity is located in Canada, or there is no qualifying competent authority agreement with the relevant foreign jurisdiction). The return is due within 15 months of the end of the relevant fiscal year (or 18 months for the first year in which the MNE group is subject to the GloBE rules).

Significant penalties may apply if an MNE group fails to file one of these returns when due.

The proposed legislation also includes detailed administration and enforcement rules, which are similar to the rules in the Canadian Income Tax Act.

QDMTT return

An entity that is liable to pay tax in Canada under the QDMTT must file a separate return, which has the same due date as the GIR. An MNE group may appoint a single Canadian filing entity, to file these returns on behalf of all group members that have filing obligations. Significant penalties may apply if an MNE group fails to file the return when due.

TPT return (IIR and UTPR)

An entity that is liable to pay tax in Canada under the IIR must file a separate return, which has the same due date as the GIR. An MNE group may appoint a single Canadian filing entity, to file these returns on behalf of all group members that have filing obligations. Significant penalties may apply if an MNE group fails to file the return when due.

Other formal registrations required

Transitional Penalty Relief

The penalty that would normally apply for failing to file the GloBE Information Return ("GIR") (or for failing to file a substantially complete GIR) will not apply for a GIR in respect of a fiscal year that begins before 1 January 2027 and ends before 1 July 2028, where, in the opinion of the Minister of National Revenue, the filing entity used reasonable measures to ensure the correct application of the GloBE model rules in completing the GIR.

Application of OECD guidance to Pillar Two local rules

The proposed legislation states that it implements the GloBE model rules, the GloBE commentary and the administrative guidance in respect of the GloBE model rules approved by the Inclusive Framework, and is to be interpreted consistently with those sources (as amended from time to time), unless the context otherwise requires. It also states that the provisions setting out the Domestic Minimum Top-up Tax are intended to implement a QDMTT that qualifies for the QDMTT safe harbour, and are to be interpreted consistently with the requirements outlined in the GloBE commentary.

PwC Thought Leadership

Poutine Routine: Canada’s Pillar Two, DSTs, with G(AA)Ravy on top (CBTT podcast)

Doug McHoney (PwC's International Tax Services Global Leader) and Ken Buttenham (PwC Canada’s International Tax Practice Leader) talk about the Canadian Pillar Two proposals, the Global Minimum Tax Act, UTPR, IIR, QDMTT, compliance, the GloBE Information Return, tax incentives, and many others. Listen here

Finance releases draft legislative proposals

On 4 August 2023, the Canadian Department of Finance released an extensive package of legislative proposals, including draft legislation to implement the Pillar Two global minimum tax. The draft legislation includes an IIR and a Domestic Minimum Top-up Tax, which will apply to fiscal years of MNE groups that begin on or after 31 December 2023. A UTPR will be released at a later date, and will apply to fiscal years that begin or or after 31 December 2024. Read more

2023 Federal Budget Analysis

The 2023 budget provides an update on the OECD two pillars and restates Canada's intention to implement Pillar Two, along with a Domestic Minimum Top-up Tax. The IIR and Domestic Minimum Top-up Tax will come into effect for fiscal years of MNEs that begin on or after 31 December 2023 while the UTPR will come into effect for fiscal years of MNEs that begin on or after 31 December 2024. Read more

Canadian federal budget adds urgency for companies to accelerate Pillar Two readiness

This spring's federal budget highlighted the final countdown for multinational enterprises operating in Canada to prepare for unprecedented changes to the global tax system. In its budget, the federal government reaffirmed its plans to introduce legislation that implements the OECD's Pillar Two provisions, which include a minimum global tax rate. Read more

PwC Contacts

Ian Bradley, Partner, PwC Canada

Ryan Hoday, Partner, PwC Canada

PwC Canada Pillar Two website

Country or region: Cape Verde

Last update: 11 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

No information available.

TPT return (IIR and UTPR)

No information available.

Other formal registrations required

No information available.

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Francisco Raposo Magalhães, PwC Portugal

Country or region: Cayman Islands

Last update: 11 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

TC Leshikar, Tax Partner, PwC Cayman Islands

Country or region: Chile

Last update: 25 July 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Sandra Benedetto, Partner, PwC Chile

Jonatan Israel, PwC Chile

Country or region: China

Last update: 11 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Kevin P Wang, Partner, PwC China

Windy Li, Partner, PwC China

PwC China Pillar Two website

Country or region: Colombia

Last update: 12 April 2023

Status of enactment

Current status: No public announcement yet

No announcement yet.

The Colombian Executive Branch enacted Law 2277 on 13 December 2022, which becomes effective 1 January 2023. The law includes a tax reform and, among other measures, a 15% Minimum Effective Tax Rate that applies to Colombian-resident corporations (with a few industry-specific exceptions) was introduced. This new requirement reflects the rate proposed by the OECD's Pillar Two initiative, but when viewed in conjunction with other Tax Reform Law changes appears to have different and, sometimes, broader goals.

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

The Colombian Executive Branch enacted Law 2277 on 13 December 2022, which becomes effective 1 January 2023. The law includes a tax reform and, among other measures, a 15% Minimum Effective Tax Rate that applies to Colombian-resident corporations (with a few industry-specific exceptions) was introduced.

Read more

PwC Contacts

Carlos Miguel Chaparro, Partner, PwC Colombia

Angela Liliana Sanchez, Partner, PwC Colombia

Country or region: Costa Rica

Last update: 12 April 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Elena Carazo, Director, PwC Costa Rica

Roberto Ozaeta, Interamericas Pillar Two Leader, Partner, PwC Guatemala

Country or region: Croatia

Last update: 24 January 2024

Status of enactment

Current status: Final law in force

Croatian Law on minimum Global Corporate Income Tax (the "Law") came into force as of 31 December 2023. The Law will apply to the fiscal years commencing after 31 December 2023.

The Croatian Pillar Two rules are in line with the Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union.

Income inclusion rule

Croatia follows the overall implementation timeline proposed by the Directive (EU) 2022/2523 of 14 December 2022, i.e., the IIR applies for fiscal years starting on or from 31 December 2023.

Undertaxed Payments Rule

Croatia follows the overall implementation timeline proposed by the Directive (EU) 2022/2523 of 14 December 2022, i.e., the IIR applies for fiscal years starting on or from 31 December 2023.

Qualified Domestic Minimum Top-up Tax

Croatia applies QDMTT as part of its overall implementation of Pillar Two under Art. 11 of the Directive (EU) 2022/2523 of 14 December 2022.

QDMTT: Accounting Standards

Local standards. If constituent entity is not obliged to use IFRS, QDMTT may be based on Croatian local accounting standards.

QDMTT: SBIE applicable

SBIE applicable for QDMTT calculations

Covered Taxes

There is no specific list of covered taxes applicable. The definition of covered taxes in Article 22. of Croatian law is the same as in Article 20. of the EU

Qualifying Refundable Tax Credits

In Croatian law, there is no specific explanation on what constitutes Qualified Refundable Tax Credits, i.e. there is the general definition which aligns with wording of the EU Directive. However, taking into account the mechanism of tax incentives, it can be expected that tax credit granted based on investment incentive will constitute non refundable tax credit and may therefore significantly reduce the ETR of the constituent entities.

CbCR Transitional Safe Harbour

The Law provides that the applicable OECD model rules and commentaries including transitional Safe Harbour rules existing - or that will be published - are to be used for the application of the Pillar Two Globe Rules in Croatia. Croatia accepts qualifying international agreement on Safe Harbour rules i.e. group of rules accepted by all member states.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

QDMTT return

TPT return (IIR and UTPR)

The top-up tax information return and any relevant notifications shall be filed with the Croatian Tax Administration no later than 15 months after the last day of the reporting fiscal year (for the first fiscal year deadline is 18 months).

Other formal registrations required

Transitional Penalty Relief

According to the Croatian law there is no transitional penalty relief.

Application of OECD guidance to Pillar Two local rules

The legislation provides that the applicable OECD model rules and commentaries, including transitional Safe Harbour rules existing - or that will be published -, are to be used for the application of the Pillar Two rules in Croatia.

PwC Thought Leadership

PwC Contacts

Lana Brlek, PwC Croatia

Country or region: Cyprus

Last update: 4 December 2023

Status of enactment

Current status: Public consultation

On 3 October 2023, the Cyprus Ministry of Finance launched a public consultation on a draft bill for the transposition into national law of the Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups. The draft bill provides for an IIR practically as from 2024, a UTPR practically as from 2025 which is a supplementary additional tax (rather than as an adjustment to corporate income tax through a denied deduction), and a domestic minimum top-up tax as from 2025. In the same manner as the IIR and the UTPR, the Draft Bill includes provisions for the push-down of certain taxes including Controlled Foreign Company (CFC) taxation for the Cyprus domestic minimum top-up tax. The draft bill aligns with the Directive. Based on the draft bill, the Pillar Two legislation will be contained in a separate tax law rather than as part of any existing Cyprus tax law. The public consultation remained open for comments until 31 October 2023.

Income inclusion rule

Based on the draft bill published on 3 October 2023, IIR will enter into force for fiscal years starting on or as from 31 December 2023, in line with the timeline proposed by the EU Directive 2022/2523 of 14 December 2022.

Undertaxed Payments Rule

Based on the draft bill published on 3 October 2023, UTPR will enter into force for fiscal years starting on or as from 31 December 2024, in line with the timeline proposed by the EU Directive 2022/2523 of 14 December 2022

Qualified Domestic Minimum Top-up Tax

Cyprus will adopt a domestic minimum top-up tax as from 2025. It will be applicable to both domestic and international groups in respect of Cyprus tax resident entities.

In the same manner as the QIIR and the QUTPR, the Draft Bill includes provisions for the 'push-down' of certain taxes including Controlled Foreign Company (CFC) taxation for the Cyprus domestic minimum top-up tax. We anticipate that this will be further regulated with the issuance of a Ministerial Decree as provided for in the Draft Bill. In this respect, other jurisdictions may not view the Cyprus domestic top-up tax as a qualifying domestic top-up tax (due to the 2023 OECD/Inclusive Framework Administrative Guidance not providing for push-down of CFC taxation) but rather as a covered tax.

We fully expect that the said Ministerial Decree will regulate that the Cyprus domestic minimum top-up tax will respect the transitional safe harbor provisions and the initial phase of the international activities exemption, where relevant.

QDMTT: Accounting Standards

We anticipate that a future Ministerial Decree will regulate this matter.

QDMTT: SBIE applicable

The Substance Based Income Exclusion would be applicable.

Covered Taxes

The definition of covered taxes in the draft bill as of 3 October 2023 (article 21) is in line with the EU Directive 2022/2523 of 14 December 2022.

Qualifying Refundable Tax Credits

The definition of 'Qualifying Refundable Tax Credits' in the draft bill as of 3 October 2023 is in line with the EU Directive 2022/2523 of 14 December 2022. It is expected that a Ministerial decree will provide that Marketable Transferable Tax Credits are treated in a similar manner to Qualifying Refundable Tax Credits.

CbCR Transitional Safe Harbour

The Draft Bill requires Cyprus to respect safe harbours in cases where all EU Member States have consented to the relevant safe harbours. To date this includes the Transitional CbCR Safe Harbour, QDMTT Safe Harbour and Transitional UTPR Safe Harbour. Where a safe harbour's conditions are met the top-up tax under Pillar Two is deemed to be nil. The Draft Bill provides a Ministerial Decree may be issued to further regulate the matter of safe harbours.

UTPR Transitional Safe Harbour

The Draft Bill requires Cyprus to respect safe harbours in cases where all EU Member States have consented to the relevant safe harbours. To date this includes the Transitional CbCR Safe Harbour, QDMTT Safe Harbour and Transitional UTPR Safe Harbour. Where a safe harbour's conditions are met the top-up tax under Pillar Two is deemed to be nil. The Draft Bill provides a Ministerial Decree may be issued to further regulate the matter of safe harbours.

Permanent Safe Harbours

The Draft Bill requires Cyprus to respect safe harbours in cases where all EU Member States have consented to the relevant safe harbours. To date this includes the Transitional CbCR Safe Harbour, QDMTT Safe Harbour and Transitional UTPR Safe Harbour. Where a safe harbour's conditions are met the top-up tax under Pillar Two is deemed to be nil. The Draft Bill provides a Ministerial Decree may be issued to further regulate the matter of safe harbours.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

In general, every Cyprus Constituent Entity has an obligation to file a GIR within 15 months after the end of the reporting year (or 18 months for the transition year). However, it is possible to use a designated local filing entity (or the UPE or its designated filing entity in case the filing jurisdiction has a qualifying competent authority agreement in effect with Cyprus) to do so.

QDMTT return

TPT return (IIR and UTPR)

Top-up tax local return filing and payment: all Cyprus constituent entities must annually submit their local self assessment filing and make any payments due within 30 days of the due date for the submission of the GIR, which, as noted above, per the Draft Bill is no later than 15 months after the last day of the relevant fiscal year or 18 months in case of the transition year.

Other formal registrations required

All Cyprus constituent entities have an obligation to notify the Cyprus tax authorities (CTA) no later than 15 months after the last day of the relevant fiscal year or 18 months in case of the transition year.

Transitional Penalty Relief

As per the draft bill, with respect to fiscal years that begin on or before December 31, 2026, but does not include any fiscal year that ends after June 30, 2028, no administrative fines and penalties shall be imposed in relation to the submission of the GIR in Cyprus, provided that the Cyprus tax authorities (CTA) are satisfied that the relevant MNE Group has taken all necessary actions to comply with the provisions of the law. The CTA shall consider that the MNE Group has taken all necessary actions if it can evidence that it acted in good faith aiming to understand and apply the provisions of the law.

Application of OECD guidance to Pillar Two local rules

Certain elements of the Administrative Guidance released to date are included in the draft bill. The draft bill includes a provision as per which, for the application of the Pillar Two local rules, a Ministerial Decree can be issued and published in the Government Gazette.

PwC Thought Leadership

Cyprus consents to Pillar Two Transitional CbCR Safe Harbour Rules

Read more

Cyprus consults on the Global Minimum Tax of MNE Groups and Large Scale Domestic Groups Law

Read more

PwC Contacts

Stelios Violaris, Partner, PwC Cyprus

[Joanne Helen Theodorides] {/content/dam/pwc/gx/en/content-fragments/contacts/j/joanne-theodorides}, Director, PwC Cyprus

Country or region: Czech Republic

Last update: 8 January 2024

Status of enactment

Current status: Final law in force

On 15 December 2023 the President of the Czech Republic signed the Czech law implementing the EU Directive on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups. Czech law implements IIR (effective from 31 December 2023) and UTPR (effective from 31 December 2024), transitional CbCR and UTPR Safe Harbours and QDMTT Safe Harbour. The Czech Republic also used an opportunity and implemented the Domestic Minimum Top-up Tax for Czech entities. The new legislation came into effect on 31 December 2023.

Income inclusion rule

In line with the EU Directive.

Undertaxed Payments Rule

In line with the EU Directive.

Qualified Domestic Minimum Top-up Tax

The Czech Domestic Top-up Tax is intended to be (Q)DMTT. Certain differences applies for Czech Domestic Top-up Tax in connection with CFC tax extraction, tax allocation formula.

QDMTT: Accounting Standards

Both alternatives are available. In accordance with the ultimate parent entity's acceptable financial accounting standard or International Financial Reporting Standards, or on an acceptable financial accounting standard or an authorised financial accounting standard permitted by the authorised accounting body and adjusted to prevent any material competitive distortions.

QDMTT: SBIE applicable

The Substance Based Income Exclusion would be applicable.

Covered Taxes

Corresponding provisions in the law and Government adopted bill are intended to be in line with the definition of covered taxes according to the EU Directive rules.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

The law and Government adopted bill takes into account the OECD transitional Safe Harbours based on CbCR, which should also apply to the qualified domestic top-up tax

UTPR Transitional Safe Harbour

Czech law takes into account the OECD transitional UTPR Safe Harbour.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

The GIR is due within 15 months of the end of the reporting year (18 months for the first transaction year). Top-up tax Return within 22 months of the end of the reporting year. The wording of the law does not reflect the Dec 2023 Administrative Guidance regarding the short Reporting Fiscal Years (5.3./9.). It is possible to use a Designated filing entity (or the UPE or its Designated filing entity) to file GIR.

QDMTT return

Czech (Q)DMTT: Information Return within 10 months of the end of the reporting year / transaction year. It is possible to use a Designated filing entity to file the Information Return. Domestic Top-up tax Return within 10 months of the end of the reporting year / transaction year.

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

Not incorporated in the law

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

Draft law to transpose the EU global minimum tax Directive

Read more (In Czech)

PwC Contacts

Lucia Cechova, Director, PwC Czech Republic

Country or region: Democratic Republic of Congo

Last update: 4 April 2024

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

No information available.

TPT return (IIR and UTPR)

No information available.

Other formal registrations required

No information available.

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Lia Loumingou, PwC Democratic Republic of Congo

Country or region: Denmark

Last update: 18 April 2024

Status of enactment

Current status: Final law in force

The final bill to transpose to EU minimum tax Directive was finalized and agreed upon during the third reading/ discussions the 7 December 2023. The first reading/discussions of the bill happened the 11 October 2023 and was followed up by a discussion in the Tax Council which took place before the second reading/discussions occurred. The deadline for additional questions to the proposal was the 10 November 2023 and the deadline for the replies and suggested amendments was the 22 November 2023. The political discussions in the Tax Council was finalized 5 December 2023.

Denmark’s legislative proposed law to transpose Pillar Two into the Danish tax legislation was submitted to the Danish Parliament on 4 October 2023 (titled "the Minimum Tax Act"). Public consultation with various Danish parties ended 18 August 2023 on the basis of a draft bill which was presented in June.

The law is the Danish implementation of the Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union into Danish internal law with effect as from 1 January 2024.

Income inclusion rule

The Danish law follows the overall implementation timeline proposed by the Directive (EU) 2022/2523 of 14 December 2022, i.e., 2024 for the IIR and 2025 for the UTPR.

Undertaxed Payments Rule

The Danish law follows the overall implementation timeline laid down by the Directive (EU) 2022/2523 of 14 December 2022, i.e., 2024 for the IIR and 2025 for the UTPR. The effects of the UTPR will be deferred for a transitional period if the ultimate parent entity is resident in a jurisdiction applying a nominal CIT rate of at least 20%. This deferral is applicable for fiscal years ending on or before 30 December 2026.

Qualified Domestic Minimum Top-up Tax

The Danish law includes a Danish Qualified Domestic Minimum Top-up Tax (QDMTT) applicable for income tax years starting 31 December 2023 or later meaning that it effectively enters into force for income years starting 1 January 2024 or later.

QDMTT: Accounting Standards

The QDMTT is based on the accounting standard or the UPE.

QDMTT: SBIE applicable

The SBIE is expected to apply equally to the QDMTT as it does the IIR

Covered Taxes

The Danish Minimum Tax Act follows the definition of covered taxes in the EU Directive 2022/2523 of 14 December 2022. The Minimum Tax Act defines covered taxes as follows: 1) Taxes that are included in a group entity's accounts, as far as the entity's income or profit or the entity's share of another group entity's income or profit, in which the entity has an ownership interest, is concerned, 2) Taxes on distributed profits, deemed distributed profits and non-business expenses assessed according to a recognized taxation system based on profit distribution. 3) Taxes that are imposed instead of a generally applicable corporation tax, and 4) Taxes levied with reference to undistributed profits and equity, including tax on multiple elements based on income and equity.

Qualifying Refundable Tax Credits

The Danish Minimum Tax Act generally aligns with the definition of "Qualifying Refundable Tax Credits" in the EU Directive 2022/2523 of 14 December 2022 as it is defined in the in the law what will constitute 'Qualifying Refundable Tax Credits': The Qualifying Refundable Tax Credits are defined in article 4, no. 38 of the Minimum Tax Act. A credit that does not include an amount of tax that is refundable or deductible under a qualified dividend tax credit or an excluded dividend tax credit and which meets the following criteria: a) A refundable tax credit that is designed on such that it must be paid in cash or equivalent liquid funds to a group entity no later than four years after the date on which the group entity is entitled to receive the refundable tax credit under the laws of the jurisdiction providing the credit. b) If the tax credit is partially refundable, the part of the refundable tax credit that must be paid in cash or with equivalent liquid funds to a group entity no later than four years after the date on which the group entity is entitled to the partially refundable tax credit. c) The compensation is a tax credit that, in the income year in which the right to the tax credit is acquired, or no later than 15 months after the end of the income year, can be transferred to an independent third party, and it has been transferred by the beneficiary to an independent third party at a price that is at least 80 percent of the net present value of the compensation, or equivalent tax credits have been transferred to independent third parties in the same period at a price that is at least 80 percent of the net present value of the compensations. For acquirers of a tradable tax credit, the tax credit is only considered to be a qualified tax credit if the acquirer can transfer the compensation on the same terms as the beneficiary.

Equivalent liquid funds includes i.a. checks, short-term government debt instruments and everything else that is treated as cash according to the accounting standard used in preparing the consolidated accounts.

CbCR Transitional Safe Harbour

The Minimum Tax Act agreed the 7 December 2023 does not add any new information on the Transitional Safe Harbour rules compared to the guidance from OECD on Safe Harbours and Penalty Relief: Section 72 of the Minimum Tax Act mentions the Transitional Safe Harbour.

UTPR Transitional Safe Harbour

No announcement yet

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

The draft Minimum Tax Act follows the compliance/ filing measures included in the EU Directive 2022/2523 of 14 December 2022. Section 53, subsection 4, of the bill states that the information on additional tax and any related notifications must be submitted to the Tax Administration no later than 15 months after the last day of the reporting year.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Anne Cathrine Primdal Allentoft, Partner, PwC Denmark

Lars Ellegård Holst, Partner, PwC Denmark

Simon Lind, PwC Denmark

PwC Denmark website

Country or region: Dominican Republic

Last update: 11 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

No information available.

TPT return (IIR and UTPR)

No information available.

Other formal registrations required

No information available.

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Andrea Paniagua, Tax Partner, PwC Dominican Republic

Rodrigo Reyes, Director, PwC Dominican Republic

Alejandro Fernandez, Director, PwC Dominican Republic

Country or region: Egypt

Last update: 14 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Isabel Strassburger, Director, PwC Egypt

Hanan Aboud, Partner, PwC Middle East

Chris Maycroft, Director PwC Middle East

Heba Fouad, PwC Egypt

PwC Egypt Pillar Two website

Country or region: Estonia

Last update: 26 April 2024

Status of enactment

Current status: Draft/proposed law published

The Estonian government approved a draft bill amending the law which implements Article 50 of the EU minimum tax Directive (which permits Estonia to defer applying the IIR and UTPR until 1 January 2030). The bill was submitted to the Estonian Parliament, which passed it on 10 April 2024.

Income inclusion rule

Undertaxed Payments Rule

Qualified Domestic Minimum Top-up Tax

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Martin Lehtis, PwC Estonia

Country or region: Finland

Last update: 11 March 2024

Status of enactment

Current status: Final law in force

The government proposal for the Finnish Pillar Two legislation was approved by the Finnish parliament on 11 December 2023 (substantive enactment) and by the President of Finland on 28 December 2023. The Finnish Pillar Two law came into force on 1 January 2024, and implements the Income Inclusion rule (IIR), the Undertaxed Profits Rule (UTPR) and the Qualified Domestic Minimum Top-up Tax (QDMTT). The IIR and QDMTT rules are applied for financial years starting on or after 31 December 2023, and the UTPR for financial years starting on or after 31 December 2024.

The Pillar Two law closely follows the EU Directive and the GloBE Model Rules. Further, the central role of the OECD's (existing and future) guidance is clearly acknowledged in the government proposal as a key to ensure harmonious implementation globally and to avoid differing interpretations across jurisdictions. However, some relevant aspects of the OECD's guidance are not currently included in the Finnish Pillar Two law (e.g. UTPR Safe Harbour and Marketable Transferrable Tax Credits).

The Finnish constitution requires that a tax law should include sufficient level of details to allow taxpayers to calculate their tax liability and leave little room for interpretation. These constitutional restrictions may restrict application of specific rules created or materially changed in the OECD's guidance if those rules or changes are not incorporated into Finnish legislation.

The draft government proposal for the Finnish Pillar Two legislation was published on 15 August 2023 for public consultation, which was open until 8 September 2023. The draft law incorporated certain parts of the OECD's guidance, but some relevant aspects of the guidance were not included in the government proposal. The final government proposal for the Finnish Pillar Two legislation was published on 20 October 2023.

Income inclusion rule

Based on the enacted law, IIR will apply for financial years that start on or after 31 December 2023.

Undertaxed Payments Rule

Based on the enacted law, UTPR will apply for financial years that start on or after 31 December 2024.

Qualified Domestic Minimum Top-up Tax

Based on the enacted law, the Finnish QDMTT rules are applied for financial years starting on/after 31 December 2023. In general, the QDMTT calculation rules closely follow the calculation rules under IIR and UTPR. The most material deviations are related to the mandatory exceptions required in the Administrative Guidance published in July 2023 with respect to exclusion of certain cross-border taxes (e.g. PEs, CFCs and hybrid entities).

Finland would not be implementing any material optional variations for the QDMTT rules, such as requirement to apply local GAAP, or modifications to the Substance-based Income Exclusion, De Minimis Exclusion or the applicable minimum tax rate.

QDMTT: Accounting Standards

The Finnish QDMTT rules are aligned with GloBE rules Art. 3.1.1 – 3.1.2, i.e. UPE's accounting standard would be applied as a starting point, but in exceptional cases application of an Acceptable Financial Accounting Standard or an Authorised Financial Accounting Standard is also possible.

QDMTT: SBIE applicable

Substance Based Income Exclusion is available under the Finnish QDMTT rules (no deviations from the Finnish IIR/ UTPR rules).

Covered Taxes

The enacted law follows the EU Directive and GloBE Model Rules.

Qualifying Refundable Tax Credits

The enacted law follows the EU Directive and GloBE Model Rules.

CbCR Transitional Safe Harbour

The enacted law includes Transitional CbCR Safe Harbour rules in line with the EU Directive and the Model Rules.

UTPR Transitional Safe Harbour

No information available

Permanent Safe Harbours

No information available

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

In general, the filing requirements follow the EU Directive and the Model Rules. Each Finnish resident CE is required to submit the GIR. Alternatively, a designated filing entity may file the return on behalf of all Finnish CEs of the group. The GIR is not required to be filed by the Finnish CEs in cases where the return is filed by the UPE or a designated filing entity resident in a jurisdiction with which Finland has an agreement that provides for the automatic exchange of annual GloBE information returns. In this case, each Finnish CE or a Finnish designated filing entity is required to file a notification that identifies the foreign filing entity and its country of residence.

The filing due date for the GIR and the notification is 15 months from the end of the relevant financial year and 18 months for the first year (i.e. Transition Year).

The Finnish tax administration have been authorised to give further requirements and instructions regarding the necessary filings.

QDMTT return

TPT return (IIR and UTPR)

Each Finnish CE – which is subject to pay top-up tax in Finland or if requested by the Finnish tax authorities – is required to file a national top-up tax return, which is not based on the EU Directive or the Model Rules. There is no option to use a designated filing entity to file the return. The content of the return should be rather limited and only include information related to the Finnish CE in question.

The filing due dates for the national top-up tax return is 15 months from the end of the relevant financial year and 18 months for the first year (i.e. Transition Year).

Other formal registrations required

Transitional Penalty Relief

Transitional penalty relief in line with the OECD guidance is included in the Finnish Pillar Two law and is applicable for fiscal years beginning on or before 31 December 2026 but not including a fiscal year that ends after 30 June 2028 (i.e. FY24-FY26 for calendar year groups).

Application of OECD guidance to Pillar Two local rules

The Finnish constitution requires that a tax law should include sufficient level of details to allow taxpayers to calculate their tax liability and leave little room for interpretation. These constitutional restrictions may restrict application of specific rules created or materially changed in the OECD's guidance if those rules or changes are not incorporated into Finnish legislation.

PwC Thought Leadership

Finnish implementation of the Pillar Two Rules

Read more (in Finnish)

PwC Contacts

Iain McCarthy, Partner, PwC Finland

Markus Joensuu, PwC Finland

Sampo Hyvönen, PwC Finland

Country or region: France

Last update: 8 January 2024

Status of enactment

Current status: Final law in force

Article 33 of the the Finance Act for 2024 (n° 2023-1322 dated on 29 December 2023) transposed the GloBE rules into the French Tax Code. The French Pillar Two draft legislation was released on 27 September 2023.

Income inclusion rule

Based on the draft legislation published on 27 September 2023, IIR would be applied for financial years that start on or after 31 December 2023.

Undertaxed Payments Rule

Based on the draft legislation published on 27 September 2023, UTPR would be applied for financial years starting on or after 31 December 2024. However, UTPR would apply to financial years beginning on or after 31 December 2023, where one or more constituent entities located in France are members of a MNE group whose UPE is located in a State that has exercised the option provided for in Article 50 of the EU global minimum tax Directive.

The UTPR would take the form of an additional levy, and not, as authorized by the EU Directive, a denial of deduction of expenses from the corporate or personal income tax base.

Qualified Domestic Minimum Top-up Tax

Based on the draft legislation published on 27 September 2023, QDMTT would be applied for financial years starting on or after 31 December 2023.

QDMTT: Accounting Standards

The QDMTT could also be calculated with the financial accounting net income determined according to French accounting principles or IFRS standards, instead of the standard used for the preparation of the consolidated financial statements of the UPE.

QDMTT: SBIE applicable

The Substance Based Income Exclusion would be applicable.

Covered Taxes

The definition of covered taxes is broadly in line with the EU Directive.

There is no list of French covered taxes in the draft law. A parliamentary document explained that, in France, the covered taxes include, notably, the corporate income tax, the additional levies based on this tax and the tax on surplus reserves and exclude the tax on commercial premises.

Qualifying Refundable Tax Credits

The draft legislation is broadly in line with the EU Directive's definition on Qualifying Refundable Tax Credits. However, recent changes displayed in the administrative guidance of the OECD from July 2023 about Marketable Transferable Tax Credits are not included.

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

France's draft law currently appears to be limited to transposition of the EU Directive and does not specifically mention the QDMTT safe harbour, which was set out in detail in the July 2023 Administrative Guidance.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

Unless it is exempted from doing so (on the grounds that another entity files it - directly or indirectly - to France), each constituent entity located in France would have to file the GIR within 15 months (18 months the first time) following the end of the fiscal year.

Any failure or delay in filing the GIR or the liquidation statement would be sanctioned by a fine of EUR 100,000 (other reporting failures would be subject to a maximum fine of EUR 50,000 per return) with a maximum of EUR 1 million for the same fiscal year within the group.

QDMTT return

TPT return (IIR and UTPR)

Within the same deadline (i.e., within 15 months (18 months the first time) following the end of the fiscal year), each constituent entity would have to file a liquidation statement for the top-up tax it has to pay. The payment would be made by electronic transfer at the same time as this filing. It should be noted that it would be possible, upon election, to designate one entity between them to pay the entire top-up tax amount due under the QDMTT or the UTPR, in which case the liquidation statement would be filed by it on their behalf.

Other formal registrations required

Each constituent entity located in France belonging to a group subject to the GloBE rules would have the primary obligation to indicate, in its income tax return, that it belongs to such a group (and also provide the identity of the UPE, the filing entity if applicable, and their respective jurisdictions).

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

French Budget 2024

Read more

PwC Contacts

Delphine Bocquet, Partner, PwC France

Emmanuel Raingeard de la Blétière, Partner, PwC France

PwC France Pillar Two website

Country or region: Georgia

Last update: 11 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Lado Chabashvili, PwC Georgia

Country or region: Germany

Last update: 8 April 2024

Status of enactment

Current status: Final law in force

On 15 December 2023, the German Federal Council ("Bundesrat") approved the law to implement the EU Minimum Tax Directive. The law entered into force on 27 December 2023 and is to be applicable for the first time for fiscal years beginning after 30 December 2023.

On 10 November 2023, the German Federal parliament ("Bundestag") approved the law to implement the EU Minimum Tax Directive. The German Federal Council is expected to give its approval in Q4 2023. The latest draft law now includes the OECD Administrative Guidance from July 2023.

The German Ministry of Finance (MoF) had published a draft law on 20 March 2023 to implement the EU Minimum Tax Directive. The draft law was largely based on the EU Directive, the OECD Model Rules and other OECD publications (e.g., Safe Harbour Rules). The MoF requested to submit comments on the discussion draft by 21 April 2023. The draft law might be subject to change in the legislation process. On 10 July 2023 the MoF had published an updated draft law. The new draft law now includes most of the OECD Administrative Guidance from February 2023. The MoF requests to submit comments on the draft law by 21 July 2023. On 17 August 2023 the Federal Government of Germany had published an updated draft law. The new draft law now includes additional, but not all guidance of the OECD Administrative Guidance from February 2023. The OECD Administrative Guidance from July 2023 is not included.

Income inclusion rule

The IIR applies for fiscal years beginning on or after 30 December 2023

Undertaxed Payments Rule

The UTPR applies for fiscal years beginning after 30 December 2024. In case the UPE is located in a jurisdiction applying Art. 50 of the EU Directive, the UTPR is applicable for fiscal years beginning after 30 December 2023.

Qualified Domestic Minimum Top-up Tax

The computation of the German Domestic Top-up Tax is generally in line with the calculation requirements provided by the OECD (i.e. under Administrative Guidances).

QDMTT: Accounting Standards

The QDMTT in principle needs to be calculated based on the UPE's accounting standard, which has to be an accepted or authorized accounting standard.

QDMTT: SBIE applicable

The QDMTT rules foresee that the sum of top-up taxes of all German Low-Taxed Constituent Entities calculated under the GloBE rules is the QDMTT-amount for Germany, i.e. the top-up tax calculation should be the same irrespective whether the IIR or the German QDMTT applies (except that foreign taxes are not considered for QDMTT purposes). Hence, as the Substance Based Income Exclusion is applicable to the IIR, it is also applicable to the QDMTT.

Covered Taxes

Corresponding provisions in the law are in line with the definition of covered taxes according to the EU Directive 2022/2523 / OECD model rules. German trade tax should be considered as covered taxes.

Qualifying Refundable Tax Credits

Corresponding provisions in the law are in line with the definition of qualifying refundable tax credits according to the EU Directive 2022/2523 / OECD model rules. The announced law now includes the administrative Guidance of the OECD from July 2023. As such, regulations regarding Marketable Transferable Tax Credits ("MTTC") are included the the law.

CbCR Transitional Safe Harbour

The law contains transitional safe harbour rules based on CbCR data, which are basically in line with the OECD guidelines. For the CbCR Safe Harbour the financial accounts of the constituent entity can be used to the extent that they are not adjusted for consolidation purposes. However, as the December Guidance is not yet included, purchase price accounting (PPA) must not be considered as well.

UTPR Transitional Safe Harbour

The UTPR safe harbour is in line with the OECD Administrative Guidance from July 2023.

Permanent Safe Harbours

In addition, the law already contains details of two permanent safe harbours: 1) According to the law a permanent safe harbour exists for a jurisdiction if a local QDMTT is levied for the respective jurisdiction. In such case, the top-up tax will be reduced to zero. Such QDMTT will only be valid for safe harbour purposes, if the calculation of the QDMTT is based on the accounting standard that is used in the preparation of the consolidated financial statements. However, local accounting standard can be used if the requirements of the OECD administrative Guidance of July 2023 are met, i.e. QDMTT accounting standard, Consistency Standard and Administration standard. 2) Furthermore, the law provides for a safe harbour rule for immaterial entities. According to this safe harbour rule for immaterial entities, revenues and covered taxes can be calculated on a simplified basis using CbCR data. However, this only applies to the extent that one of the following tests can be met: i) routine-profits-test ii) materiality-test iii) effective-tax-rate-test.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

Each entity subject to minimum taxation located in Germany generally has to file a GIR. However, a designated filing entity can be appointed for the entities located in Germany. The filing deadlines for the GIR are in line with the OECD model rules.

QDMTT return

Please note, as of now, in Germany only one tax return has to be prepared for QDMTT, IIR and UTPR purposes. In general, each entity subject to minimum taxation located in Germany generally has to file a minimum tax return. Germany has implemented a 'tax group' for minimum taxation purposes, where only the tax group parent has to file a respective tax return. The filing deadlines for and the tax return are in line with the filing deadlines for the GIR. The top-up tax is due no later than one month after filing of the tax return. The tax authorities are authoritized to impose fines of up to EUR 30,000.

TPT return (IIR and UTPR)

See above

Other formal registrations required

See above

Transitional Penalty Relief

For the transitional period, the provisions on fines do not apply if it can be demonstrated that appropriate measures have been taken to justify a late, an incomplete or not in the prescribed manner submission of the tax return.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

·### Government bill for a law to implement the global minimum taxation adopted Read more

Germany publishes draft Pillar Two implementation bill

Read more

Freshly Served: Germany's latest Pillar Two Draft (CBTT podcast)

Doug McHoney (PwC's International Tax Services Global Leader) is joined by Arne Schnitger (International Tax Partner with PwC Berlin and host of the German podcast Frisch Serviert) and they dive into the German legislative process, compliance and reporting, the German QDMTT, deviations from the OECD Model Rules, as well as the interaction with the US GILTI regime. Listen here

Germany publishes second draft law on Pillar Two

Read more Read more

Germany publishes Pillar Two discussion draft

The Federal Ministry of Finance (MoF) published a draft law on 20 March, to implement the EU Minimum Tax Directive ensuring a global minimum taxation for multinational groups and large domestic groups in the European Union. Read more

PwC Contacts

Arne Schnitger, Partner, PwC Germany

Felix Posch, Director, PwC Germany

Country or region: Gibraltar

Last update: 8 January 2024

Status of enactment

Current status: Pillar Two plans announced

The Gibraltar Government issued a press release on 19 December 2023 providing an update on Pillar Two implementation in Gibraltar. As an initial step, a QDMTT (consistent with the OECD's Model Rules, Commentary and other relevant guidance issued up to and including 31 December 2023) will be introduced. It is proposed that the QDMTT will apply in relation to accounting periods commencing on or after 31 December 2023 in relation to Gibraltar subsidiaries or permanent establishments of MNE Groups where the Ultimate Parent Entity is in a jurisdiction that has implemented the Pillar Two rules. Draft legislation is expected early in 2024 in relation to the QDMTT.

The press release states that Gibraltar will continue to work towards full implementation of Pillar Two in relation to accounting periods commencing on or after 31 December 2024.

In his Budget Address on 11 July 2023, the Chief Minister noted Gibraltar's commitment to implementing Pillar Two and indicated that Gibraltar is likely to adopt a domestic minimum top-up tax. The Government is intending to commence a consultation process in relation to Pillar Two with key stakeholders, taxpayers and other interested parties. The Chief Minister stated that implementation of Pillar Two in Gibraltar will be applicable no earlier than accounting periods beginning on or after 31 December 2024.

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

On 19 December 2023, the Gibraltar Government issued a press release stating that a QDMTT (consistent with the OECD's Model Rules, commentary and other relevant guidance issued up to and including 31 December 2023) will be introduced. It is proposed that the QDMTT will apply in relation to accounting periods commencing on or after 31 December 2023 in relation to Gibraltar subsidiaries or permanent establishments of MNE Groups where the Ultimate Parent Entity is in a jurisdiction that has implemented the Pillar Two rules. Draft legislation is expected early in 2024.

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Country or region: Greece

Last update: 15 April 2024

Status of enactment

Current status: Final law in force

Law number 5100/2024 adopted by the Greek Parliament incorporated into the Greek legislation the EU Council Directive 2022/2523 on ensuring a global minimum level of taxation for multinational groups and large-scale domestic groups in the Union

Income inclusion rule

Greek ultimate and intermediary parent entities will pay top up tax with respect to Greek and foreign Group constituent entities that were taxed below 15% effective rate at their jurisdictional level (applicable to financial years starting on31 December 2023).

Undertaxed Payments Rule

The UTPR is activated in case the Group's parent company does not apply the IIR, leading to the application of top up tax to the Group's entities located in Greece and in other UTPR jurisdictions. UTPR top-up taxes will be calculated based on an allocation ratio looking at the number of employees and tangible assets present in jurisdictions that have adopted the UTPR rule (applicable to financial years starting on 31 December 2024). If the ultimate parent entity of an MNE is located in Member States, which have made the election not to apply the IIR and the UTPR for six consecutive fiscal years starting from 31 December 2023, the constituent entities of that MNE located in Greece are subject to the UTPR for the financial years starting on 31 December 2023. The EU Members States that have made such an election are Estonia, Latvia, Malta, Lithuania and Slovakia

Qualified Domestic Minimum Top-up Tax

Greek constituent entities will pay a top up tax to reach 15% effective tax rate, if their aggregate effective tax rate is below 15% (applicable to financial years starting on 31 December 2023). The Greek DMTT is intended to be Qualified for Pillar Two purposes (QDMTT)

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

Adoption of Pillar Two rules in the Greek tax legislation

Read more

PwC Contacts

Giouli Makariou, PwC Greece

Country or region: Greenland

Last update: 28 September 2023

Status of enactment

There are no immediate plans to adopt Pillar Two rules in Greenland due to its complexibility. The local implementation in the future will depend on the progress and developments by different territories

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Ove Lykke Hindhede, Tax Partner, PwC Denmark

Country or region: Guernsey

Last update: 19 May 2023

Status of enactment

Current status: Pillar Two plans announced

On May 19 2023 the governments of Guernsey, Jersey and the Isle of Man published a joint statement regarding their approach to the OECD's Pillar Two framework. Their intention is that this approach will comprise the implementation of an IIR and a domestic minimum tax from 2025. As per the Joint Statement, the three Crown Dependencies will continue to work together, monitoring implementation internationally and adapt accordingly to developments which may require adjustments to their own implementation plans.

Income inclusion rule

On May 19 2023 the governments of Guernsey, Jersey and the Isle of Man announced their intention to implement an IIR and a domestic minimum tax from 2025

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

On May 19 2023 the governments of Guernsey, Jersey and the Isle of Man announced their intention to implement an IIR and a domestic minimum tax from 2025

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

David Waldron, Partner, Channel Island

Tom Cowsill, Director, PwC Channel Island

Country or region: Honduras

Last update: 11 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Ramon Morales, Partner, PwC Honduras

Roberto Ozaeta, Partner, PwC Guatemala

Country or region: Hong Kong SAR, China

Last update: 8 January 2024

Status of enactment

Current status: Public consultation

On 22 February 2023, the Financial Secretary announced at his Budget Speech that Hong Kong plans to apply the global minimum effective tax rate on large multinationals with global turnover of at least 750 million euros and implement the Domestic Minimum Top-up Tax starting from 2025 onwards, and that a consultation exercise will be launched to allow multinationals to make early preparation. On 21 December 2023, the Government launched a three-month consultation on "Implementation of Global Minimum Tax and Hong Kong Minimum Top-up Tax". The legislative bill is expected to be submitted in the second half of 2024.

Income inclusion rule

It is the Hong Kong Government's plan for the IIR to take effect for a fiscal year beginning on or after 1 January 2025.

Undertaxed Payments Rule

It is the Hong Kong Government's plan for the UTPR to take effect for a fiscal year beginning on or after 1 January 2025.

Qualified Domestic Minimum Top-up Tax

It is the Government's plan for a Hong Kong minimum top-up tax (HKMTT) at the rate of 15% to take effect for a fiscal year beginning on or after 1 January 2025. The HKMTT will be so designed that enables itself as a QDMTT. It will only apply to MNE groups with annual consolidated revenue of or above EUR 750 million. Small MNE groups and purely local groups are excluded from the scope. To secure the availability of QDMTT safe harbour, the HKMTT attributable to JVs and JV subsidiaries will be directly imposed on the JVs and JV subsidiaries. The Government also proposes the inclusion of a de minimis exclusion, as well as the exclusion for initial phase of international activity (limited to in-scope MNE groups where no parent entity is required to apply qualified IIR).

QDMTT: Accounting Standards

The Government proposes to allow the use of local financial accounting standard for the HKMTT computation. In order to secure the eligibility for the QDMTT safe harbour, where the local financial accounting standard is adopted, all constituent entities of an in-scope MNE group must have financial accounts based on the local financial accounting standard.

QDMTT: SBIE applicable

To maintain consistency with the GloBE rules and reduce the tax burden of in-scope MNE groups, the Government proposes to include a Substance Based Income Exclusion under the HKMTT.

Covered Taxes

In terms of covered taxes, the Government's plan is to generally follow GloBE rules.

Qualifying Refundable Tax Credits

In accordance with the GloBE rules, a Qualified Refundable Tax Credit is to be treated as GloBE income. Currently, there are no Qualified Refundable Tax Credits in Hong Kong.

CbCR Transitional Safe Harbour

To provide tax certainty, the Government proposes to provide the transitional CbCR safe harbour.

UTPR Transitional Safe Harbour

Since the statutory corporate profits tax rate of Hong Kong is below 20%, the UTPR safe harbour is not applicable to Hong Kong headquartered MNE groups. It is unclear whether Hong Kong will provide the UTPR safe harbour to allow for the relief to apply to the UPE of a non-Hong Kong headquartered MNE group.

Permanent Safe Harbours

The Government proposes to provide the QDMTT safe harbour.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

QDMTT return

Each Hong Kong constituent entity of an in-scope MNE group will be required to furnish a HKMTT in a prescribed manner and form no later than 15 months (18 months for the transition year) after the last day of the reporting fiscal year.

TPT return (IIR and UTPR)

Subject to the designation arrangement discussed further below, each Hong Kong constituent entity of an in-scope MNE group will be required to: (i) furnish a single top-up tax return for the purposes of the GloBE rules in a prescribed manner and form no later than 15 months (18 months for the transition year) after the last day of the reporting fiscal year; and (ii) file an annual notification relating to its obligation of filing top-up tax return in a prescribed form and manner, within six months after the end of the fiscal year. An in-scope MNE group will be allowed to designate one Hong Kong constituent entity to file the top-up tax return and top-up tax notification.

Other formal registrations required

An electronic platform will be developed by the Inland Revenue Department to allow registration of account, submission of notifications and returns, sending and receiving messages, etc.

Transitional Penalty Relief

The Government proposes to apply penalty measures in line with those imposed on similar offences in respect of CbCR filing/notification, failing to file profits tax returns or inform chargeability to tax, filing incorrect returns, etc. In terms of transitional penalty relief, the Inland Revenue Department will adopt the existing mechanism that allows a taxpayer to make representations before imposition of administrative penalty, and factors mentioned in the OECD publications will be taken into account when considering whether there is any reasonable excuse for the wrongdoings.

Application of OECD guidance to Pillar Two local rules

It is proposed that the GloBE rules to be enacted will have to be read and applied in the way that best secures consistency with the requirements and guidance in the Commentary and Administrative Guidance in force immediately before the enactment.

PwC Thought Leadership

##Consultation on implementation of global minimum tax and Hong Kong minimum top-up tax launched

On 21 December 2023, the HKSAR Government published a consultation paper on the implementation of the global minimum tax and domestic minimum top-up tax in Hong Kong (HKMTT). The consultation is open until 20 March 2024, with the expectation that draft legislation will be published in the second half of 2024. It is proposed that the global minimum tax and the HKMTT will take effect for a fiscal year beginning on or after 1 January 2025. Read more

Pillar Two in Hong Kong: Not yet a sticky wicket? (CBTT podcast)

Doug McHoney (PwC's International Tax Services Global Leader) and Jesse Kavanaugh (PwC Hong Kong's Tax Reporting & Strategy Leader) discuss the state of play of Pillar Two in Hong Kong, trends regarding safe harbours and data collection, modeling and calculations challenges, the centralized and decentralized approaches to Pillar Two inherent to the region, and the Hong Kong legislative process. Listen here

PwC Hong Kong's views on the 2023-24 Budget

On February 22 2023 Hong Kong announced, as part of the 2023/2024 Budget presentation, its plans to implement GloBE rules in 2025. It is as yet unclear whether IIR and UTPR will be implemented in the same year. Read more

PwC Contacts

Jesse Kavanagh, Partner, PwC Hong Kong

Flora Chan, Partner, PwC Hong Kong

Ivan Lam, Director, PwC Hong Kong

PwC Hong Kong Pillar Two website

Country or region: Hungary

Last update: 8 January 2024

Status of enactment

Current status: Final law in force

On 5 December 2023 Hungary enacted the EU global minimum tax Directive into Hungarian law, with Act LXXXIV of 2023 being published in the Hungarian Gazette. The Hungarian legislation became effective and is applying for financial years starting on or later than 31st of December 2023. The draft law to transpose the EU minimum tax Directive was published on 18 October 2023 for public consultation.

Hungary implements the Pillar Two rules in line with the Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union.

Income inclusion rule

According to the draft law published on 18 October 2023, IIR would apply for fiscal years starting on or from 31 December 2023.

Undertaxed Payments Rule

According to the draft law published on 18 October 2023, UTPR would apply for fiscal years starting on or from 31 December 2024.

Qualified Domestic Minimum Top-up Tax

According to the draft law published on 18 October 2023, QMDTT would apply for fiscal years starting on or from 31 December 2023.

QDMTT: Accounting Standards

The QDMTT would be calculated from the statutory financial statements, which could either be HU GAAP or IFRS based on local law.

QDMTT: SBIE applicable

The Substance Based Income Exclusion would be applicable.

Covered Taxes

The draft law published on 18 October 2023 includes a non-exhaustive list of taxes that are deemed to be covered taxes in Hungary being, corporate income tax, local business tax, innovation contribution and energy suppliers income tax.

Qualifying Refundable Tax Credits

In addition to the currently available R&D tax allowance rules (under which the cost of own R&D and of R&D subcontracted to non-Hungarian related or unrelated parties can be deducted twice from the corporate income tax base), a new R&D tax credit will be introduced as per the draft law published on 18 October 2023. This new R&D tax credit may be a qualified refundable tax credit and, therefore, may not reduce the effective tax rate ("ETR") for GloBE purposes, as opposed to the currently available R&D tax allowance. Companies may elect between the two types of R&D tax incentives.

The rules on other tax credits currently available in Hungary, such as the investment tax credit, will not be amended. This may indicate that these credits would not be qualified refundable tax credits, and may therefore significantly reduce the ETR of the constituent entities.

CbCR Transitional Safe Harbour

The draft law published on 18 October 2023 contains reference to the adoption of CbCR Safe Harbour rules with detailed regulations following up later.

UTPR Transitional Safe Harbour

A UTPR safe harbour for initial phase international activities and for large scale domestic groups would be based on the EU minimum tax Directive. However, it extends to IIR (both domestic and cross border) and to QDMTT (option 2 under the admin guidance) as well. A UTPR temporary safe harbour (as per the OECD Administrative Guidance issued in July) is not included in the draft law.

Permanent Safe Harbours

Permanent Safe Harbours would be based on the OECD guidelines.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

According to the draft law published on 18 October 2023, the compliance requirements would be in line with the OECD Model Rules: 18 months for the first tax filing and 15 months for any further tax filings.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No penalties up until 2026 in case the taxpayer acted reasonably and in good faith.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

Hungary releases draft bill implementing Pillar Two

Read more

PwC Contacts

Gergely Juhasz, Partner, PwC Hungary

Bálint Gombkoto, Director, PwC Hungary

PwC Hungary website

Country or region: Iceland

Last update: 12 April 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Jón Ingi Ingibergsson, Partner, PwC Iceland

Country or region: India

Last update: 12 April 2023

Status of enactment

Current status: No public announcement yet

On 1 February 2023 the Indian Government presented their Union Budget for the financial year 2023-24 and no discussion or legislative proposal regarding Pillar Two was included.

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Utpal Sen, Partner, PwC India

Country or region: Indonesia

Last update: 12 April 2023

Status of enactment

Current status: Pillar Two plans announced

Under the existing Income Tax Law (ITL) as last amended by Law No. 6/2023, the Indonesian Government can enter into bilateral or multilateral agreements for international tax cooperation, including BEPS. The government can use this provision to issue implementing regulations specifically for Pillar Two. Under these circumstances, parliament consultation may not be required.

On 20 December 2022, the Government issued Regulation No.GR-55. GR-55 acknowledges that a new concept of allocating taxing rights has been designed based on a new business model without the need for a physical presence which gives broader taxing rights to the source country. In addition, other solutions are also designed to end profit shifting to no-tax or low-taxed countries/jurisdictions and to ensure MNEs pay a global minimum tax as agreed in the agreement. GR-55 serves as a legal basis to incorporate components of Pillar One and Pillar Two. Specifically for Pillar Two, the group of MNEs that falls within the scope of the international tax agreement will be subject to a global minimum tax collected in Indonesia based on said agreement.

Detailed implementation on the Two-Pillar Solution in Indonesia will be regulated further by MoF Regulations.

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

Implementing rules of Income Tax

Indonesia issued Government Regulation No. 55/2022 on 22 December 2022 to implement the latest updates on its Income Tax Law, which include a legal basis to implement Pillar Two in Indonesia. See the details under the HPP Law-International Tax Agreement section on page 4 of the document linked below. Read more

PwC Contacts

Brian Arnold, Partner, PwC Indonesia

Runi Tusita, PwC Indonesia

Country or region: Ireland

Last update: 8 January 2024

Status of enactment

Current status: Final law in force

The Pillar Two rules have been enacted in Ireland as of 18th December 2023, and take effect for in-scope businesses with accounting periods beginning on or after 31 December 2023.

The draft Pillar Two legislation closely follows the EU minimum tax Directive and the OECD Guidance released to date. Key measures included are: The adoption of a domestic minimum top-up tax (i.e., a QDTT) and an IIR that would apply to businesses with financial years starting on or after 31 December 2023, and a UTPR that would apply to financial years starting on or after 31 December 2024. Safe harbours included in the draft law include the Transitional CbCR Safe Harbour, Transitional UTPR Safe Harbour, QDMTT Safe Harbour and the Simplified Reporting Safe Harbour. The Irish rules also give legal effect to the December 2023 OECD Guidance from 31 December 2023.

Income inclusion rule

Ireland followed the overall implementation timeline proposed by the Directive (EU) 2022/2523 of 14 December 2022, i.e., 2024 for the IIR and 2025 for the UTPR.

Undertaxed Payments Rule

Ireland followed the overall implementation timeline proposed by the Directive (EU) 2022/2523 of 14 December 2022, i.e., 2024 for the IIR and 2025 for the UTPR.

Finance (No.2) Bill also included a Transitional UTPR Safe Harbour. This UTPR safe harbour applies with respect to ultimate parent entity (UPE) jurisdictions. If an MNE group avails of this safe harbour, the UPE jurisdiction must have a statutory corporate tax rate greater than 20%. This safe harbour results in a one-year delay in implementing the UTPR for the UPE jurisdiction. The safe harbour applies for fiscal years that are no more than 12 months in duration, beginning on or before 31 December 2025 and ending on or before 31 December 2026.

Qualified Domestic Minimum Top-up Tax

Ireland has adopted a qualifying domestic top-up tax (""QDTT"") as part of its overall implementation of Pillar Two. This will apply for in-scope businesses with accounting periods beginning on or after 31 December 2023. It will be applicable to both domestic and international groups in respect of Irish resident entities. The calculation of a top-up tax under the QDTT will align to the calculation of a top-up tax under the IIR.

When legislating for a domestic top up tax in Ireland the intention was that the Irish QDTT should comply with the QDMTT safe harbour requirements as set out in July 2023 OECD Administrative Guidance and it is that intention which has formed the Irish legislative approach taken in the feedback statement.

Ireland intends for the local QDTT to meet the requirements such that the QDTT would be classified as a 'QDMTT safe harbour' for applicable entities. The proposed legislation is drafted with the intention of meeting the three standards set out in the July 2023 OECD Administrative Guidance: the “QDMTT Accounting Standard”, “Consistency Standard” and the “Administration Standard”.

QDMTT: Accounting Standards

In adopting the QDMTT Accounting Standard, the Irish legislative approach has adopted the local Financial Accounting Standards Rule set out in the Guidance such that, subject to certain conditions, the Irish QDMTT could be calculated under local accounting standards that are used to prepare the Irish financial statements.

QDMTT: SBIE applicable

The Substance Based Income Exclusion will be applicable to the QDTT.

Covered Taxes

The Finance (No.2) Bill 2023 included the draft legislation of what is a "covered tax" and what's not included in such definition. See Chapter 4, 111T (1) for list of items included and (2) list of items not included. To date, Ireland has not specifically identified Irish or foreign taxes which would or would not constitute covered taxes.

Qualifying Refundable Tax Credits

R&D tax credit rules have been amended to come within a qualified refundable tax credit regime. Also, in Finance (No.2) Bill 2023, it was announced that the Digital Gaming Tax Credit has been amended in order to be considered as a qualified refundable tax credit.

CbCR Transitional Safe Harbour

In Finance (No.2) Bill 2023, Ireland provided the draft legislation to apply the various safe harbours, including the transitional CbCR & UTPR safe harbours and the QDMTT safe harbour. The CbCR safe harbour is closely aligned to the OECD guidance.

UTPR Transitional Safe Harbour

In Finance (No.2) Bill 2023, Ireland provided the draft legislation to apply the various safe harbours, including the transitional CbCR & UTPR safe harbours and the QDMTT safe harbour. The UTPR safe harbour is closely aligned to the OECD guidance.

Permanent Safe Harbours

No expected deviation from the OECD guidance / EU Directive with respect to the permanent safe harbour.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

GIR or notification of filer: this must be filed by each Irish constituent entity unless a designated local entity is appointed. Dedline: 15 months from end of the fiscal year (extended to 18 months for Transition Year) Ireland provides for the GIR transitional simplified reporting framework.

QDMTT return

QDTT return and payment: submitted by each qualifying entity (as defined) or, if appointed, the QDTT group filer. Deadline: 15 months from end of the fiscal year (extended to 18 months for Transition Year).

TPT return (IIR and UTPR)

IIR return and payment: submitted by relevant parent entity (as defined). UTPR return and payment: submitted by each relevant UTPR entity or, if appointed, the UTPR group filer. Deadline: 15 months from end of the fiscal year (extended to 18 months for Transition Year).

Other formal registrations required

Registration requirements: any entity subject to IIR and/or UTPR top-up tax in Ireland; and a qualifying entity (as defined), which includes each Irish constituent entity and Irish joint ventures (JVs) within an in-scope group. Deadline: 12 months after the last day of the first accounting period in which the group is in-scope / no longer in scope.

Transitional Penalty Relief

According to the Finance (No.2) Bill, Irish Revenue has the right to impose penalties where there is a failure to comply with the administrative provisions and can also serve notices on group members where the appointed UTPR/QDTT group filer defaults on payment. The Transitional penalty relief provisions are included, but to a limited extent.

Application of OECD guidance to Pillar Two local rules

Ireland's implementing legislation includes the provisions of the OECD Administrative Guidance, the safe harbours and GIR (guidance released up to and including 18th December 2023). Any future guidance will need to be implemented through a Ministerial Order. Its not yet clear whether any future guidance would be adopted on a prospective or retrospective basis.

PwC Thought Leadership

Finance (No.2) Bill 2023—key Pillar Two measures - The draft legislation in Finance (No.2) Bill 2023 follows the earlier release of two Pillar Two implementation feedback statements. As such, interested parties will be somewhat familiar with most of the rules. However, several updates have been made to the rules following the consultation process.

Read more

Irish Department of Finance releases Pillar Two feedback statement with draft legislation

Ireland's Department of Finance, on 31 March, published a Pillar Two feedback statement. The statement sets forth proposed Irish legislation to implement Pillar Two, including confirmation of the intention to introduce a Qualified Domestic Top-up Tax (QDTT). Read more

PwC Contacts

Chloe Fox, PwC Ireland

Country or region: Isle of Man

Last update: 15 May 2023

Status of enactment

Current status: Pillar Two plans announced

The Isle of Man Treasury Department presented the 2023-24 budget speech on 21 February 2023, which includes the following statement "The Assessor has been and continues to closely monitor the ongoing work of the OECD and the EU, particularly in respect of what is commonly referred to as the pillars… the Assessor already has work underway, considering the effect of the pillars on the Isle of Man, engaging with the relatively small number of companies on the Island that are likely to be most affected by the changes and liaising with counterparts in the Channel Islands". It concluded with reference to significant decisions on the way forward being announced in more detail prior to summer 2023 recess.

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Kate Brummitt, PwC Isle of Man

Country or region: Israel

Last update: 12 April 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Alex Singer, PwC Israel

Yuval Vainer, PwC Israel

Country or region: Italy

Last update: 8 January 2024

Status of enactment

Current status: Final law in force

On 28 December 2023 the Legislative Decree implementing EU Directive 2022/2523 has been published in the Official Gazette of the Republic of Italy. The text was approved by the Italian Government on 19 December 2023 taking in to account some of the amendments proposed by the Parliament. Article 60 of the Decree provides that the law is effective for fiscal year starting on or after 31 December 2023.

On 11 September 2023 the Italian Government has published a draft Decree and launched a public Consultation (deadline 1 October). The Draft Decree is composed by 52 Articles and 2 Annexes (Annex A - definition- and Annex B - SBIE's transition rate). In general the structure of the Decree is aligned with the Directive. On 16 October 2023 the Government, after approving the proposal, sent such proposal to the Parliament for review.

The Italian Government adopted in March 2023 a delegating act for the reform of the Italian tax system that is expected to be approved by the Parliament in the next weeks. One of the criteria for the reform is related to tax incentives and explicitely refers to Council Directive (EU) 2022/2523. It mentions that the tax incentives for businesses, and the mechanisms for determining and using them, will be reviewed and rationalised taking into account the Directive (EU) 2022 /2523 of the Council of 14 December 2022.

On 7 December 2022 during a parliamentary hearing of the Italian Minister of Economy and Finance who declared that Italy would proceed to adopt legislative measures to ensure the implementation of the global minimum tax in the next budget law.

Income inclusion rule

The Decree provides for a IIR applicable to parents (UPE, IPE or POPE) located in Italy with respect to foreign located and stateless LTCEs. The Decree also provides for a domestic IIR applicable, under the rule order, by an Italian parent to itself and to Italian located CEs that are LTCE. IIR and domestic IIR will apply to fiscal years beginning on or after December 31, 2023.

Undertaxed Payments Rule

The Decree, in line with the GloBE rules and the Directive, provides for the UTPR as a separate charging provision. The UTPR will be effective for fiscal years that begin on or after December 31, 2024. Under art 50 of the Directive, UTPR could be applicable for fiscal years that begin on or after December 31, 2023 with respect to LTCE that are located in EU MS that have opted for the postponement provided for art 50 of the Directive. The Decree also included the UTPR transition safe harbour (as provided for by the July 2023 IF Administrative Guidance).

Qualified Domestic Minimum Top-up Tax

QDMTT will be applicable for fiscal years that begin on or after 31 December 2023. The same is provided for MNE groups in the initial phase of internationalization and for large scale domestic groups (see art 18.6 of the Decree). The Illustrative memorandum affirms that the DMTT is intended to be qualified and designed as a permanent safe harbor

The presentation paper that accompanies the draft Decree specifies that the Italian Domestic Minimum Tax has been designed to meet the requirement to be considered ""qualified"" (and hence to be a QDMTT) and a safe harbour.

QDMTT: Accounting Standards

The Decree adopts the Local Accounting Standard with the UPE's accounting standard as a last resort rule

QDMTT: SBIE applicable

The SBIE is expected to apply equally to the QDMTT as it does the IIR

Covered Taxes

The Decree provides the definition of Covered Taxes ("Imposte rilevanti") in article 28. No guidance on the characterization of Italian taxes has been provided yet. Based on standard accounting practice under IAS/IFRS and Italian GAAP, corporate tax (IRES) and regional tax (IRAP) are recorded in "income tax expenses" and, hence, expected to be Covered Taxes. The same should be applicable to cross-border withholding taxes on dividends, interest and royalties.

Qualifying Refundable Tax Credits

The Decree provides, among others, the definition of Qualified Refundable Tax Credit and Marketable Transferable Tax Credit. The Decree follows the July 2023 Administrative Guidance on tax credits. No official characterization of Italian tax credits has been provided yet. However in the official dossier of the Decree there are some statements that support the view that Italian tax credits that can be used to discharge liabilities beyond covered taxes (e.g. VAT and social contributions) based on "compensazione orizzontale" with no limitations in amounts should be qualified as QRTC.

CbCR Transitional Safe Harbour

The Decree (see art 39.3) provides for a secondary regulation, to be issued 90 day after the entry in to force of the Decree, that shall rule on Safe Harbour ("Regimi Semplificati"). The illustration that accompanies the Decree explains that such secondary regulation will rules both transitional and permanent Safe Harbour rules.

UTPR Transitional Safe Harbour

UTPR Safe Harbour is provided by article 21.1 of the Decree.

Permanent Safe Harbours

The Decree (see art 39.3) provides for a secondary regulation, to be issued 90 day after the entry in to force of the Decree, that shall rule on Safe Harbour ("Regimi Semplificati"). The illustration that accompanies the Decree explains that such secondary regulation will rule both transitional and permanent Safe Harbour rules related to MNE and domestic Groups.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

The Decree provides that 90% of the top-up tax due in Italy is to be paid at the 11th month following the last day of relevant FY (e.g. for FY 2024 ending at 31/12/2024, the deadline is the end of November 2025). The remaining 10% is to be paid in conjunction with the deadline to file the local tax return.

QDMTT return

The Decree mentions specific Italian tax returns related to the QDMTT, IIR and UTPR to be filed by CEs located in Italy. The deadline for such local tax return is aligned with the one provided for the GIR.

TPT return (IIR and UTPR)

The Decree mentions specific Italian tax returns related to the QDMTT, IIR and UTPR to be filed by CEs located in Italy. The deadline for such local tax return is aligned with the one provided for the GIR.

Other formal registrations required

Transitional Penalty Relief

Under the Decree, penalties are applicable to: 1) Omission, late filing exceeding 3 months or untrue or incomplete data for the GIR filing (penalties ranges form 10K to 50k with a group cap of 1,000K) 2) The local tax return - penalties applicable for CIT purposes (i.e. in general between 90% and 120% of the amount of taxes under reported)

The Transitional penalty relief (covering the first 3 FYs) provides: 1) 1/2 of penalties for GIR filing 2) No penalties for the local tax return except in case of conscious will or hard negligence.

Application of OECD guidance to Pillar Two local rules

Art 9.3 of the Decree provides as follows (unofficial translation): "3. The provisions of this title are interpreted and applied taking into account the Commentary to the OECD rules adopted on 11 March 2022 «Tax Challenges Arising from the Digitalisation of the Economy - Commentary to the Global Anti Base Erosion Model Rules (Pillar Two)», and subsequent amendments, and the Administrative Guides provided for in article 8.3 of the aforementioned OECD rules. The implementing provisions of the contents of the Commentary, the Administrative Guides and their updating are adopted by decree of the Minister of Economy and Finance. The Department of Finance issues specific interpretative directives in accordance with the provisions of article 11, paragraph 1, letter f) of the decree of the President of the Council of Ministers of 26 June 2019, n. 103."

PwC Thought Leadership

PwC Contacts

Dario Sencar, Partner, PwC Italy

Alessandro Di Stefano, Partner, PwC Italy

Country or region: Jamaica

Last update: 11 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Kimblian Batson, Partner, PwC Jamaica

Country or region: Japan

Last update: 16 January 2024

Status of enactment

Current status: Final law in force

As of 31 March 2023, Japan's 2023 Tax Reform legislation was finalized, introducing an IIR. Japan's IIR will apply to fiscal years beginning on or after 1 April 2024 (aligned with the fiscal years of the vast majority of Japanese MNCs). While Japan is expected to introduce the QDMTT and UTPR, the timing has not yet been determined. The earliest implementation would by way of the 2025 Tax Reform.

Subsequent to the passage of the 2023 Tax Reform bill, in June 2023 the Ministry of Finance issued cabinet orders and ministerial regulations in, providing additional detail regarding the operation of IIR. Further, in September 2023, the National Tax Agency (NTA) issued an additional basic circular with its various interpretation of Pillar Two provisions. All of these publications by the Japanese government collectively form the legal basis for Pillar Two implementation in Japan.

The 2024 Tax Reform proposals, released 14 December 2023, incorporate relevant key components from the February and July 2023 OECD administrative guidance.

Income inclusion rule

As of 31 March 2023, Japan's 2023 Tax Reform legislation (which includes a Japan IIR) was finalized. Japan's IIR will apply to fiscal years beginning on or after 1 April 2024 (aligned with the fiscal years of the vast majority of Japanese MNCs). The Japan IIR legislation has been supplemented by cabinet orders and ministerial regulations issued by the Ministry of Finance in June 2023 as well as additional basic circulars issued by the National Tax Agency in September 2024. Japan's IIR is generally in line with the OECD's Model Rules. The 2024 Tax Reform proposals, released in December, further incorporate relevant provisions from the recent OECD administrative guidance.

Undertaxed Payments Rule

A UTPR could potentially be introduced in the 2025 tax reform proposals or beyond, subject to international developments

Qualified Domestic Minimum Top-up Tax

A QDMTT could potentially be introduced in the 2025 tax reform proposals or beyond, subject to international developments.

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

The Japan IIR legislation provides that Covered Taxes shall include corporate income tax and other taxes specified by enforcement orders. Additional basic circular issued in September 2023 provided further guidance regarding the inclusion and exclusions from Covered Taxes. Specifically, the value-added base of the size-based enterprise tax and the per capita base of the inhabitants' tax are excluded from Covered Taxes.

Qualifying Refundable Tax Credits

Further guidance will be provided through enforcement orders.

CbCR Transitional Safe Harbour

The Japan IIR legislation incorporates by reference the transitional safe harbor rules.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

In-scope Japanese companies will be required to file a GIR within 15 months of the end of the accounting period (18 months for the first period). This filing is required to be done through the "e-Tax" system similar to the corporate tax return filing.

QDMTT return

TPT return (IIR and UTPR)

In-scope Japanese companies will be required to make a filing and payment for any Top-up Tax within 15 months of the end of the accounting period (18 months for the first period). This filing is required to be done through the "e-Tax" system similar to the corporate tax return filing though IIR return will be significantly different than the usual corporate tax filing.

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

Pillar Two early movers: South Korea and Japan

Watch here

Outline of 2024 Tax Reform Proposals

Read more

Pillar Two: A Japanese perspective (CBTTpodcast)

Doug McHoney (PwC's US International Tax Services Global Leader) and Shin Yamaguchi (PwC Japan's Inbound Tax Practice leader) discuss Japan's Pillar Two rules, specifically, UTPR, IIR, Safe Harbours, QDMTT, the GloBE Information Return and effective dates. Listen here

Japan's 2023 tax reform proposals include an outline for Pillar Two legislation

Japan released the 2023 tax reform proposals on 16 December 2022. The proposals include a legislative outline to implement Pillar Two. The outline introduces an IIR that broadly aligns with the GloBE Model Rules. The IIR would apply to fiscal years beginning on or after 1 April 2024. The Outline excludes other features of the GloBE Model Rules, such as the UTPR and the QDMTT. Read more

PwC Contacts

Shintaro Yamaguchi, Partner, PwC Japan

Haruhisa Shirato, Partner, PwC Japan

PwC Japan Pillar Two website

Country or region: Jersey

Last update: 12 April 2023

Status of enactment

Current status: Pillar Two plans announced

On 1 April 2022, the Government of Jersey issued an OECD Pillars One and Two tax policy reflections document. The document reiterates that Jersey is a founding member of the OECD Inclusive Framework on BEPS and that it has committed to implementing the minimum standards contained within both pillars. On May 19 2023 the governments of Guernsey, Jersey and the Isle of Man published a joint statement regarding their approach to the OECD's Pillar Two framework. Their intention is that this approach will comprise the implementation of an IIR and a domestic minimum tax from 2025. As per the Joint Statement, the three Crown Dependencies will continue to work together, monitoring implementation internationally and adapt accordingly to developments which may require adjustments to their own implementation plans.

Income inclusion rule

On May 19 2023 the governments of Guernsey, Jersey and the Isle of Man announced their intention to implement an IIR and a domestic minimum tax from 2025

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

On May 19 2023 the governments of Guernsey, Jersey and the Isle of Man announced their intention to implement an IIR and a domestic minimum tax from 2025

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available yet

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available yet

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

David Waldron, Partner, Channel Island

Tom Cowsill, Director, PwC Channel Island

Country or region: Jordan

Last update: 14 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Hanan Aboud, Partner, PwC Middle East

Chris Maycroft, Director PwC Middle East

PwC Jordan Pillar Two website

Country or region: Kazakhstan

Last update: 15 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Gunel Sadiyeva, PwC Azerbaijan

Alexey Zhukov, PwC Kazakhstan

Mikhail Kovalenko, PwC Kazakhstan

Country or region: Kenya

Last update: 14 April 2023

Status of enactment

Current status: No public announcement yet

On 30 March 2023, speaking during the American Chamber of Commerce regional business summit, the President of Kenya announced that Kenya intends to scrap its digital services tax (DST) that was introduced in January 2021. The president noted that his administration will be reviewing DST and aligning its approach with the OECD two-pillar solution.

Income inclusion rule

No information available yet

Undertaxed Payments Rule

No information available yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Alice Muriithi, Director, PwC Kenya

Issa Zuberi, PwC Kenya

Country or region: Kosovo

Last update: 11 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Fjolla Muja, PwC Kosovo

Country or region: Kuwait

Last update: 17 November 2023

Status of enactment

Current status: Pillar Two plans announced

It was announced in October 2023 that the Kuwaiti government is actively considering a proposal for comprehensive tax legislation, known as the “Business Profits Tax Law”. The implementation is intended to impose a 15% corporate tax and is planned in two stages: the first phase, starting 1 January 2025, will apply to large multinational groups with revenues exceeding EUR 750m, and the second phase, starting 1 January 2026, will extend to all legal entities, accompanied by the repeal of current tax laws.

Further, on 15 November 2023, the OECD announced that Kuwait has joined the Inclusive Framework.

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

"Hanan Aboud, Partner, PwC UAE

Chris Maycroft, Director, PwC UAE"

Country or region: Latvia

Last update: 12 February 2024

Status of enactment

Current status: Draft/proposed law published

On 30 January 2024 the Cabinet of Ministers approved the draft law for partially implementing the EU minimum tax Direcitve. The partial implementation introduces certain related reporting requirements but excludes the IIR and UTPR because Latvia has decided to postpone the enforcement of these laws. Currently the draft law has been submitted to the Latvia’s Parliament for approval.

Income inclusion rule

The full adoption of the EU minimum tax Directive is postponed up to 31 December 2029.

Undertaxed Payments Rule

The full adoption of the EU minimum tax Directive is postponed up to 31 December 2029.

Qualified Domestic Minimum Top-up Tax

The full adoption of the EU minimum tax Directive is postponed up to 31 December 2029.

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Vita Sakne, PwC Latvia

Country or region: Liberia

Last update: 30 June 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Mary Kwarteng Kwarteng, Tax Director, PwC Ghana

Issahaku Ibrahim, PwC Ghana

Country or region: Liechtenstein

Last update: 15 January 2024

Status of enactment

Current status: Final law in force

Following its approval by the Liechtenstein parliament on 10 November 2023, the Liechtenstein government enacted the GloBE Law (global minimum tax) on 22 December 2023 to enter into force as of 1 January 2024. As such, Liechtenstein groups and companies within the threshold of global minimum tax will be subject to a QDMTT and an IIR of 15 % for tax years starting on or after 1 January 2024.

The effective date of the UTPR is to be defined separately through a second ordinance and can only enter into force on 1 January 2025 at the earliest. As such, it remains open when UTPR may be introduced.

Income inclusion rule

The FL GloBE-Tax-Law introduced the IIR effective for fiscal years beginning on or after 1 January 2024.

Undertaxed Payments Rule

The FL GloBE-Tax-Law foresees the introduction of the UTPR not earlier than for fiscal years beginning on or after 1 January 2025. Setting the effective entry into force date is to be determined by separate ordinance and implementation date is still to be confirmed under consideration of implementation date in other major jurisdictions (in particular the main EU countries).

Qualified Domestic Minimum Top-up Tax

The FL GloBE-Tax-Law introduced a QDMTT effective for fiscal years beginning on or after 1 January 2024. The QDMTT applies, as IIR, for domestic and international groups exceeding the EUR 750M threshold.

QDMTT: Accounting Standards

The law outlines that accepted accounting standards are US GAAP, IFRS, EU and EEA accepted accounting standards and accordingly also Liechtenstein local accounting standard called "PGR". Liechtenstein based UPEs can select between IFRS and PGR accounting standard. All consolidated entities have to apply the same accounting standard. For Liechtenstein taxpayers of a non-Liechtenstein UPE, the consolidation accounting standard of the UPE shall apply for QDMTT as per Art. 5 para 2 lit. c FL GloBE-Tax-Law.

QDMTT: SBIE applicable

As per Art. 5 of FL GloBE-Tax-Law, the QDMTT is calculated in line with Art. 5.1 to 5.6 of the OECD GloBE rules and hence substance based income exclusion should also apply to QDMTT.

Covered Taxes

There are no specific provisions included that deviate from the OECD Model Rules.

Qualifying Refundable Tax Credits

Currently, no introduction of additional tax credits is planned. However, the government of Liechtenstein will analyze any further developments and, if necessary, decide on further adjustments regarding the subject of tax credits.

CbCR Transitional Safe Harbour

The GloBE-Tax-Law will follow the respective OECD Model Rules.

UTPR Transitional Safe Harbour

No announcement yet other than statement to generally follow the OECD Model Rules.

Permanent Safe Harbours

No announcement yet other than statement to generally follow the OECD Model Rules.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

Liechtenstein taxpayers subject to ordinary Liechtenstein tax according to the Liechtenstein Tax Law (SteG) have to file the respective ordinary tax return in any case. If a Liechtenstein taxpayer is subject to FL GloBE-Tax-Law, such tax is levied on the basis of the new GL GloBE-Tax-Law and requires a separate GloBE return (including QDMTT, IRR, UTRP and GloBE information tax return) to be filed. The GloBE taxpayers accordingly will also receive two separate tax assessments one under SteG for local tax and one under GloBE law for QDMTT, IIR and UTRP.

The Pillar Two tax returns are to be filed within 15 months (18 months if in the transitional year) after the last day of the reporting fiscal year through a GloBE Information Return by either the constituent entity itself or by a designated local entity on its behalf.

There are no changes for legal entities, for which the FL GloBE-Tax-Law is not applicable (e.g. small to medium size companies).

Taxpayers, for which only the provisions of the FL GloBE-Tax-Law but not those of the SteG apply, only have to file the GloBE tax return (QDMTT, IIR, UTRP and GloBE Information Return).

No announcement has been made of with respect to filing or tool mechanism for the GloBE return other that the OECD XML-scheme shall be the basis. Respective details are to be set via separate ordinance.

Unlike the OECD Model Rules, the GloBE-Tax-Law not only applies to all MNE’s inside of Liechtenstein, but also to all groups within Liechtenstein that do not have a permanent establishment or legal entity abroad but fulfill the other requirements of being subject to the GloBE-Tax-Law.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

FL GloBE-Tax Law Art. 29 foresees a three year transitional penalty relief provided "reasonable measures" to ensure the correct application of the GloBE rules has been applied.

Application of OECD guidance to Pillar Two local rules

No public announcement from Liechtenstein available yet on this point.

PwC Thought Leadership

BEPS 2.0: BEPS 2.0: Liechtenstein draft GloBE law published

Read more

Liechtenstein confirms introduction of global minimum taxation

Liechtenstein is on track to introduce the Global Minimum Tax, as communicated in a media release by the Liechtenstein government dated 16 December 2022.
Read more

PwC Contacts

Martina Walt, Partner, PwC Switzerland

Barbara Hoop, PwC Switzerland

PwC Liechtenstein

Country or region: Lithuania

Last update: 18 March 2024

Status of enactment

Current status: Draft/proposed law published

On 13 March 2024, the Lithuanian Ministry of Finance submitted the Draft Law on Ensuring the Minimum Level of Taxation for Multinational Enterprise Groups (Draft Law) for coordination with the public, which was prepared in regards to the implementation of Pillar Two Directive (Council Directive (EU) 2022/2523 of 12/15/2022). Thus, the Law on Corporate Income Tax will not be amended as the draft of the new law has been proposed.

The Ministry of Finance, as presented in the meeting regarding the implementation of the Pillar Two Directive held on 7 September 2023, plans to postpone its implementation by 6 years, reasoning that: (i) the number of main parent units falling within the scope of the Pillar II Directive will not exceed 5; (ii) postponement could provide legal certainty, (iii) postponement could reduce the risk of a disproportionate tax administration burden.

Income inclusion rule

Lithuania opted to postpone the implementation of IIR, UTPR, and QDMTT for 6 years.

Undertaxed Payments Rule

Lithuania opted to postpone the implementation of IIR, UTPR, and QDMTT for 6 years.

Qualified Domestic Minimum Top-up Tax

Lithuania opted to postpone the implementation of IIR, UTPR, and QDMTT for 6 years. However, the filing obligation to declare and submit the top-up tax information return in Lithuania to the main entity arises from 1 January 2024. The scope and procedure of the data to be provided is to be determined by the Lithuanian Tax Authorities (no draft legislation is currently available).

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

QDMTT return

TPT return (IIR and UTPR)

Although the implementation is postponed, the filling obligation to declare and submit the top-up tax information return in Lithuania to the main entity arises from 1 January 2024. The scope and procedure of the data to be provided is to be determined by the Lithuanian Tax Authorities (no draft legislation is currently available).

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Ronaldas Kubilius, PwC Lithuania

Country or region: Luxembourg

Last update: 8 March 2024

Status of enactment

Current status: Final law in force

Luxembourg implemented the Pillar Two rules in line with the Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union. On 20 December 2023, the law was adopted by the Luxembourg Chamber of Deputies.

The implementation of the EU Pillar Two Directive is through a separate law which foresees the implementation of 3 new taxes in Luxembourg, an Income Inclusion Rule tax (for fiscal years starting on or after 31 December 2023), an Undertaxed Profits Rule tax (for fiscal years starting on or after 31 December 2024) and a Qualified Domestic Minimum Top-up Tax (for fiscal years starting on or after 31 December 2023).

The law closely follows the EU Pillar Two Directive and the Transitional Safe Harbour Rules issued by the OECD in December 2022. The law currently includes most of the provisions of the Administrative Guidance which was released by the OECD in February and July 2023.

Income inclusion rule

As per the Luxembourg law, the IIR will be effective for fiscal years beginning on or after 31 December 2023.

Undertaxed Payments Rule

As per the Luxembourg law, the UTPR will be effective for fiscal years beginning on or after 31 December 2024.

Qualified Domestic Minimum Top-up Tax

As per the Luxembourg law, the QDMTT will be effective for fiscal years beginning on or after 31 December 2023.

QDMTT: Accounting Standards

The Luxembourg QDMTT rules follow the Local Accounting Standard Rule, in line with the OECD Administrative Guidance of July 2023. QDMTT calculations should be made either under Lux GAAP or IFRS depending on the accounting standard which is used for stand-alone statutory filing purposes in Luxembourg. In case there are Luxembourg entities that file under Lux GAAP and others that use IFRS, then the QDMTT calculations shall be made following IFRS. In case there are Luxembourg entities that have a fiscal year which deviates from the group accounting year, then the QDMTT calculations shall be made following the accounting standard which is used for calculating the effective tax rate under the Income Inclusion Rule.

QDMTT: SBIE applicable

The Substance Based Income Exclusion would be applicable.

Covered Taxes

The commentary to the Luxembourg Pillar 2 law mentions that, in a non-exhaustive manner, corporate income tax, municipal business tax and net wealth tax qualify as covered taxes.

Qualifying Refundable Tax Credits

The law includes the concept of Qualified Refundable Tax Credits and Marketable Transferable Tax Credits, in line with the EU Directive and the OECD Administrative Guidance. The commentary to the law recognised that certain work is still ongoing at the level of the OECD with respect to Marketable Transferable Tax Credits and a Luxembourg grand-ducal regulation shall outline further details with respect to the treatment of such tax credits in Luxembourg. Luxembourg tax credits are currently not Qualified Refundable Tax Credits nor Marketable Transferable Tax Credits.

CbCR Transitional Safe Harbour

The CbCR Safe Harbour as per the OECD report of December 2022 is foreseen in the law.

UTPR Transitional Safe Harbour

The UTPR Safe Harbour as per the OECD Administrative Guidance of July 2023 is foreseen in the law.

Permanent Safe Harbours

The Permanent Safe Harbour as per the OECD report of December 2022 is included in the law. The commentary to the law recognises that work is still being undertaken at the level of the OECD Inclusive Framework. Hence, until the OECD releases further details on the basis for calculating the permanent safe harbour (e.g., for entities other than 'Non-Material Constituent Entities'), the rule should not yet be applicable in Luxembourg.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

Annual filing of the GIR: Foreign filings may clear Luxembourg obligations (subject to automatic exchange of information). First filing due by 30 June 2026 at the latest (for groups having a calendar year-end). Requirement to file a notification in Luxembourg, including notification of any designated filing and paying entity: First notification due by 30 June 2026 at the latest (for groups having a calendar year-end) - the first notification may fall together with the registration (details are still to be confirmed).

QDMTT return

A QDMTT tax return to be filed annually. First filing due by 30 June 2026 at the latest (for groups having a calendar year-end).

TPT return (IIR and UTPR)

Other formal registrations required

Registration of all Luxembourg entities subject to the rules with a separate tax office (Bureau de Diekirch). Due by the 30 June 2026 at the latest (for groups having a calendar year-end).

Transitional Penalty Relief

No official announcement yet.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

New Pillar Two rules - Impact on the financial statements as from 2023

Read more

Vote of the law for the implementation of Pillar Two minimum taxation rules in Luxembourg

On 20 December 2023, the Luxembourg Chamber of Deputies adopted the law to implement the global minimum tax (n°8292). Read more

Luxembourg amends its draft law introducing global minimum tax

On 13 November 2023, the Luxembourg Government released amendments to the draft law to implement the global minimum tax (n°8292). Read more

Luxembourg releases draft law to implement global minimum tax

On 4 August 2023, the Luxembourg draft law to implement the global minimum tax was released (n°8292). Read more

PwC Contacts

Wim Piot, Partner, PwC Luxembourg

Philippe Ghekiere, PwC Luxembourg

Daniel Fajardo, PwC Luxembourg

PwC Luxembourg Pillar Two website

Country or region: Malaysia

Last update: 15 January 2024

Status of enactment

Current status: Final law in force

Subsequent to the announcement in Budget 2024 that was announced in October 2023, the Government of Malaysia has gazetted the Finance (No. 2) Bill 2023 in December 2023 ("Finance Act"). The Finance Act has incorporated the legislative provisions of the OECD BEPS Pillar 2 Model Rules into all revenue acts in Malaysia, namely the Income Tax Act 1967, Petroleum Income Tax Act 1967 and Labuan Business Activity Tax Act. The Malaysian Pillar Two

Rules introduced under the Finance Act are closely aligned with the OECD Pillar Two Model Rules and will be effective for financial years beginning on or after 1 January 2025.

On 13 December 2023 Malaysia's upper house of Parliament unanimously approved Finance (No. 2) Bill 2023, which introduces the Pillar Two rules with effect from 1 January 2025. On 13 October 2023, the Malaysian Minister of Finance announced, during the Budget Announcement, that the Pillar Two rules would be implemented in Malaysia in year 2025 and that the Government will continue to observe international developments on this area. In 2022, the Malaysian Ministry of Finance published a Budget 2023 Public Consultation Paper titled 'The Implementation of Globe Rules In Malaysia.' It invited the private sector, including businesses and tax experts, to provide feedback by 15 August 2022. The Paper summarises the IF agreement and OECD Model rules as well as asking for views on Malaysia introducing a QDMTT. On 24 February 2023, Budget 2023 was re-tabled. Although there was no mention of introducing a global minimum tax and/or QDMTT, the accompanying documents subsequently posted on the MoF website state that Malaysia is committed to introducing a global minimum tax and QDMTT in 2024.

Income inclusion rule

The Multinational Top-up Tax ("MTT") as per Section 160 of the Bill is in line with the IIR under OECD Pillar Two Model Rules. Chapter 4 Part XI of the Finance Act describes the application of the IIR mechanism, which is as per Article 2.1 to Article 2.3 of the OECD Pillar Two Model Rules.

Undertaxed Payments Rule

The UTPR provisions within the OECD Pillar Two Model Rules has not been adopted in the Finance Act issued by the Government of Malaysia.

Qualified Domestic Minimum Top-up Tax

The QDMTT is termed as the Domestic Top-up Tax (DTT) in the Finance Act. Section 159 of the Finance Act describes the manner to calculate the DTT, i.e. an income tax to be known as DTT shall be charged for each Financial Year on a Low-Taxed Constituent Entity located in Malaysia of a MNE group in an amount equal to the MTT of a Constituent Entity as calculated under Chapter 7 Part XI of the Finance Act for a Financial Year and, for that purpose, the provisions of this Part shall apply accordingly with any necessary modifications to determine liability to and to administer DTT.

The methodology for calculating the Effective Tax Rate and Top-up Taxes is described under Chapter 7 Part XI of the Finance Act, which is in line with Article 5 of the OECD Pillar Two Model Rules.

QDMTT: Accounting Standards

Similar to Article 3.1 of the OECD Pillar Two Model Rules, where it is not reasonably practicable to determine the Financial Accounting Net Income or Loss for a Constituent Entity based on the accounting standard used in the preparation of consolidated Financial Statements of the UPE, the Financial Accounting Net Income or Loss for the Constituent Entity for the Financial Year may be determined using another Acceptable Financial Accounting Standard or an Authorised Financial Accounting Standard.

QDMTT: SBIE applicable

In line with the OECD

Covered Taxes

The definition of covered taxes under Section 157(1) Part XI of the Finance Act closely follow the principles under the OECD Pillar Two Model Rules. Other than the guidance issues by the OECD, there is no specific local guidance currently available.

Qualifying Refundable Tax Credits

The Finance Act has adopted similar provisions with regard to the Qualified Refundable Tax Credits which is in line with the OECD Pillar Two Model Rules. The Finance Act has made reference to the Administrative Guidance from the OECD. As such, regulations regarding Marketable Transferable Tax Credits should also be applicable in Malaysia.

CbCR Transitional Safe Harbour

There is no specific CbCR Transitional Safe Harbour mentioned in the Finance Act. However, as the Finance Act make reference to the applicability any guidance from the OECD, hence the CbCR Transitional Safe Harbour should apply.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

The Finance Act allows the MTT for a jurisdiction to be zero if the entity is eligible for GloBE Safe Harbour Rules that is pursuant to the conditions provided under the GloBE Implementation Framework. This falls under Section 195 of the Finance Act and is in line with Article 8.2 the OECD Pillar Two Model Rules.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

Every Constituent Entity of a MNE Group shall submit to the Director General of Inland Revenue Board of Malaysia ("DGIR") an Information Return (similar to the GloBE Information Return as per Article 8.1 of the OECD Pillar Two Model Rules) for each financial year electronically not later than 15 months from the last day of the Reporting Financial Year. Similar to Article 8.1. of the OECD Pillar Two Model Rules, a Constituent Entity located in Malaysia of that Multinational Enterprise Group may elect to appoint a Designated Local Entity to furnish to the DGIR the information return on its behalf. The content of the Information Return as described under the Finance Act is similar to the requirements under Article 8.1.4 of the OECD Pillar Two Model Rules.

QDMTT return

TPT return (IIR and UTPR)

Every Constituent Entity of a MNE group shall for each Reporting Financial Year furnish to the DGIR a Top-up Tax return in the prescribed form not later than fifteen months from the last day of the Reporting Financial Year. The Top-Up Tax return shall specify the amount of tax payable, if any, for that year; and contain such particulars as may be required by the DGIR.

Other formal registrations required

Transitional Penalty Relief

There is no specific transitional penalty relief mentioned in the Finance Act. However, as the Finance Act make reference to any guidance from the OECD, hence the transitional penalty relief should apply.

Application of OECD guidance to Pillar Two local rules

The Finance Act has defined GloBE Rules to include the following: the Globe Model Rules, the GloBE Rules Commentary and any further commentaries published by the Organisation for Economic Co-operation and Development/G20 Inclusive Framework on Base Erosion and Profit Shifting that are relevant to the implementation of the GloBE Rules; and any Agreed Administrative Guidance or any other guidance published by the Organisation for Economic Co-operation and Development/G20 Inclusive Framework on Base Erosion and Profit Shifting that are relevant to the implementation of the GloBE Rules.

As the Finance Act has made reference to the Administrative Guidance from the OECD, hence the OECD Administrative Guidance shall apply within the Malaysian Pillar Two Rules.

PwC Thought Leadership

Malaysian Budget 2024

Read more

Introduction of Global Minimum Tax

The Ministry of Finance has indicated that Malaysia will be implementing a global minimum tax, including a QDMTT. Read more

PwC Contacts

Aurobindo Ponniah, Partner, PwC Malaysia

Country or region: Malta

Last update: 21 March 2024

Status of enactment

Current status: Pillar Two plans announced

Malta has published the legal notice (the 'Regulations') confirming that Malta has elected for the delayed application of up to 6 years of the IIR and UTPR in terms of Article 50 of the EU Minimum Tax Directive. Furthermore, the Regulations do not introduce a qualified domestic top-up tax ('QDTT'). During 2024, the government will continue to follow international developments and take action according to those developments.

Income inclusion rule

On the basis that Malta elected for the Article 50 derogation, no IIR applies until the derogation continues to hold.

Undertaxed Payments Rule

On the basis that Malta elected for the Article 50 derogation, no UTPR applies until the derogation continues to hold.

Qualified Domestic Minimum Top-up Tax

Malta will not introduce a QDMTT at least in 2024. During 2024, the government will continue to follow international developments and take action according to those developments.

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

No information available.

TPT return (IIR and UTPR)

No information available.

Other formal registrations required

No information available.

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

Malta Budget 2024

Read more

PwC Contacts

Neville Gatt, Partner, PwC Malta

Bernard Attard, Partner, PwC Malta

Steve Gingell, Partner, PwC Malta

Marlon Farrugia, PwC Malta

Country or region: Mauritius

Last update: 12 April 2023

Status of enactment

Current status: Pillar Two plans announced

Following a statement in the 2022-23 Budget Speech, the 2022-2023 Finance Act introduced the concept of a QDMTT to ensure that resident companies of large multinationals, that would be subject to a Top-up Tax under GloBE, are taxed at a minimum rate of 15%.

The Mauritius Income Tax Act has been amended to introduce the primary legislation for Pillar Two. Section 4 of the Income Tax Act stipulates that "a company forming part of an MNE group which is liable to a Top-up Tax in a year may be required by the Director-General to compute and pay a Qualified Domestic Minimum Top-up Tax in such form and manner as may be prescribed". Section 2 of the Income Tax Act includes definitions of MNE Group, Qualified Domestic Minimum Top-up Tax and Top-Up Tax, by referring to the GloBE Rules as approved by the Inclusive Framework on BEPS.
The detailed legislation will be introduced at a later stage.

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

Mauritius has introduced the primary legislation for Pillar Two. Section 4 of the Income Tax Act as amended stipulates that a company forming part of an MNE group which is liable to a Top-up Tax in a year may be required by the Director-General to compute and pay a Qualified Domestic Minimum Top-up Tax in such form and manner as may be prescribed. The detailed legislation will be introduced at a later stage.

The 2022-23 Budget Statement cites that "as part of our actions against tax base erosion and profit shifting, we are introducing a domestic minimum top-up tax to ensure that resident companies of large multinationals are taxed at a minimum rate of 15 percent." The Statement Annex expanded this information with "The Income Tax Act will be amended to cater for any change that may be required in connection with the introduction of a domestic minimum top-up tax, applicable to companies resident in Mauritius forming part of multinational enterprise groups having a global annual revenue of 750 million euros or more, to ensure that they are taxed at the global minimum rate of 15%."

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Yamini Rangasamy, Director, Mauritius

Country or region: Mexico

Last update: 12 April 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

Current tax priorities in Mexico

Watch here

PwC Contacts

Brenda Garcia, Partner, PwC Mexico

Mario Alberto Gutierrez, Partner, PwC Mexico

Country or region: Moldova

Last update: 11 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Alina Timotin, PwC Moldova

Country or region: Mongolia

Last update: 15 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Gunel Sadiyeva, PwC Azerbaijan

Enkhzul Jambal; PwC Mongolia

Country or region: Montenegro

Last update: 22 September 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Aleksandar Arsic, PwC Serbia

Country or region: Netherlands

Last update: 8 January 2024

Status of enactment

Current status: Final law in force

The Pillar Two Rules have entered into force in the Netherlands on 31 December 2023. The legislative proposal of the Netherlands to transpose Pillar Two into the Dutch company tax system entitled Minimum Tax Act 2024 proposal was adopted by the Senate on 19 December 2023 and with that the new legislation has been substantively enacted as of that date.

On Wednesday 31 May 2023, the legislative proposal was submitted to the Dutch Parliament. On 13 October 2023, the State Secretary for Finance presented the Memorandum of Amendment to the Bill on the Minimum Tax Act 2024 to Dutch parliament, introducing amendments to the original legislative proposal to amongst others legislate a QDMTT Safe Harbour. In the night of 26 and 27 October 2023 the Dutch House of Representatives adopted the legislative proposal. The legislation entered into force on 31 December 2023, in alignment with Council Directive (EU) 2022/2523. On 21 December 2023 the State Secretary for Finance released a decree introducing Pillar Two advance ruling eligibility (Decree of 19 December 2023, No. 2023-0000020007).

Income inclusion rule

The Pillar Two Rules have entered into force in the Netherlands on 31 December 2023. The IIR in the Minimum Tax Act 2024 entered into force on 31 December 2023. The new legislation applies to fiscal years starting on or after this date.

Undertaxed Payments Rule

The UTPR in the Minimum Tax Act 2024 will into force on 31 December 2024. The new legislation will first apply to fiscal years starting on or after this date. The UTPR enters into force a year later than the IIR, on 31 December 2024, and will first apply to fiscal years starting on or after this date. In alignment with the Council Directive (EU) 2022/2523 an exception is provided in cases where a constituent entity located in the Netherlands is held by an ultimate parent entity in an EU Member State that has opted for the extension available under the Directive for introducing the IIR and UTPR. In those cases the Netherlands applies the UTPR already as from the legislation's entry into force as of 31 December 2023, in alignment with the Directive provisions.

Qualified Domestic Minimum Top-up Tax

The QDMTT in the Minimum Tax Act 2024 entered into force on 31 December 2023. The new legislation first applies to fiscal years starting on or after this date. The legislative proposal was submitted to parliament on 31 May 2023. Amendments to the proposal were incorporated on 13 October 2023. The draft legislation has been adopted by the House of Representatives on 26 October 2023. The bill was adopted by the Senate on 19 December 2023. The timeframe aligns with the requirements set in Council Directive (EU) 2022/2523.

QDMTT: Accounting Standards

The Netherlands has legislated a local financial accounting standard for QDMTT and QDMTT Safe Harbour purposes (13 October 2023 amendment to Minimum Tax Act 2024). Parliamentary history has observed that the Netherlands has chosen to allow the QDMTT calculation to be based on the local financial reporting standard. The objective the

Netherlands government is to fully align with the OECD Model Rules and the Commentary and Administrative Guidance issued by the OECD. On 20 October 2023 the Dutch Association of Tax Advisers (NOB) has published a comment letter (in Dutch) on its website, submitting that the association has observed some apparent potential uncertainties as to whether the QDMTT Safe Harbour has been implemented by the NL in a technically correct manner, i.e., despite the objective pursued to legislate in full alignment with OECD outputs. Further interpretative clarification (i.e., no legislative amendments) is anticipated.

QDMTT: SBIE applicable

The Substance Based Income Exclusion (SBIE) is applicable to the QDMTT. Under the Dutch QDMTT the top-up tax percentage is multiplied with the jurisdictional excess profit to arrive at the top-up tax under the QDMTT. The jurisdictional excess profit is determined by reducing the GloBE income in the jurisdiction involved with the SBIE in the jurisdiction involved.

Covered Taxes

The legislation and its parliamentary history have aligned with the OECD outputs in any explications on taxes constituting covered taxes. Taxes levied on corporate income include and so do taxes in lieu of corporate income taxes, as well as dividend taxes. No formal position has been taken on the qualification of source taxes on interest and royalty payments for Netherlands' Pillar Two purposes. The same holds for the qualification of the conditional source taxes that have been in the Netherlands on certain outbound interest and royalty payments (introduced per 2021), and dividends (introduced per 2024 in addition to the existing dividend withholding tax). In some of the numerical examples in parliamentary history the conditional source taxes have been included as a covered tax on an assuming basis. In practice it has been anticipated that all these source taxes will qualify as covered taxes for purposes of the Netherlands' Pillar Two legislation. Notably, parliamentary history has forwarded that a non-qualifying top-up tax qualifies as a covered tax for Pillar Two purposes.

Qualifying Refundable Tax Credits

The Netherlands has legislated its Pillar Two rules in alignment with the OECD outputs in relation to tax credits and qualified refundable tax credits (QRTCs). The Dutch Pillar Two legislation involving tax credits and QRTCs is in alignment with the OECD Model Rules and Commentary. The objective of the Netherlands government is to fully align with the issued Administrative Guidance. Parliamentary history has noted that any administrative guidance will be incorporated in Dutch tax law by means of interpretation. To the extent necessary the State Secretary for Finance has explicated that this will otherwise be done via decrees. No such decrees have been issued yet. The legislative amendment of 13 October 2023 has not incorporated the Administrative Guidance on tax credits issued in July 2023.

CbCR Transitional Safe Harbour

The Netherlands has included a temporary CBCR Safe harbour in the Dutch Minimum Tax Act 2024. The temporary safe harbour rule has been drafted in alignment with the framework as agreed upon within the Inclusive Framework in December 2022. The safe harbour rule essentially establishes that a multinational or domestic group that falls within the scope of the Pillar Two measures while meeting certain conditions is eligible to opt for applying a simplified regulatory framework instead of applying the detailed Pillar Two rules as currently proposed. Matters mainly involve the application of the rules for calculating the effective tax burden for Pillar Two purposes. The safe harbour rule allows eligible group entities to make use of existing financial data and already existing country-by-country reporting data as a basis for the Pillar Two effective tax rate calculations. If the simplified conditions in the safe harbour rule are met, any additional top-up tax under any of the proposed top-up tax mechanisms will be set at nil for application of the detailed Pillar Two rules.

UTPR Transitional Safe Harbour

The Netherlands has legislated a UTPR Safe Harbour via the 13 October 2023 amendment to the Minimum Tax Act 2024. Parliamentary history has observed that it has been established within the context of the OECD that it may be undesirable to apply the UTPR in relation to states that have not timely implemented QDMTT or domestic IIR. The amendment introduces the Transitional UTPR Safe Harbour temporarily preventing the application of the UTPR. This safe harbour rule can be invoked for entities established in states with a statutory tax rate of at least 20%. The Safe Harbour has a temporary character and applies to reporting years ending before 31 December 2026, in alignment with the July 2023 administrative guidance.

Permanent Safe Harbours

The Netherlands has introduced a regulatory framework for a permanent safe harbour rule, in the legislative proposal introducing Pillar Two in the Netherlands of 31 May 2023. The safe harbour has been drafted in alignment with the framework as agreed upon within the Inclusive Framework in December 2022. The framework sets out that the manner in which the simplified calculations need to be performed under the permanent safe harbour will be laid down at some later point in time on the basis of an order of council. With this, the legislator anticipates any possible further guidelines from the Inclusive Framework and related political decision-making in this regard. Any more substantive provisions are yet to be released.

Subject to Tax Rule

The State Secretary for Finance has explicated that the Netherlands is committed to introduce an STTR upon the request of a tax treaty partner. The Netherlands has not signed the STTR multilateral instrument (not signed, not ratified, not in force).

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

QDMTT return

Any top-up tax due under the QDMTT, IIR, or UTPR is formalized on the basis of a self-assessment tax filing mechanism. The tax return period for this purpose, in principle, is 17 months following the Fiscal Year in which the top-up tax has accrued (if any). A deadline of 20 months applies for the first fiscal year. The timing has been chosen to follow-up on adhere to the GIR filing process. The formalization stage of the tax in the Netherlands follows 2 months after of the GIR-filing process (15 months, 18 months after Fiscal Year end), in full alignment with the OECD outputs including and adhering to the dissemination approach. The Minimum Tax Act 2024 regulates interest on tax due. The Minimum Tax Act 2024 establishes liabilities for domestic and foreign constituent entities to any unpaid tax debts. For objections and appeals, existing remedies as available under current legislation based on the Dutch General Law on Taxation are generally adhered to. The Minimum Tax Act also includes an obligation to disclose any information to the Dutch tax authorities - including a sanctioning provision in the event of non-compliance - that may be of importance or relevance for a correct imposition of the minimum tax.

TPT return (IIR and UTPR)

Any top-up tax due under the QDMTT, IIR, or UTPR is formalized on the basis of a self-assessment tax filing mechanism. The tax return period for this purpose, in principle, is 17 months following the Fiscal Year in which the top-up tax has accrued (if any). A deadline of 20 months applies for the first fiscal year. The timing has been chosen to follow-up on adhere to the GIR filing process. The formalization stage of the tax in the Netherlands follows 2 months after of the GIR-filing process (15 months, 18 months after Fiscal Year end), in full alignment with the OECD outputs including and adhering to the dissemination approach. The Minimum Tax Act 2024 regulates interest on tax due. The Minimum Tax Act 2024 establishes liabilities for domestic and foreign constituent entities to any unpaid tax debts. For objections and appeals, existing remedies as available under current legislation based on the Dutch General Law on Taxation are generally adhered to. The Minimum Tax Act also includes an obligation to disclose any information to the Dutch tax authorities - including a sanctioning provision in the event of non-compliance - that may be of importance or relevance for a correct imposition of the minimum tax.

Other formal registrations required

The Dutch Minimum Tax Act 2024 introduces Pillar Two in the Dutch tax system by means of a separate substantive tax act alongside the current Dutch corporate income tax framework.

Transitional Penalty Relief

The Minimum Tax Act 2024 establishes sanctions and fines for non-compliance, for instance in cases of violations of the administrative information and filing obligations. In the parliamentary history to the Dutch Minimum Tax Act it is noted that the Netherlands take into account the Transitional penalty relief regime. It has been explicated in parliamentary history that the tax authorities adopt prudency when it comes to imposing sanctions in the transition period, in alignment with OECD output on the matter. However, fines and penalties will be imposed in cases involving fraud and legal intent. Fines will for instance also be imposed in cases of non-compliance involving GIR-reporting and top-up tax payment.

Application of OECD guidance to Pillar Two local rules

The Netherlands is committed to adhere to OECD outputs. The legislation explicitly refers to the OECD Model Rules and the Commentary (first edition) thereto. The legislative act has incorporated the CbCR Safe Harbour, the UTPR Safe Harbour, the QDMTT Safe Harbour, and a regulatory framework for a permanent safe harbour rule. Parliamentary history says that the OECD's Administrative Guidance and any further updates of the Commentary will be incorporated in the Netherlands via interpretation, unless matters concerned involve rule making interventions. If and to the extent alignment with commentaries and guidance cannot be established via interpretation alignment will be secured, if and to the extent necessary, by means of decrees for instance. It may be anticipated that in case of any potential future legislative interventions these may also deal with matters involving any (non-)retroactivity. Notably, no such decrees have been issued yet. The legislative amendment of 13 October 2023 has not incorporated the Administrative Guidance on tax credits issued in July 2023.

PwC Thought Leadership

Pillar Two in the Netherlands (in Dutch)

Read more

Memorandum of amendment Dutch Pillar Two bill

On 13 October 2023, the Dutch State Secretary of Finance presented the Memorandum of Amendment to the Bill on Minimum Taxation 'Minimum Tax Act 2024 (Pillar Two)' to the Dutch Parliament. Read more

Memorandum in response of draft bill Minimum Taxation Act 2024 (Pillar Two bill)

On 11 September 2023, the Dutch State Secretary published the Memorandum of response to the Bill on Minimum Taxation 'Minimum Tax Act 2024 (Pillar Two)'. In it, the State Secretary of Finance answers the questions from various parliamentary factions. Read more

Pillar Two Bill submitted to Dutch Parliament

On Wednesday 31 May 2023, the legislative proposal of the Netherlands to transpose Pillar Two into the Dutch company tax system entitled 'Minimum Tax Act 2024 (Pillar Two)' was submitted to the Dutch Parliament. The Netherlands is the first country within the European Union to have released its domestic Pillar Two legislation. By doing so, the Netherlands takes the next step in implementing Pillar Two as per 31 December 2023. The proposal aims to implement EU Directive 2022/2523 of 14 December 2022 (the Directive), published by the European Commission on 14 December 2022. The proposal is almost entirely in alignment with the Directive. Read more

The Netherlands publishes draft Pillar Two legislation

On Monday 24 October 2022, the Dutch Government submitted the draft legislative proposal 'Minimum Tax Act 2024 (Pillar 2)' to public consultation. Read more

PwC Contacts

Jeroen Schmitz, Partner, PwC Netherlands

Liesbeth de Groot-Meijer, PwC Netherlands

PwC Netherlands Pillar Two website

Country or region: New Zealand

Last update: 19 March 2024

Status of enactment

Current status: Draft/proposed law published

New Zealand released updated draft legislation on 12 March confirming, if enacted, an effective date of 1 January 2025 with respect to both the Income Inclusion Rule (IIR) and Undertaxed Profits Rule (UTPR). It also confirmed, if enacted, an effective date of 1 January 2026 with respect to the Domestic Income Inclusion Rule (DIIR) which will apply when a New Zealand-headquartered MNE has undertaxed income in New Zealand. Some changes that have been introduced with the updated draft legislation, if enacted:

- companies should be able to claim foreign tax credits for Pillar Two top-up tax paid overseas under a QDMTT
- there is provision to allow for the release of a New Zealand entity from joint and several liability when it leaves a particular MNE group
- New Zealand's Inland Revenue will have the power to make binding rulings for taxpayers on the application of the Pillar Two rules

New Zealand released draft legislation on 18 May 2023, containing an IIR and an UTPR. It also contains a Domestic Income Inclusion Rule (DIIR) which will apply when a New Zealand headquartered MNE has undertaxed income in New Zealand - similar to a QDMTT but with some differences. New Zealand is conditioning its implementation of these rules on there being a critical mass of countries adopting the rules but noting that the IIR would be introduced no earlier than 1 January 2024 and the UTPR no earlier than 1 January 2025.

The New Zealand draft legislation proposes that instead of repeating or translating the OECD's Model Rules, Commentary and Administrative Guidance, these texts would be incorporated into New Zealand law by reference. The legislation provides for future amendment intended to ensure consistency with additional guidance to be published by the OECD.

Income inclusion rule

1 January 2025 as per draft legislation on 12 March 2024

Undertaxed Payments Rule

1 January 2025 as per draft legislation on 12 March 2024

Qualified Domestic Minimum Top-up Tax

1 January 2026 as per draft legislation on 12 March 2024 with respect to the Domestic Income Inclusion Rule (DIIR) which will apply when a New Zealand-headquartered MNE has undertaxed income in New Zealand.

QDMTT: Accounting Standards

New Zealand's version of the QMDTT (the Domestic Income Inclusion Rule, DIIR) only applies to New Zealand headquartered groups; as such, it is based on local accounting standards.

QDMTT: SBIE applicable

The Substance Based Income Exclusion is applicable to the Domestic Income Inclusion Rule.

Covered Taxes

The definition of covered taxes in the draft legislation as of 19 November 2023 is in line with the definition of covered taxes according to the OECD model rules.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

The draft legislation as of 18 May 2023 is incorporating any safe harbour thresholds according to the OECD model rules and guidelines.

UTPR Transitional Safe Harbour

The draft legislation as of 18 May 2023 is incorporating any safe harbour thresholds according to the OECD model rules and guidelines.

Permanent Safe Harbours

The draft legislation as of 18 May 2023 is incorporating any safe harbour thresholds according to the OECD model rules and guidelines.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

Every New Zealand CE should file a GIR unless their UPE is filing a GIR in a country that has an information-sharing agreement with New Zealand. Timing to file the GIR (within 15 months of the end of the reporting year (or 18 months for the first year).

QDMTT return

TPT return (IIR and UTPR)

All in-scope MNEs must file an annual 'Multinational Top-Up Tax Return'. The Multinational Top-Up Tax return should be filed within 16 months of the end of the reporting year (or 20 months for the first year).

Other formal registrations required

In general, every New Zealand CE must register with Inland Revenue within 6 months of the end of the first income year that they are in scope of New Zealand's GloBE rules. In July 2023 the New Zealand Accounting Standards Board issued the amending standard "International Tax Reform - Pillar Two Model Rules" in relation to NZ IAS 12: Income Taxes. The standard introduces requirements to recognise and disclose information about deferred tax assets and liabilities arising from Pillar Two.

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

The New Zealand draft legislation proposes that instead of repeating or translating the OECD's Model Rules, Commentary and Administrative Guidance, these texts would be incorporated into New Zealand law by reference. The process for adopting updates to the Commentary, Administrative Guidance going forward is a key area that is being reviewed as part of the legislative review process. We expect to have confirmation of this when the next draft of the legislation is circulated (timing of this is to be confirmed).

PwC Thought Leadership

Global minimum effective tax rate: New Zealand draft legislation released

Read more

Consultation opens on New Zealand's potential implementation of the OECD's global minimum tax rate

In May 2022 New Zealand opened the floor for public consultation on if, when and how New Zealand should adopt a new international tax framework to impose a global minimum effective tax rate of 15% on large multinational enterprises. Read more

PwC Contacts

Helen Johnson, Partner, PwC New Zealand

Allison Curle, PwC New Zealand

Country or region: Nigeria

Last update: 11 May 2023

Status of enactment

Current status: Pillar Two plans announced

A delegation from the OECD met with Nigerian representatives on 4 and 5 April 2023 at a workshop it jointly organised with the Federal Inland Revenue Service (FIRS), to discuss the maximisation of the benefits of the Two-Pillar Solution for Nigeria. Nigeria is one of the four members of the Inclusive Framework that did not endorse the set of rules.

At the meeting it was resolved that "there is the need for Nigeria's continued participation in the rule development, as a member of the Inclusive Framework, to ensure that the interest of the country and Africa is factored into the design and development of the rules."

The Outcome Statement noted that, whether or not Nigeria endorsed the statement of October 2021, and the detailed rules to be released later to address challenges arising from the digitalisation of the economy, the country's tax base and fiscal policy options will be impacted by the implementation of the Two-Pillar solution, especially the Pillar Two Global Minimum Tax Rules of 15% effective tax rate.

The meeting consequently observed that there was the need for Nigeria to immediately implement fiscal policy measures to address these potential impacts.

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Emuesiri Agbeyi, Partner, PwC Nigeria

Emeka Chime, Director, PwC Nigeria

Ugochi Ndebbio, Director, PwC Nigeria

Country or region: North Macedonia

Last update: 22 September 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Ana Shajnoska, PwC North Macedonia

Eli Bocevska Grueska, PwC North Macedonia

Country or region: Norway

Last update: 15 January 2024

Status of enactment

Current status: Final law in force

On 24 November 2023, the Norwegian Ministry of Finance presented a new law proposal related to the IIR and QDMTT. The new act will be implemented as of 1st of January 2024.

Income inclusion rule

The law states that IIR will be implemented as of 1st of January 2024.

Undertaxed Payments Rule

The new law does not include the implementation of the UTPR, but the adoption of the rule in Norway is expected from 2025, in line with the EU.

Qualified Domestic Minimum Top-up Tax

The QDMTT is calculated in the same way as the top-up tax according to the legislation, unless otherwise specified. The following covered taxes have been specifically excluded from the calculation of the QDMTT: i. tax paid by the Constituent Entity according to CFC rules, ii. tax paid by a head office for income earned by the Constituent Entity if this is a permanent establishment, iii. tax paid by the Constituent Entity's owning entity, if the Constituent Entity is a hybrid entity located in Norway, and iv. tax paid by the Constituent Entity's owning entity, except for withholding taxes imposed in Norway on distributions from the Constituent Entity.

QDMTT: Accounting Standards

The QDMTT is based on the same rules for calculation as the ordinary top-up tax calculation, i.e. the QDMTT will be based on the UPE’s accounting standard with the exception for using a local accounting standard which is an accepted or authorized accounting standard and subject to certain conditions being met. However, the law proposal also provides for an opportunity to use local accounting standards subject to the accounting result being adjusted to prevent material competitive distortions.

QDMTT: SBIE applicable

The QDMTT is calculated in the same way as the top-up tax according to the legislation, unless otherwise specified. There is no exception from applying the SBIE to the QDMTT.

Covered Taxes

What is considered covered taxes will be further regulated in regulations to the Norwegian top-up tax legislation (secondary law). The regulations have not yet been issued.

Qualifying Refundable Tax Credits

The Ministry has confirmed that the SkatteFUNN R&D tax incentive scheme is a Qualifying Refundable Tax Credit as the tax deduction will be settled in cash if the taxpayer is not in a payable tax position.

CbCR Transitional Safe Harbour

Safe Harbour rules will be implemented through regulations to the Norwegian top-up tax legislation. The regulations have not yet been issued. The transitional Safe Harbour rules will according to the proposal be implemented as of 1 January 2024 based on the Model rules.

UTPR Transitional Safe Harbour

The UTPR Safe Harbour rule will be proposed in connection to the UTPR law proposal.

Permanent Safe Harbours

The regulations to be issued under the Norwegian top-up tax legislation will include a permanent Safe Harbour rule for QDMTT. Further, the regulations will be updated to include new permanent Safe Harbour rules according to the Model rules.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

The first filing deadline of the GIR will be 30 June 2026 (for 2024). For subsequent years, the filing deadline for the GIR will be 30 March.

QDMTT return

TPT return (IIR and UTPR)

The filing deadline for the top-up tax return is one month after the filing deadline for the GIR.

Other formal registrations required

Transitional Penalty Relief

No special sanctions related to the Pillar Two rules have been proposed, and the ordinary rules for penalty tax etc. in the Norwegian Tax Administration Act will apply. Norway aligns itself with the OECD guidelines and will be restrained from imposing sanctions during the transition period.

Application of OECD guidance to Pillar Two local rules

In the White Paper, the Ministry emphasizes its aim that the Top-up Tax Act will continue to provide an updated and correct picture of the substantive rules, so that there is no contradiction between the Norwegian regulations and the OECD regulations. Further, the Ministry acknowledges that a legal development in this area must be expected as new clarification needs and issues arise, and new administrative guidelines may be issued. The Ministry will monitor developments and seek to ensure that the regulations are kept up-to-date through legislative and regulatory changes. The Ministry underlines that even if legal and regulatory texts are kept up to date, comments and administrative guidelines will remain an important complementary source of law to the regulations themselves.

PwC Thought Leadership

The Norwegian Ministry of Finance presented a new law proposal related to IIR and QDMTT.

The new act will be implemented as of 1st of January 2024. Read more

PwC Norwegian National Budget 2023

The Norwegian National Budget was presented on 6 October 2022 and, according to the budget, the goal is for the Norwegian Pillar Two rules to be ready during 2023, and to be in force from 2024. Read more

PwC Contacts

Hilde Thorstad, Partner, PwC Norway

Gjermund Furevik, Director, PwC Norway

Jenny Mikkelsen, PwC Norway

Solveig Østerud, PwC Norway

Country or region: Oman

Last update: 14 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Hanan Aboud, Partner, PwC Middle East

Chris Maycroft, Director PwC Middle East

PwC Oman Pillar Two website

Country or region: Pakistan

Last update: 11 August 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

No information available.

TPT return (IIR and UTPR)

No information available.

Other formal registrations required

No information available.

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Arshad Javaid, Partner, PwC Pakistan

Hunain Khalid, PwC Pakistan

Country or region: Panama

Last update: 11 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

No information available.

TPT return (IIR and UTPR)

No information available.

Other formal registrations required

No information available.

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Francisco Barrios, Partner, PwC Panama

Country or region: Paraguay

Last update: 4 April 2024

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

No information available.

TPT return (IIR and UTPR)

No information available.

Other formal registrations required

No information available.

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Belen Rasmussen, PwC Paraguay

Hugo Escobar, PwC Paraguay

Country or region: Papua New Guinea

Last update: 11 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

No information available.

TPT return (IIR and UTPR)

No information available.

Other formal registrations required

No information available.

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Jason Ellis, Partner, PwC Papua New Guinea

Country or region: Peru

Last update: 13 April 2023

Status of enactment

Current status: No public announcement yet

In 2016, the Peruvian Congress formed the Special Commission for Monitoring the Incorporation of Peru into the OECD (CESIP - OECD) with the main purpose of supervising the political control of the actions carried out by the Executive Power in the matter. In March 2023, the Executive Power formed the Multisectoral Commission of a permanent nature to promote follow-up actions aimed at a greater vinculation between Peru and the OECD, to supervise the accession process of Peru to the OECD under the Presidency of the Council of Ministers. Likely, as part of this process, Peru will introduce the Pillar Two rules although there has been no formal announcement yet.

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Gabriela Haro, Director, PwC Peru

Country or region: Philippines

Last update: 28 August 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Lawrence Biscocho, Tax Partner, PwC Philippines

Rachel Sison, Tax Senior Manager, PwC Philippines

Country or region: Poland

Last update: 7 May 2024

Status of enactment

Current status: Draft/proposed law published

On 25 April 2024, a draft Act implementing into the Polish legal system the provisions of the EU global minimum tax Directive was published. The deadline for adopting the draft Act by the Council of Ministers was planned for Q3 2024. The law will introduce IIR, UTPR, and QDMTT.

The law generally intends to come into effect from January 1, 2025. Transitional provisions provide for the optional possibility of retroactive application of the provisions of the law from January 1, 2024 (with some exceptions - UTPR rules). The Ministry of Finance announced the launch of public consultations on the draft Act, until 17 May 2024.

Poland has to implement the Pillar Two rules in line with the Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union. Temporary provisions should be analyzed in order to assess whether the Pillar Two rules should be applied retroactively starting from January 1, 2024, e.g. if it would be easier from the Group's administrative perspective to pay QDMTT in Poland based on the Polish GAAP and apply QDMTT safe harbour at the parent's level.

Income inclusion rule

Based on the draft legislation, IIR would apply for financial years starting on 1 January 2025. However, it is provided that, in the period from 1 March 2026 to 30 May 2026, the group may submit a statement, in the form of a notarial deed, on the choice to apply the provisions of the Act regarding IIR in relation to the tax year starting on 1 January 2024 and this choice is irrevocable.

Undertaxed Payments Rule

Based on the draft legislation, UTPR would be applied for financial years starting on 1 January 2025.

Qualified Domestic Minimum Top-up Tax

Based on the draft legislation, QDMTT would be applied for financial years starting on 1 January 2025. However, it is provided that in the period from 1 March 2026 to 30 May 2026, the group may submit a statement, in the form of a notarial deed, on the choice to apply the provisions of the Act regarding QDMTT in relation to the tax year starting on 1 January 2024 and this choice is irrevocable.

QDMTT follows mainly the OECD model rules, administrative guidance and the EU directive. QDMTT applies to constituents entities irrespective of the ownership percentage held by the UPE.

QDMTT: Accounting Standards

Based on the draft legislation, in order to calculate QDMTT, taxpayers will be obliged to take into account the items recognized in books kept pursuant to the Polish Accounting Act and financial statements prepared pursuant to the Polish Accounting Act, including IAS/IFRS. The transitional provisions allow for the temporary calculation based on the UPE's accounting standard. The choice is valid for a period of five tax years, no longer than for the tax year it ends until 31 December 2029.

QDMTT: SBIE applicable

Substance Based Income Exclusion is expected to apply equally to the IIR, UTPR and QDMTT.

Covered Taxes

The draft Act specifies two conditions for taxes to be eligible covered taxes of a given constituent entity. First, they must be allocated to the constituent entity in accordance with the provisions of the Act. Secondly, this entity must take into account the income taxed on them when calculating qualifying income (loss).

The draft Act regarding the catalog of taxes considered covered taxes implements Art. 20(1) EU Directive.

Taxes are considered covered taxes only if they constitute public law, obligatory, non-payment and non-refundable benefits, their amount results from the regulations in force in the country of location of a given entity, and they are included in the books of the constituent entity for the tax year. Fines, penalties, interest and similar fees charged in connection with such covered taxes will not be eligible covered taxes.

Qualifying Refundable Tax Credits

The draft legislation is broadly in line with the EU Directive's definition on Qualifying Refundable Tax Credits. The act provides also for the special treatment regarding Transferable Tax Credits included in the July Administrative Guidance.

CbCR Transitional Safe Harbour

The draft Act includes provisions on the applicability of the following CbCR safe harbour rules: (i) De minimis test; (iii) Simplified ETR test; (iii) Routine profits test.

UTPR Transitional Safe Harbour

The draft regulations provide for the UTPR Safe Harbor in accordance with the Administrative Guidance issued in July 2023.

Permanent Safe Harbours

The draft legislation provides for the Permanent Safe Harbor in terms of calculation simplifications for Non-Material Constituent Entities and de minimis exclusion.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

The draft legislation provides that a constituent entity located in Poland will be obliged to submit the GloBE Information Return for the tax year to the competent tax office by the end of the 15th month following the end of this tax year. An exception in this respect applies to the first tax year of application of the Act by a given group. GloBE Information Return for such a year will be submitted by the end of the 18th month after the end of the tax year. In case of more than one group entity is located in Poland, GloBE Information Return could be submitted only by one designated entity. There would be also an option to submit the return by the Ultimate Parent Entity located in a jurisdiction that has a Qualifying Competent Authority Agreement in effect with Poland or the Designated Filing Entity located in a jurisdiction that has a Qualifying Competent Authority Agreement in effect with Poland.

Entities excluded from the scope of application of the Act will not submit GIR.

QDMTT return

The draft legislation provides for the obligation to submit a QDMTT return to the competent tax office and pay it within 18 months of the end of the tax year. An exception in this respect concerns the first year in which a given group began to apply the Act in relation to its constituent entities located in Poland. For such a tax year, the settlement deadline will be extended by 3 months (i.e. 21 months). In case of more than one group entity is located in Poland, the local tax return could be submitted only by one designated entity. The amount of QDMTT allocated to particular entity would be calculated based on the GloBE income of particular constituent entity.

Entities excluded from the scope of application of the Act will not submit QDMTT returns.

TPT return (IIR and UTPR)

The draft legislation provides for the obligation to submit a IIR/UTPR return to the competent tax office and pay it within 18 months of the end of the tax year. An exception in this respect concerns the first year in which a given group began to apply the Act in relation to its constituent entities located in Poland. For such a tax year, the settlement deadline will be extended by 3 months (i.e. 21 months). In case of more than one group entity is located in Poland, the local tax return could be submitted only by one designated entity.

Entities excluded from the scope of application of the Act will not submit IIR/UTPR returns.

Other formal registrations required

The draft legislation provides for a closed list of grounds for submitting corrections to the above-mentioned returns.

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

The draft Act is based on the assumptions of the European Union directive, which in turn refers to the OECD Model Rules. The draft Act incorporates also Administrative Guidance (February, July and December).

PwC Thought Leadership

Pillar Two: Publication of draft Act implementing the global minimum tax in Poland

Read more

The Act implementing the global minimum tax on the list of legislative work

Real more

EU council adopted the EU minimum tax Directive

Although Poland and Hungary were initially blocking the proposal for a global minimum taxation, both countries eventually agreed to adopt this regulation. Nevertheless, Hungary abstained from the final vote whereas Sweden raised objections to one of the provisions of the Directive. Read more

PwC Contacts

Agata Oktawiec, Partner, PwC Poland

Wiktor Samborowski, Director, PwC Poland

Michał Stępięń, PwC Poland

PwC Poland Pillar Two website

Country or region: Portugal

Last update: 12 April 2023

Status of enactment

Current status: Pillar Two plans announced

The Portuguese Government announced the goal to rapidly implement Pillars One and Two, in an harmonized manner. The purpose is to foster, within the European Union legislative framework, the implementation of OECD's global agreement. This announcement is part of the Major Planning Options for the years 2023-2026, included in one of the strategic goals which is fighting inequalities, specifically in terms of income and tax justice. The draft document (Decree 57/XV) that includes these plans was recently released and is available at the Parliament's webpage.

Portugal will have to implement the Pillar Two rules in line with the Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union.

Income inclusion rule

No announcement yet. It is expected that Portugal will follow the overall implementation timeline proposed by the Directive (EU) 2022/2523 of 14 December 2022, i.e., 2024 for the IIR and 2025 for the UTPR.

Undertaxed Payments Rule

No announcement yet. It is expected that Portugal will follow the overall implementation timeline proposed by the Directive (EU) 2022/2523 of 14 December 2022, i.e., 2024 for the IIR and 2025 for the UTPR.

Qualified Domestic Minimum Top-up Tax

No announcement yet. Portugal can adopt a QDMTT as part of its overall implementation of Pillar Two under Art. 11 of the Directive (EU) 2022/2523 of 14 December 2022

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Rosa Areias, Partner, PwC Portugal

Catarina Goncalves, Partner, PwC Portugal

Country or region: Puerto Rico

Last update: 17 November 2023

Status of enactment

Current status: Pillar Two plans announced

A Pillar Two bill was passed by the Puerto Rico House of Representatives. However, the Senate did not consider the bill during the current session that ended earlier in November (next session commences in mid January). The executive branch opposed to this bill being the main concern that, as drafted, it seems that the bill is not Pillar Two compliant. The executive branch will likely come up with their own version of a proposal next year.

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Denisse Flores, Tax Managing Partner, PwC Puerto Rico

Country or region: Qatar

Last update: 16 May 2023

Status of enactment

Current status: Pillar Two plans announced

Qatar's Official Gazette, dated 2 February 2023, included details of Law No (11) of 2022 amending existing Income Tax Law in relation to the application of Pillar Two GloBE rules. Article (34) announces the plans to set a QDMTT or minimum tax for entities located in the country subject to the regulations. It is expected that executive regulations would be issued that would provide details on Qatari Pillar Two rules, and will also specify the scope, conditions and procedures for their application.

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

Qatar's Official Gazette, dated 2 February 2023, included details of Law No (11) of 2022 amending existing Income Tax Law in relation to the application of Pillar Two GloBE rules. Article (34) announces the plans to set a QDMTT or minimum tax for entities located in the country subject to the regulations. It is expected that executive regulations would be issued that would provide details on Qatari Pillar Two rules, and will also specify the scope, conditions and procedures for their application.

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

Qatar publishes Law No. 11 of 2022 amending several provisions of the Income Tax Law No. 24 of 2018, and it includes a commitment to introducing Global Minimum Tax

Read More

PwC Contacts

Hanan Aboud, Partner, PwC UAE

Chris Maycroft, Directro, PwC UAE

Sajid Khan, Partner, PwC Qatar

Tatiana Shuldyk, PwC Qatar

PwC Qatar Pillar Two website

Country or region: Republic of Congo

Last update: 4 April 2024

Status of enactment

Current status: Pillar Two plans announced

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

No information available.

TPT return (IIR and UTPR)

No information available.

Other formal registrations required

No information available.

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Mohammad Daoudou, PwC Republic of Congo

Country or region: Romania

Last update: 8 March 2024

Status of enactment

Current status: Final law in force

Law no. 431/2023 transposes the provisions of Directive (EU) 2022/2523 to introduce into the Romanian legislation a complex system of rules for an effective minimum taxation of 15% for multinational enterprise groups and large-scale domestic groups with annual consolidated revenues of at least EUR 750 million in at least two of the four previous financial exercises. The President of Romania promulgated the Law on 29 December 2023. It became Law no. 431/2023 and was published in the Official Gazette no. 8 dated 5 January 2024. Law no. 431/2023 applies to financial exercises starting as of 31 December 2023.

Income inclusion rule

IIR rules were implemented and apply starting 1 January 2024

Undertaxed Payments Rule

UTPR rules were implemented and apply starting 1 January 2025

Qualified Domestic Minimum Top-up Tax

The Romanian legislation introduces a QDMTT, which will apply starting 1 January 2024 and will be calculated on a priority basis before applying the IIR and UTPR rules.

QDMTT: Accounting Standards

For calculating the QDMTT, the qualifying income or loss is that recorded in the individual accounting of the constituent entity according to the applicable local (Romanian) accounting regulations if i) all the Romanian constituent entities of the group apply the same national accounting regulations and ii) the fiscal year of the Romanian constituent entities is the same as that in the group consolidated financial statements. If not, the qualifying income or loss of a constituent entity is determined based on the accounting standard used in preparing the consolidated financial statements of the ultimate parent entity of the respective group.

QDMTT: SBIE applicable

Substance Based Income Exclusion follows the rules from the Directive (EU) 2022/2523

Covered Taxes

The definition of covered taxes closely follows the principles of the OECD under Pillar Two. Romanian corporate taxes and other taxes in lieu of the corporate income taxes should qualify as covered taxes. There is no specifc guidance available beyond the guidance available at the level of the OECD.

Qualifying Refundable Tax Credits

The definition of the "qualifying refundable tax credit" is in line with OECD GloBE rules. No further clarifications/ guidance was provided by the tax authorities in this respect.

CbCR Transitional Safe Harbour

The Romanian law includes CbCR Safe Harbour tests (i.e. de-minimis test, effective tax rate test, routine profts test) that are in line with the OECD rules.

UTPR Transitional Safe Harbour

The Romanian law includes a UTPR Safe Harbour that is in line with OECD rules.

Permanent Safe Harbours

The Romanian law includes a Permanent Safe Harbour that is in line with OECD rules.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

For the transition year 2024, the reporting deadline for the top-up tax is 18 months from the last day of the reporting financial exercise. For the following years, the deadline will be 15 months.

QDMTT return

TPT return (IIR and UTPR)

The same deadline as the GIR deadline would apply for payment of the top-up tax.

Other formal registrations required

Transitional Penalty Relief

The Romanian law does not include transitional penalty relief provisions.

Application of OECD guidance to Pillar Two local rules

The Romanian law specifically provides that the explanations and the examples from the OECD GloBE Model Rules document as well as the framework of implementation of the GloBE rules, respectively the related administrative Guidelines, including the rules regarding the safe-harbour regimes, as well as any additional guidance provided by OECD as a source of illustration or interpretation, to the extent that they are compliant with Directive (EU) 2022/2,523, should be taken into account when interpreting the provisions of Law 431 (which tranposed the Pillar 2 rules in Romania).

PwC Thought Leadership

Rules for the effective minimum taxation of 15% were transposed in Romania through Law no. 431/2023

Read more

PwC Romania Tax Talks: 3 different corporate taxes for companies, starting 2024. Which one will they pay?

Listen here

PwC Contacts

Andreea Mitirita, Partner, PwC Romania

Florin Rizea, PwC Romania

Alin Dumitriu, PwC Romania

PwC Romania Pillar Two website

Country or region: Saudi Arabia

Last update: 13 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

No information available.

TPT return (IIR and UTPR)

No information available.

Other formal registrations required

No information available.

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Hanan Aboud, Partner, PwC Middle East

Chris Maycroft, Director, PwC Middle East

Imran Dawjee, Director, PwC KSA

PwC Saudi Arabia Pillar Two website

Country or region: Senegal

Last update: 4 April 2024

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

No information available.

TPT return (IIR and UTPR)

No information available.

Other formal registrations required

No information available.

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Makhtar Ndiaye, PwC Senegal

Alhassane Sagna, PwC Senegal

Country or region: Serbia

Last update: 22 September 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

No information available.

TPT return (IIR and UTPR)

No information available.

Other formal registrations required

No information available.

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Aleksandar Arsic, PwC Serbia

Country or region: Sierra Leone

Last update: 21 September 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

No information available.

TPT return (IIR and UTPR)

No information available.

Other formal registrations required

No information available.

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Mary Kwarteng, Director, PwC Ghana

Issahaku Ibrahim, PwC Ghana

Country or region: Singapore

Last update: 20 February 2024

Status of enactment

Current status: Pillar Two plans announced

In the 2024 Budget presented in Parliament on 16 February 2024, Singapore announced that it will implement the IIR and a Domestic Top-up Tax for in-scope multinational enterprises from their financial year beginning on or after 1 January 2025. In the 2023 Budget presented in Parliament on 14 February 2023, Singapore announced plans to implement the GloBE rules as well as a Domestic Top-up Tax for in-scope multinational enterprises from their financial year beginning on or after 1 January 2025.

There is ongoing consultation among select parties. Wider industry consultation may be rolled out later.

Income inclusion rule

Singapore will implement IIR for fiscal years starting on or after 1 January 2025.

Undertaxed Payments Rule

UTPR will be considered at a later stage.

Qualified Domestic Minimum Top-up Tax

In the 2024 Budget presented in Parliament on 16 February 2024, Singapore announced that it will implement a Domestic Top-up Tax for in-scope multinational enterprises from their financial years beginning on or after 1 January 2025.

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available yet. The only direct tax imposed in Singapore is corporate income tax, which makes unlikely the existence of any other covered tax.

Qualifying Refundable Tax Credits

It is stated in the 2024 Budget presented in Parliament on 16 February 2024 that Singapore will introduce a Refundable Investment Credit scheme. The scheme is intended to be consistent with the GloBE rules for QRTC.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

Singapore Budget 2024 - Pillar Two top-up taxes

Read more

Singapore Budget 2024 - Refundable Investment Credit

Read more

Singapore Budget 2023 - Key Budget Changes for Businesses

With the announcement that Singapore plans to implement the GloBE rules and DTT for in-scope businesses for financial years beginning on or after 1 January 2025, the Finance Minister has provided much needed certainty to the business community in the Singapore Budget 2023. Read more

PwC Contacts

Paul Lau, Partner, PwC Singapore

Ching Ne Tan, Partner, PwC SIngapore

Tay Lek Tan, Partner, PwC SIngapore

PwC Singapore Pillar Two website

Country or region: Slovakia

Last update: 18 March 2024

Status of enactment

Current status: Final law in force

The Law on minimum Slovak top-up tax for for multinational enterprise groups and large-scale domestic groups was approved by the parliament on 8 December 2023 with effective date as of 31 December 2023, i.e. for all accounting periods starting after this date.

In August 2023 the Ministry of Finance of the Slovak Republic released a draft of the Qualified Domestic Top Up Tax Act for comments. No announcement related to the IIR and UTPR has been released yet.

Slovakia has to implement the Pillar Two rules in line with the Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union.

Income inclusion rule

The Slovak Republic has claimed an exemption under Article 50(1) of the EU minimum tax Directive, under which it postpones the implementation of the IRR. The exact date when the IRR will be implemented has not yet been published, but the rule will be implemented by 31 December 2029 at the latest.

Undertaxed Payments Rule

The Slovak Republic has claimed an exemption under Article 50(1) of the EU minimum tax Directive, under which it postpones the implementation of the UTPR. The exact date when the UTPR will be implemented has not yet been published, but the rule will be implemented by 31 December 2029 at the latest.

Qualified Domestic Minimum Top-up Tax

On 8 December 2023 the Slovak parliament has approved the wording of the Law on Slovak domestic Top-up Tax.

QDMTT: Accounting Standards

The principles of the Top-up tax calculation are in line with the calculation under the EU Directive rules (other GAAP). However the taxpayers would have the option to choose the group consolidation GAAP or the local GAAP used for FS preparation as the basis for calculation of the ETR.

QDMTT: SBIE applicable

The Substance Based Income Exclusion would be applicable.

Covered Taxes

Covered taxes are defined as taxes recorded in the financial accounts of a constituent entity with respect to its income or profits, where the covered taxes of a constituent entity shall not include the Domestic Top-Up Tax and tax paid by an insurance company in respect of returns to policyholders.

Qualifying Refundable Tax Credits

Qualifying Refundable Tax Credits are not recognized by the Slovak tax system

CbCR Transitional Safe Harbour

The law establishes a transitional CbCR Safe Harbour in line with the OECD:

- The total amount of income of the constituent entities reported in the qualified report by individual states of the multinational group of companies for the relevant accounting period is less than EUR 10,000,000 and the total amount of profit or loss of the constituent entities before taxation reported in this report is less than EUR 1,000,000 or;
- The simplified effective tax rate of constituent entities in the accounting period is equal to or higher than the transitional tax rate (15% for accounting periods beginning in 2023 and 2024, 16% for accounting period beginning in 2025 and 17% for accounting period beginning in 2026) or;
- The amount of profit or loss of the constituent entities before taxation reported in the qualified report by individual state is equal to or lower than the amount of income excluded based on the economic substance calculated for the constituent entities.

UTPR Transitional Safe Harbour

Not applicable

Permanent Safe Harbours

Based on the wording of the law the local top-up tax of the constituent entities would equal to zero, if for the specific accounting period:

- the average eligible income of all constituent entities is lower than EUR 10,000,000 and
- the average eligible profit of all constituent entities represents loss or is lower than EUR 1,000,000.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

Under Slovak law, the taxpayer is required to file a GloBE Information Return no later than 15 months after the last day of the fiscal year being reported. If the reporting fiscal year is considered a transitional reporting fiscal year, the statutory filing deadline is extended by 3 calendar months. This deadline cannot be extended and in case of non-compliance the taxpayer is liable to a fine of between EUR 1,500 and EUR 50,000 (This fine can be imposed repeatedly).

Taxpayers who are part of the same multinational group of companies or a large national group, or who are part of a joint venture group, can authorize one of these taxpayers who has a registered seat in the Slovak Republic to fulfill the GloBE Information Return reporting obligation on their behalf (hereinafter referred to as "locally designated entity") . This does not affect the responsibility of other taxpayers for fulfilling the reporting obligation.

QDMTT return

The deadline to file a QDMTT return is the same as the GloBE Information Return. Thus, each taxpayer is required to file the return no later than 15 months after the last day of the fiscal year being reported. If the reporting fiscal year is considered a transitional reporting fiscal year, the statutory filing deadline is extended by 3 calendar months. This deadline cannot be extended and, in case of non-compliance, the taxpayer is liable to a fine of between EUR 1 500 and EUR 50 000 (this fine may be imposed repeatedly).

The QDMTT is payable by the deadline for filing the QDMTT return. Slovak law does not require the payment of QDMTT advances. If the taxpayer does not pay the QDMTT within the deadline and in the correct amount, tax administrator will levy late payment interest. The interest shall be calculated at four times the basic interest rate of the European Central Bank valid on the date when the tax became payable (at minimum 15% p.a.).

TPT return (IIR and UTPR)

Other formal registrations required

Under Slovak law, no specific registrations or other filings are required from the taxpayer with respect to Pillar Two (other than the GIR and the QDMTT return).

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

The Explanatory Report to the law introducing Pillar Two in Slovakia contains a provision that the OECD guidelines are to be used as an interpretative tool.

PwC Thought Leadership

PwC Contacts

Margareta Boskova, Director, PwC Slovakia

Branislav Toman, PwC Slovakia

PwC Slovakia Pillar Two website

Country or region: Slovenia

Last update: 15 January 2024

Status of enactment

Current status: Final law in force

The Slovenian Official Gazette published on 22 December 2023 a Law, ensuring a global minimum tax rate for Slovenian constituent members of multinational enterprises and large domestic groups, under the OECD's Pillar Two approach and Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union.

On 28 December 2023 also a brochure presenting steps in calculation of the top-up tax was published on the website of Slovene Financial Administration.

.

Income inclusion rule

The Income Inclusion Rule ("IIR") came in force in December 2023 and applies to fiscal years beginning on or after 31 December 2023.

Undertaxed Payments Rule

The Undertaxed Payments Rule ("UTPR") came in force in December 2023 and applies to fiscal years beginning on or after 31 December 2024.

Qualified Domestic Minimum Top-up Tax

The Qualifying Domestic Minimum Top-up Tax came in force in December 2023 and will apply to fiscal years beginning on or after 31 December 2023. Slovenia transposed into its national legislation rules pertaining to the QDMTT as per the Directive., thus no major discrepancies between the Directive and Slovene legislation have been noted so far.

QDMTT: Accounting Standards

QDMTT can be based on accounting standards used by UPE to consolidate the financial statements or based on IFRS / generally accepted local accounting standard.

QDMTT: SBIE applicable

The Substance Based Income Exclusion would be applicable.

Covered Taxes

The following are considered to be covered taxes of the constituent entity:

1. taxes recorded in the financial statements of the constituent entity in respect of its income or its share of the income or profits of a constituent entity in which it has an ownership interest;
2. taxes imposed in lieu of generally applicable corporate income tax;
3. taxes levied in respect of retained earnings and equity, including other taxes based on income and equity; and
4. taxes on distributed profits, deemed profit distributions and non-business expenses imposed under an eligible tax distribution system.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

Based on a transitional safe harbour, the Law introduces a right which stipulates that the additional tax that the group must pay in a certain jurisdiction is equal to zero if: a) De minimis test: the MNE or large-scale domestic Group reports in CbCR, average qualifying revenues lower than EUR 10 million, and average qualifying income (loss) of less than EUR 1 million before taxation for the financial year in the jurisdiction, or b) Effective tax rate test: the Group has a simplified effective tax rate that is equal to or higher than the transitional rate in the jurisdiction in that financial year, or c) Routine profits test: the profit or loss of the Group is before taxation equal to or less than the amount of the substance-based income exclusion of the constituent entities residents in that jurisdiction according to CbCR.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

Generally, a constituent entity in Slovenia would submit the GIR to Slovene tax authorities within 15 months after the fiscal year, for which the return is prepared, ends (18 months in transitional period). In case the group decides another designated local (i.e. Slovene) CE will be submitting a GIR on behalf of CEs within the jurisdiction, the Slovene tax authorities shall be notified of the decision on the appointment, within the same deadline of 15 months.

QDMTT return

TPT return (IIR and UTPR)

The domestic top-up tax return shall be filed in the same deadline as the GIR (i.e. 15 months), whereas the domestic top-up tax must be paid within the next 30 days, following the submission of the domestic top-up tax return.

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

Based on the introduction to the newly adopted law, the published OECD administrative guidelines shall be treated as an interpretation / guidance. Also, the law specifically directs to the OECD guidelines and Pillar II related materials to facilitate the interpretation of local Pillar II rules.

PwC Thought Leadership

PwC Contacts

Aleksander Ferk, Director, PwC Slovenia

Country or region: South Africa

Last update: 8 March 2024

Status of enactment

Current status: Draft/proposed law published

In the 2024 Budget Review documentation, published on 22 February 2024, it was announced that the Pillar Two rules, in the form of an Income Inclusion Rule ('IIR') and Domestic Minimum Top-up Tax ('DMTT'), are to enter into force in South Africa for fiscal years starting on or after 1 January 2024.

To give effect to this, the Draft Global Minimum Tax Bill and Draft Global Minimum Tax Administration Bill were published on the same day, together with an Explanatory Memorandum. It is expected that the legislation will be finalised and enacted following a process of public consultation, subject to any amendments arising from the public consultation process. The draft legislation is stated as incorporating the OECD Model Rules, Commentary and Administrative Guidance issued by the OECD, subject to certain specified departures.

The 2023 Budget Review documents, published on 22 February 2023, announced that during the 2023 legislative cycle, government will publish a draft position on the implementation of Pillar Two for public comment. Draft legislation will be prepared for inclusion in the 2024 draft income tax legislation, which presumably means that South Africa could implement Pillar Two from 2025.

Income inclusion rule

Per the draft legislation, the IIR enters into force for fiscal years starting on or after 1 January 2024.

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

Per the draft legislation, the DMTT enters into force for fiscal years commencing on or after 1 January 2024.

The DMTT follows the OECD Guidance - whilst certain provisions of the Model Rules are disapplied, these are primarily textual as they relate to references to the IIR and UTPR. The draft legislation notes that foreign taxes should not be taken into account in the determination of Adjusted Covered Taxes for DMTT purposes - specially, that the adjusted covered taxes of a South African Constituent Entity should exclude the reallocation of foreign CFC, PE and hybrid entity taxes, as well as foreign withholding tax on income accruing to a South African Constituent Entity. The qualifying status of the DMTT is dependent on the OECD Inclusive Framework recognising it as such, which will be subject to peer review and monitoring.

QDMTT: Accounting Standards

No specific reference has been noted in the draft legislation, therefore the Model Rules and Guidance will apply. It is anticipated that IFRS, being the Authorised Financial Accounting Standard, will be preferred by the South African tax authorities.

QDMTT: SBIE applicable

The SBIE applies per the Model Rules.

Covered Taxes

There is no specific reference to 'covered taxes' in the draft legislation - as such, the term will be applied as set out in the Model Rules and guidance.

Qualifying Refundable Tax Credits

There is no specific reference to 'qualifying refundable tax credits' in the draft legislation - as such, the term will be applied as set out in the Model Rules and guidance.

CbCR Transitional Safe Harbour

No specific mention on the Transitional CbCR Safe Harbour in the draft legislation - as such, the Transitional CbCR Safe Harbours will be applied per the Model Rules and guidance.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

Unless the GIR is to be filed with an overseas tax authority as contemplated above, a designated local entity must be appointed at least 6 months prior to the filing deadline, and must submit the GIR on behalf of all South African Constituent Entities. The GIR must be filed within 15 months of the first Fiscal Year in question (18 months in the case of the first year), and payment must be made at the same time. The designated filing entity may pay the top-up tax on behalf of all domestic Constituent Entities - if this is not done the South African SARS may estimate the top-up tax and assess one or more domestic Constituent Entities for such tax. There is no provision in the draft legislation for advance payments. Non-compliance penalties are set at R50,000 (approximately USD2,500). Records must be retained for 6 years, and the prescription period is also set as 6 years.

QDMTT return

South African domestic CEs are jointly and severally liable for the DMTT. No separate announcement has been made on the filing obligations in respect of the DMTT.

TPT return (IIR and UTPR)

No announcement yet.

Other formal registrations required

No announcement yet.

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

The SA legislation is adopted with reference to the Model Rules, Commentary and Administrative Guidance, other than where specific departures are stipulated. The draft legislation proposes to adopt an ambulatory approach to applying the Model Rules and Commentary, i.e. the most recent version of the Commentary will apply (updated by any Administrative Guidance that had been published before the start of the fiscal year in question).

PwC Thought Leadership

Tax Alert Budget 2024 — For Our Humanity

In October 2021, SA committed to the new international tax framework developed by the Inclusive Framework ("IF") to Address the Tax Challenges Arising from the Digitalisation of the Economy. Government proposes to introduce two measures to effect the IF's Pillar Two proposals, namely an income inclusion rule ("IIR") and a domestic minimum top-up tax ("DMTT") for qualifying multinationals from 1 January 2024.

The IIR will enable SA to apply a top-up tax on profits reported by qualifying SA multinationals operating in other countries with effective tax rates below 15 per cent. The DMTT will enable SARS to collect a top-up tax for qualifying multinationals paying an effective tax rate of less than 15 per cent in SA.

Government has published an Explanatory Memorandum and a Draft Global Minimum Tax Bill that contain more details on these proposals for public comment. Read more

2023 Budget Review Highlights — Major Tax Announcements

National Treasury will publish (during 2023) a draft position paper to implement the OECD's 'Pillar Two' proposals, i.e. a global minimum corporate tax of 15%. The draft paper will inform legislation to be included in the 2024 tax amendments — which presumably means that SA could implement Pillar Two from 2025. Read more

PwC Contacts

Willian Eastwood, Partner, PwC South Africa

Osman Mollagee, Partner, PwC South Africa

Tristam Scott, PwC South Africa

Country or region: South Korea

Last update: 19 February 2024

Status of enactment

Current status: Final law in force

On 25 January 2024, the Korean Ministry of Strategy and Finance released a subsequent draft Presidential Decree of the Law for Coordination of International Tax Affairs ('the LCITA') for public consultation in relation to the Pillar Two rules. The draft Presidential Decree provides more elaborate guidance on the Pillar Two Rules related to allocation of GloBE Income or Loss and Covered Taxes between Constituent Entities (especially PEs and Investment Entities), calculation of Top-up tax, new requirements for the qualified UTPR and QDMTT, compliance for Korean Constituent Entities responsible to pay the UTPR Top-up tax, and transitional penalty relief for noncompliance with the GIR submission. The draft rules are expected to be effective in February.

On 21 December 2023, South Korea's parliament approved a delay of Korea's UTPR for one year (i.e., to take effect on 1 January 2025. It was originally scheduled to take effect on 1 January 2024). The IIR will remain in force from 1 January 2024.

On 9 November 2023, the Korean Ministry of Strategy and Finance released a draft Presidential Decree for public consultation in relation to the Pillar Two rules that were enacted as a new chapter to the LCITA at the end of 2022. The draft Presidential Decree provides additional guidance on the Pillar Two rules from Article 100 to Article 167 of the Presidential Decree of the ITCL. The draft was promulgated on 29 December 2023.

The Pillar Two rules were adopted in the amended LCITA which was approved by the Korean parliament on 23 December 2022. The rules are in line with the OECD Model Rules.

Income inclusion rule

IIR will enter into force in tax years beginning on or after 1 January 2024.

Undertaxed Payments Rule

On July 27, South Korea's Ministry of Finance released a 2023 Tax Law Amendment Bill, which includes a delay of Korea's UTPR for one year (i.e., to take effect on January 1, 2025. It was originally scheduled to take effect on January 1, 2024). The bill must passes the Congress to be in force.

Qualified Domestic Minimum Top-up Tax

Korea already has in place a domestic minimum tax rule which might not be regarded as a QDMTT from GloBE tax standpoint. The GloBE rules announced in the Korean's budget bill on December 2022 do not include a QDMTT.

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

Article 67 of the LCITA includes the definition of 'covered taxes' which is identical with the definition in the Article 4.2.1.(a) of the OECD Model Rules. According to the LCITA, detailed regulations regarding the definition of covered tax are delegated to the Presidential Decree of the LCITA which will be released in early 2023.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

In line with the OECD model rules (Article 83~85 of the LCITA). The due date for in-scope Korean companies with 31 December fiscal year-ends to file their first GIR (article 83 of the LCITA) and pay the Top-up Tax in Korea – assuming they qualify from 2024 – would be 30 June 2026.

QDMTT return

TPT return (IIR and UTPR)

In line with the OECD model rules (Article 83~85 of the LCITA).
The due date for in-scope Korean companies with 31 December fiscal year-ends to file and pay the Top-up Tax in Korea (article 84 of the LCITA)– assuming they qualify from 2024 – would be 30 June 2026.

Other formal registrations required

Assessment by the tax authorities: Article 85 of the LCITA Tax audit: Article 86 of the LCITA

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

Pillar Two early movers: South Korea and Japan

Watch here

Proposed Refinements to the Global Minimum Tax Rules

Read more

Pillar Two in South Korea: Effective dates and much more (CBTT podcast - July 12, 2023)

Doug McHoney is joined by Michael Kim, a PwC International Tax Partner and South Korea's Outbound Tax Leader, to discuss South Korea's enactment of Pillar Two. Liste more

South Korea becomes first to pass Pillar Two global minimum tax rules in its domestic legislation

South Korea's budget bill for 2023, approved by parliament on 23 December 2022, includes the Korean rules on a global minimum tax (the GloBE Rules). The rules include an IIR and 'Supplementary rules for income inclusion' (referred to as the UTPR in the OECD Model Rules).
Read more

PwC Contacts

Michael Kim, Partner, PwC Korea

Dong-Youl Lee, Partner, PwC Korea

Hong-Hyeon Kim, Partner, PwC Korea

Country or region: Spain

Last update: 10 November 2023

Status of enactment

Current status: Public consultation

A public consultation is published on 6 March 2023 about the transposition of the Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union. The consultation was open until 26 March 2023. Spain has to implement the Pillar Two rules in line with the Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union.

Income inclusion rule

The public consultation mentions the implementation timeline proposed by the Directive (EU) 2022/2523 of 14 December 2022, i.e., 2024 for the IIR and 2025 for the UTPR.

Undertaxed Payments Rule

The public consultation mentions the implementation timeline proposed by the Directive (EU) 2022/2523 of 14 December 2022, i.e., 2024 for the IIR and 2025 for the UTPR.

Qualified Domestic Minimum Top-up Tax

No announcement yet. Spain can adopt a QDMTT as part of its overall implementation of Pillar Two under Art. 11 of the Directive (EU) 2022/2523 of 14 December 2022, and as such it is mentioned in the public consultation.

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Marcos More, Tax Partner, PwC Spain

Maria del Mar Sanchez Mercader, Director, PwC Spain

Country or region: Sri Lanka

Last update: 11 July 2023

Status of enactment

Current status: No public announcement yet

Sri Lanka is a member of the OECD/G20 Inclusive Framework on BEPS but has not joined the Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Country or region: Sweden

Last update: 18 March 2024

Status of enactment

Current status: Final law in force

In February 2023 a first proposal implementing the global minimum tax under the OECD GloBE rules and the EU Directive 2022/2523 of 14 December 2022 was released and in March, a supplement was issued. On 31 August the proposal to transpose the implementation of the global minimum tax was referred to the Legislative Council for their review. In substance, the Legislative Council proposal did not contain any major changes in relation to the previous proposals. On 17 October 2023, the Legislative Council's opinion on the draft bill was published. The Council was highly critical of the fact that the time taken to prepare the proposal had been far too short and raised a number of linguistic and structural comments. On 26 October 2023, the Government submitted the bill to the Swedish parliament. On 13 December 2023 the Swedish Parliament voted to implement Pillar Two into Swedish law. The rules went into force 1 January 2024.

The Swedish rules include provisions covering the elements of the rules which have been agreed by the Inclusive Framework. It includes a QDMTT and IIR with a UTPR later as a supplementary additional tax.

The reports are out for public consultation until 15 May 2023.

Income inclusion rule

The legislation became effective 1 January 2024 and applies for the IIR and QDMTT to tax years beginning after 31 December 2023. The provisions correspond to the Directive and the model rules and should therefore be qualified within the meaning of the Directive and the Model Rules.

Undertaxed Payments Rule

The legislation includes a UTPR inspired supplementary rule that will apply to tax years beginning after 31 December 2024. However, when a UPE is located in a EU jurisdiction that has elected for a delayed application of the IIR and UTPR (article 50(1) of the Directive), the other member states must ensure that the CEs of that MNE group are subject to the UTPR top-up tax amount allocated to that Member State for years beginning from 31 December 2023.

Qualified Domestic Minimum Top-up Tax

The legislation includes a QDMTT. The QDMTT is determined based on the same calculation methods as for the IIR.

QDMTT: Accounting Standards

When applying the QDMTT the accounting standard can either be based on the UPE's accounting standard or on another generally accepted accounting standard than the one used in the consolidated financial statement. However, this is exclusive to the QDMTT rule.

QDMTT: SBIE applicable

The Substance Based Income Exclusion is applicable when applying the QDMTT, the calculation of excess profit should be made in the same way as under the IIR.

Covered Taxes

The Swedish legislation follows the EU Directive of what constitutes Covered Taxes. Corporate taxes and other taxes in lieu of the corporate income taxes and tax levied under a qualified dividend tax system should qualify as covered taxes according to the Directive.

Qualifying Refundable Tax Credits

The law follows the EU Directive.

CbCR Transitional Safe Harbour

The Swedish legislation includes Transitional Safe Harbours, i.e. the De Minimis test, Simplified ETR and Routine Profits Tests.

UTPR Transitional Safe Harbour

The Swedish legislation does not include any UTPR Transitional Safe Harbour.

Permanent Safe Harbours

The Swedish legislation does not include any Permanent Safe Harbour rules.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

According to the Swedish legislation, the filing obligations laid out in the EU Directive are to be fulfilled by submitting a top-up tax report. The obligation rests with the individual CE, but there are rules that allow for joint reporting in the group. There is an obligation to notify the Swedish Tax Agency if another CE than the ultimate parent entity is filing the report.

QDMTT return

TPT return (IIR and UTPR)

A top-up tax return is to be filed by each CE required to pay a top-up tax. According to the Swedish Government the top-up tax report will contain the information necessary to assess whether a group is subject to a top-up tax. However, the report will not contain all the information needed to determine which CE is liable for tax and how much top-up tax each CE should pay. The top-up tax return shall be filed with the Swedish Tax Agency no later than a month after the top-up tax report is due. The Swedish Tax Agency shall decide on top-up tax in accordance with the legislation if the CE has submitted a top-up tax return. Top-up tax must be paid within 90 days after the date of the decision and shall be paid in the same way as other taxes and charges in Sweden, i.e. to the tax account of the CE liable for the tax. Top-up tax is not subject to any preliminary tax payments.

Other formal registrations required

Each CE located in Sweden is obliged to register with the Swedish Tax Agency within 15 months after the financial year ends from the time the registration obligation arose.

Transitional Penalty Relief

Sweden has not implemented a transitional penalty relief regime into the Swedish legislation. However, according to the Swedish rules, the penalty charged in case of incorrect information provided in the top-up tax report is meant to apply only if the information is clearly incorrect.

Application of OECD guidance to Pillar Two local rules

The preparatory works acknowledge that the current Swedish implementation has not taken into consideration all of the OECD administrative guidance. Although the Commentary to the Model Rules and the Agreed Administrative Guidance are not explicitly implemented in the Swedish legislation, they may be taken into account for interpretation purposes. According to the preparatory works and the guidance issued by the Swedish Tax Agency, such material may be referred to for interpretative purposes as long as this does not conflict with the domestic Swedish rules, the Directive, or EU law in general. Additional legislation is likely to be enacted in order to implement parts of OECD Guidance that go beyond this.

PwC Thought Leadership

Pillar 2 - Third set of OECD guidelines published (in Swedish)

Read more

Pillar II - The government has submitted the legislative proposal to the Parliament (in Swedish)

Read more

Accounting implications of Pillar II (in Swedish)

Read more

EU's Pillar II directive is about to be introduced in Sweden (in Swedish)

Through an interim report (SOU 2023:6) from the 2021 investigation on certain international corporate tax issues, a Swedish legislative proposal has been published where it is proposed that the EU Directive be transposed into Swedish law through a separate special law (the Supplementary Tax Act). The Act is proposed to consist of ten chapters covering both substantive and procedural rules. Read more

PwC Contacts

Stefan Andersson, Partner, PwC Sweden

Håkan Danmyr, Partner, PwC Sweden

Eva Jigvall, Director, PwC Sweden

Emilia Karlsson, PwC Sweden

Country or region: Switzerland

Last update: 18 March 2024

Status of enactment

Current status: Final law in force

The Swiss government (Federal Council) decided on 22 December 2023 to implement the Pillar Two rules in Switzerland. The respective Federal ordinance was published in the Federal gazette on 28 December 2023. Switzerland implements a QDMTT from 1 January 2024. In contrast, the decision to also implement an IIR and a UTPR was postponed to a later date (possibly to start from January 1, 2025).

Income inclusion rule

The decision to also implement an IIR and a UTPR is postponed to a later date (possibly to start from January 1, 2025).

Undertaxed Payments Rule

The decision to also implement an IIR and a UTPR is postponed to a later date (possibly to start from January 1, 2025).

Qualified Domestic Minimum Top-up Tax

Switzerland implemented a QDMTT from January 1, 2024. The Swiss Pillar Two Ordinance includes a direct reference to the OECD Model Rules / Commentary / Guidance. As such, the Swiss QDMTT is closely aligned with the OECD framework.

QDMTT: Accounting Standards

The Swiss Pillar Two Ordinance allows using the local accounting standard Swiss GAAP FER for the calculation of the QDMTT if certain conditions (as set by the OECD) are met.

QDMTT: SBIE applicable

The Substance Based Income Exclusion follows the OECD Model Rules, Commentary and Guidance.

Covered Taxes

There is no official list of which Swiss taxes should qualify as Covered Taxes.

Qualifying Refundable Tax Credits

Cantons are currently analyzing to what extent compensation measures could be introduced; these could potentially also take the shape of Qualifying Refundable Tax Credits. The Swiss Federal Department of FInance has published the first report on the expected effects of the implementation of the OECD minimum tax on the individual cantons and on the measures planned by the cantons. The report is based on a survey of the cantons as of 31 May 2023.

CbCR Transitional Safe Harbour

The Swiss Pillar Two Ordinance includes a direct reference to the OECD Model Rules published in December 2021, which are to be applied in analogy for the Swiss QDMTT. Furthermore, the Swiss Pillar Two Ordinance states that OECD Model Rules are to be interpreted based on the respective OECD Commentary and Administrative Guidance. Therefore, the CbCR Safe Harbour is applicable in Switzerland as well.

UTPR Transitional Safe Harbour

No UTPR implemented yet.

Permanent Safe Harbours

See above with respect to Switzerland's interpretation of the OECD Model Rules in line with the OECD Commentary and Administrative Guidance. The topic of a Permanent Safe Harbour will only be of relevance in Switzerland once such rules have been developed and published by the OECD.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

Based on the Swiss Pillar Two Ordinance, the Swiss QDMTT will be levied based on a “one-stop shop” concept in Switzerland. This means that only one canton will levy the top-up tax and distribute the respective funds to the Federation / other cantons. As such, a taxpayer will file the Pillar Two tax returns with one canton only; further developments in terms of the GIR will be monitored and would be built into the ordinance once available. The relevant Swiss filing entity will be the top-tier company in Switzerland. In case no such top-tier company exists, the economically most relevant Swiss company has the respective filing obligation (relevance being measured by reference to the highest average net income throughout the last three tax periods or the highest average equity during the same period).

The Pillar Two tax returns are to be filed within 18 months after a Group’s year-end (for the first year it is subject to the Pillar Two rules) respectively within 15 months after a Group’s year-end in following years. The top-up tax amounts will become due at the same dates (i.e., alignment between filing and payment deadlines).

Declaration / assessment procedure: the relevant Swiss filing entity will need to file the Pillar Two tax returns by submitting a self-declaration, which is then reviewed and assessed by the One-stop shop Canton. The declaration will be done electronically on a portal designed specifically for Pillar Two purposes.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

The Swiss Pillar Two Ordinance follows the OECD transitional penalty relief.

Application of OECD guidance to Pillar Two local rules

The Swiss Pillar Two Ordinance includes a direct reference to the OECD Model Rules published in December 2021, which are to be applied in analogy for the Swiss QDMTT. Furthermore, the Swiss Pillar Two Ordinance states that OECD Model Rules are to be interpreted based on the respective OECD Commentary and Administrative Guidance.

PwC Thought Leadership

The Pillar Two die is cast. Switzerland will implement QDMTT as per 1 January 2024 and postpones the implementation of IIR and UTPR to a later date

Read more

Global minimum tax in Switzerland – the Swiss voters clearly say yes

With a majority of roughly 78%, Swiss voters approved the new constitutional provision on the implementation of the OECD/G20 project on the taxation of large corporate groups (BEPS 2.0 project) in the public vote on 18 June 2023. This positive outcome enables Switzerland to continue with the work on the global minimum tax implementation plan. Read more

Global minimum tax in Switzerland - the Swiss voters have to act now

The next milestone in this regard will be the upcoming public vote on 18 June 2023 where Swiss voters will decide on the required constitutional change that would then allow the Federal Council to enact the rules in Switzerland by way of an ordinance. Read more

Switzerland reaches next milestone for implementation of the OECD minimum taxation rules

The constitutional article on the implementation of the OECD minimum taxation at 15% for multinational groups with an annual consolidated revenue of EUR 750 million or more was signed and sealed on 16 December 2022. Read more

Pillar 2: Second draft ordinance for the Swiss implementation published

On May 24, 2023, the Swiss Federal Council released the 2nd draft ordinance governing the implementation of Pillar 2 in Switzerland (the English version of the press release can be found here). The ordinance is open for consultation until September 14, 2023. Read more

Pillar Two: Swiss draft ordinance published for consultation

On 17 August 2022, the Swiss Federal Council launched the public consultation with respect to the ordinance laying out the material aspects of the Pillar 2 implementation in Switzerland. Read more

PwC Contacts

Pascal Buehler, Partner, PwC Switzerland

Rolf Roellin, Director, PwC Switzerland

PwC Switzerland Pillar Two website

Country or region: Taiwan

Last update: 2 October 2023

Status of enactment

Current status: No public announcement yet

Taiwan's Ministry of Finance confirmed on 30 August 2023 that there is no predefined timeline for the implementation of the Pillar Two rules in Taiwan. Instead, the following steps are proposed:

- In the short term, the primary focus should be reviewing Taiwan's tax system, offering tax incentives to maintain a 15% effective tax rate for multinational enterprises (MNEs), and reducing compliance costs for MNE groups operating in Taiwan. The Ministry of Finance had previously suggested raising the Alternative Minimum Tax tax rate to 15%.
- In the medium term, considering a QDMTT is advisable to prevent other jurisdictions from imposing top-up taxes on low-taxed entities based in Taiwan.
- In the long term, the potential adoption of the Inclusive Framework's IIR and UTPR aspects of the GloBE rules will be assessed, depending on the progress of international implementation.

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available

Qualifying Refundable Tax Credits

No information available yet. Taiwan's current tax incentives, including the R&D investment tax credit and 5G, smart machine and cyber security investment tax credit, etc., may not be considered as the Qualified Refundable Tax Credits (QRTC) for Pillar Two purposes since they could only be used to credit against the income tax and is not refundable within four years.

CbCR Transitional Safe Harbour

No information available yet

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available yet

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Paulson Tseng, Partner, PwC Taiwan

Pei-Cheng Lee, PwC Taiwan

Marcus Chou, PwC Taiwan

Sean Hsu, PwC Taiwan

Sandy Wu, PwC Taiwan

Country or region: Thailand

Last update: 8 March 2024

Status of enactment

Current status: Public consultation

On Friday, 1 March 2024, the Thai Revenue Department published its draft law concerning the Pillar Two global minimum tax rules for Thailand for public consultation. The draft law closely follows the OECD model rules and proposes all three charging mechanisms to be included (i) Domestic Top-up Tax ("DMTT"), (ii) IIR, and the (iii) UTPR for Thai taxpayers in scope of the law. While the draft law doesn't include any provisions regarding effective date, based on the prior Cabinet resolution announced on 7 March 2023, Thailand intends to bring the rules into effect for 1 January 2025. The current draft law is open for public consultation from 1 March 2024 until 15 March 2024.

Income inclusion rule

The Thai Revenue Department has published a draft law, for public consultation, to enact the GloBE rules in Thailand, which includes the IIR, UTPR and a DMTT. While the timeline is not specified under the draft law, based on the previous announcement released by the Thai Cabinet, it is expected that the law will bring the rules into effect beginning 1 January 2025.

Undertaxed Payments Rule

The Thai Revenue Department has published a draft law, for public consultation, to enact the GloBE rules in Thailand, which include all three components of the IIR, UTPR and the DMTT. While the timeline is not specified under the draft law, based on the previous announcement released by the Thai Cabinet, it is expected that the law will bring the rules into effect beginning 1 January 2025. It is unclear on whether the Thai Revenue Department would delay adoption of the UTPR further beyond this point.

Qualified Domestic Minimum Top-up Tax

The Thai Revenue Department has published a draft law, for public consultation, to enact the GloBE rules in Thailand, which includes the IIR, UTPR and a DMTT. While the timeline is not specified under the draft law, based on the previous announcement released by the Thai Cabinet, it is expected that the law will bring the rules into effect beginning 1 January 2025.

Based on the current draft law, the DMTT follows the same mechanism of determining the top-up tax as that under the GloBE rules similarly to that for the IIR and the UTPR, which means that certain adjustments such as push down of CFC taxes, or main-entity taxes for a PE may result in the DMTT not being a QDMTT.

QDMTT: Accounting Standards

Based in the current draft law, the DMTT needs to be calculated based on the UPE's accounting standard, however the provisions of Article 3.1.3 the OECD model rules are also put in under the draft law which provides that if it is not reasonably practicable to determine the DMTT per the UPE's accounting standards, then local accounting standards which must be an Authorised Financial Accounting Standard.

QDMTT: SBIE applicable

The draft law introduces the SBIE within the calculation mechanism of the top-up tax generally regardless of which charging provision is applicable.

Covered Taxes

Corresponding provisions in the draft law are in line with the definition of covered taxes according to the OECD model rules.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available yet

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

The draft law prescribes that each Constituent Entity located in Thailand shall submit: (1) a notification, which reports the MNE group to which the Constituent Entity belongs, the Constituent Entities in the group responsible for filing the GloBE Information Return, and the jurisdiction in which such Constituent Entities are located. (2) a GloBE Information Return, and (3) Top-up tax information return along with the corresponding Top-up Tax payment to the Revenue Department within 15 months after the last day of the reporting fiscal year.

QDMTT return

The draft law prescribes that each Constituent Entity located in Thailand shall submit: (1) a notification, which reports the MNE group to which the Constituent Entity belongs, the Constituent Entities in the group responsible for filing the GloBE Information Return, and the jurisdiction in which such Constituent Entities are located. (2) a GloBE Information Return, and (3) Top-up tax information return along with the corresponding Top-up Tax payment to the Revenue Department within 15 months after the last day of the reporting fiscal year.

TPT return (IIR and UTPR)

The draft law prescribes that each Constituent Entity located in Thailand shall submit: (1) a notification, which reports the MNE group to which the Constituent Entity belongs, the Constituent Entities in the group responsible for filing the GloBE Information Return, and the jurisdiction in which such Constituent Entities are located. (2) a GloBE Information Return, and (3) Top-up tax information return along with the corresponding Top-up Tax payment to the Revenue Department within 15 months after the last day of the reporting fiscal year.

Other formal registrations required

If there is reasonable belief that the taxpayer has made factually incorrect or incomplete filing, the draft law prescribes that the tax authorities shall have the power to issue summons within 5 years from the filing date, which may be extended an additional 2 years. The statute of limitations for the Top-up Tax is capped at 10 years from the due date in which the returns are to be filed.

Taxpayers who incorrectly file the top-up tax returns shall be subject to a penalty of 100% of the shortfall, and taxpayers who fail to file the top-up tax returns shall be subject to a penalty of 200% of the shortfall. In addition, failure to make a payment or an incomplete payment would also result in an additional 1.5% surcharge per month, which is in line with the domestic rules applied to the income tax law.

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

The proposed legislation states that it implements the GloBE model rules, the GloBE commentary and the administrative guidance in respect of the GloBE model rules approved by the Inclusive Framework. There is no announcement or interpretation yet on whether subsequent publications of Administrative Guidance would apply with retrospective effect.

PwC Thought Leadership

Draft law on Pillar Two in Thailand issued for public consultation

On March 1 the Revenue Department published a consultation paper in the form of a proposed draft law concerning the Pillar Two global minimum tax rules for Thailand. Read more

BOI introduces new measures for companies affected by Pillar Two rules

On 16 May 2023, the Board of Investment (BOI) announced a new investment promotion measure to mitigate the impact of the Pillar Two rules on tax incentives granted under BOI promotion Read more

Pillar Two Global Minimum Tax Rules to be adopted in Thailand

On 7 March 2023, the Thai Cabinet approved measures to introduce the global minimum tax rules in Thailand. Read more

PwC Contacts

Paul Stitt, Partner, PwC Thailand

Orawan Phanitpojjamarn, PwC Thailand

Sukrit Srisakulchawla, PwC Thailand

Country or region: Trinidad and Tobago

Last update: 21 September 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Angelique Bart, Partner, PwC Trinidad and Tobago

Country or region: Tunisia

Last update: 1 June 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Amina Fradi, Tax Partner, PwC Tunisia

Mabrouk Maalaoui, Tax partner, PwC Tunisia

Zouhour Chebaane, Tax Director, PwC Tunisia

Country or region: Turkey

Last update: 12 April 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available yet

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Öykü Ocal, PwC Turkey

Country or region: Ukraine

Last update: 11 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available yet

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Anna Nevmerzhytska, PwC Ukraine

Country or region: United Arab Emirates

Last update: 21 March 2024

Status of enactment

Current status: Public consultation

On 15 March 2024, the UAE Ministry of Finance (MoF) launched a digital public consultation on the Pillar Two rules based on the OECD Model Rules. The MoF states that the objective of this consultation is to gather the views of stakeholders with respect to the potential policy design options to respond to the implementation of the GloBE Rules worldwide. Responses to the public consultation are expected to help the UAE MoF arrive at the policy options that could be adopted as part of the UAE's GloBE Rules, taking into account aspects such as domestic implementation issues, interactions with the UAE's corporate tax system and ways to minimise compliance costs.

Alongside the consultation questionnaire, a separate Guidance Paper has been prepared which provides details on the specific aspects of the GloBE Model Rules. This can be accessed on the MoF's webpage and it provides an overview of the GloBE Model rules in accordance with the OECD Model Rules, i.e. scope, GloBE calculation criteria, collection mechanisms, safe harbours etc. The consultation questionnaire provides a number of policy options that the UAE may consider as it designs the Pillar Two Rules. In general, the main purpose of the consultation process is to seek stakeholder views on the different aspects of the Pillar Two Rules from a policy aspect. However, the UAE MoF has not given any clear indication on how the UAE will implement the rules. Further details to be expected in due course. The public consultation will be open until 10 April 2024.

On 24 November 2023, the Cabinet of Ministers issued Federal Decree Law No (60) of 2023 with regards to amendments to the provisions of Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Business (CT Law). The amendments introduce some key terms from the GloBE Model Rules, including a definition for Top-up Tax and Multinational Enterprise; and appear to be the first step in laying the foundations for the subsequent implementation of GloBE in the UAE. Law No (60) stipulates that further details on the Top-up Tax including the rules, conditions, procedures and effective date will be determined by a decision of the Council of Ministers based on the UAE Minister of Finance's proposal, and the respective decision will be published in the

Official Gazette in due course.

The UAE introduced a Federal Corporate Tax on business profits that will be effective for financial years starting on or after 1 June 2023. As part of this, the MoF released a public consultation that included their action statement for the implementation of the Corporate Tax Law alongside other matters of consideration. The public consultation document includes a brief commentary on the implementation of Pillar Two “as the work is ongoing at the Inclusive Framework level, further announcements on how the Pillar Two rules will be embedded into the UAE corporate tax regime will be made in due course”.

The MoF announced that Pillar Two rules will not be implemented in 2024, the UAE has also confirmed that it intends to allow the submission of the GloBE Information Return to the UAE competent authorities for 2024. Further information regarding this is expected to be released by the MoF in due course.

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available yet

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Hanan Aboud, Partner, PwC UAE

Chris Maycroft, Director, PwC UAE

PwC United Arab Emirates Pillar Two website

Country or region: United Kingdom

Last update: 9 August 2023

Status of enactment

Current status: Final law in force

Legislation was enacted in the UK on 11 July 2023 which introduced an Income Inclusion Rule (IIR), known locally as the “multinational top-up tax”, and domestic minimum top-up tax (DTT), as part of Finance (No 2) Act 2023.

Both the UK IIR and the UK DTT apply for accounting periods beginning on or after 31 December 2023.

On 18 July the UK government published proposals for a number of amendments to the UK’s Pillar Two rules for inclusion in Finance Bill 2024. These include measures to implement an Under Taxed Profits Rule (UTPR) in the UK. The draft provisions do not include a commencement date, and will not take effect until they have been included in a Finance Bill, but (as previously indicated) HMRC has confirmed that the commencement date will not be earlier than accounting periods beginning on or after 31 December 2024.

Income inclusion rule

Legislation was enacted in the UK on 11 July 2023 which introduced an Income Inclusion Rule (IIR), known locally as the “multinational top-up tax”, as part of Finance (No 2) Act 2023 (along with a domestic minimum top-up tax). The UK IIR applies for accounting periods beginning on or after 31 December 2023.

The UK legislation is generally aligned with the OECD Model rules, commentary and administrative guidance, and the legislation includes provision for future amendment to ensure consistency with additional guidance to be published by the OECD.

Undertaxed Payments Rule

HMRC announced in an Autumn Statement of 17 November 2022 that the government intends to implement the backstop UTPR in the UK but with effect no earlier than accounting periods beginning on or after 31 December 2024.

On 18 July the UK government published proposals for a number of amendments to the UK’s Pillar Two rules for inclusion in Finance Bill 2024, which included measures to implement the UTPR in the UK. The draft provisions do not include a commencement date, and will not take effect until they have been included in a Finance Bill, but HMRC has confirmed that the commencement date will not be earlier than accounting periods beginning on or after 31 December 2024.

Qualified Domestic Minimum Top-up Tax

Legislation was enacted in the UK on 11 July 2023 which introduced a domestic minimum top-up tax (DTT) as part of Finance (No 2) Act 2023 which is intended to be a QDMTT. The qualifying status is dependent on the OECD Inclusive Framework recognising it as such, which will be subject to peer review and monitoring.

The UK DTT appears to largely follow the UK IIR rules and is effective for the same periods beginning on or after 31 December 2023. There are some specific adjustments that are required in order for the UK rules to qualify as a QDMTT, including confirmation that there is no allocation to the UK of taxes paid on UK profits under overseas CFC regimes and no allocation of overseas head office taxes to UK branches. Similarly, taxes paid in respect of overseas profits under the UK CFC regime are fully excluded from the calculations.

As previously announced, the UK DTT applies not only to multinational groups but also to UK domestic groups and UK standalone entities of sufficient size (annual revenues of more than €750 million).

UK legislation also confirms the transitional safe harbour provisions can apply to the UK DTT.

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

The definition in UK legislation is broadly in line with the OECD Model Rules. However a specific list of Covered Taxes has not been published.

Qualifying Refundable Tax Credits

A refundable tax credit is “qualifying” to the extent that, under the law of the territory in which it is given, it entitles a person to receive (by way of payment or discharge of liability) the amount of the refundable tax credit within 4 years of meeting the conditions for receiving it.

CbCR Transitional Safe Harbour

The UK legislation includes transitional safe harbour provisions comprising a 'threshold test" (de minimis test), simplified effective tax rate test and a routine profits test. In line with the OECD safe harbour guidance, the UK legislation confirms that for a CbCR to be 'qualifying' it must be prepared using qualified financial statements, however the UK legislation also requires the CbCR to be prepared in accordance with the OECD's published guidance on country-by-country-reporting, and filed in accordance with legislation implementing that guidance.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

Both a GIR and a self-assessment return (both MTT and DTT) must be filed (and top-up tax paid) within 15 months of the end of the accounting period (18 months for the first period). As with the Model Rules, a GIR is not required in the UK if a return has already been submitted to an overseas tax authority which has an information sharing agreement with HMRC.

QDMTT return

The UK reporting processes for the UK IIR and UK DTT include a one-time requirement for the "filing member" of in-scope groups to register with HMRC within 6 months of the end of the first accounting period when they first come into scope of the rules. The filing member is the ultimate parent entity of the group, unless a nomination is made in respect of another group company. Notably any such nomination must apply for the purpose of both the UK IIR and the UK DTT.

Both an information return and a self assessment return must be filed (and top-up tax paid) within 15 months of the end of the accounting period (18 months for the first period).

TPT return (IIR and UTPR)

The UK reporting processes for the UK IIR and UK DTT include a one-time requirement for the "filing member" of in-scope groups to register with HMRC within 6 months of the end of the first accounting period when they first come into scope of the rules. The filing member is the ultimate parent entity of the group, unless a nomination is made in respect of another group company. Notably any such nomination must apply for the purpose of both the UK IIR and the UK DTT.

Both a GIR and a self-assessment return (both MTT and DTT) must be filed (and top-up tax paid) within 15 months of the end of the accounting period (18 months for the first period).

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

Spring Finance Bill - UK draft Pillar Two legislation

On 23 March 2023, updated draft UK legislation was released for an IIR and new draft legislation for a domestic minimum top-up tax, as part of the latest installment of the UK's implementation of the OECD's Pillar Two project. Read more

Pillar 2 safe harbours: how your country-by-country report will be central to compliance

The OECD released the details of the Pillar Two safe harbour provisions on 20 December 2022. This includes a transitional safe harbour, predominantly based on CbCR data. Broadly, the safe harbour applies if the CbCR report is 'qualifying' and one of three conditions is met, but what are they, what adjustments might organisations have to make, and are there any exceptions? Read more

At Home and Abroad - UK publishes draft legislation for domestic top-up tax

Read more

PwC Contacts

Matt Ryan, Partner, PwC UK

Andy Blundell, Director, PwC UK

Giorgia Maffini, PwC UK

PwC United Kingdom Pillar Two website

Country or region: United States

Last update: 18 December 2023

Status of enactment

Current status: No public announcement yet

House Ways and Means Republicans introduced the Defending American Jobs and Investment Act on 25 May 2023. The proposal would increase income tax and withholding tax rates, initially by 5 percentage points, increasing up to 20 percentage points on certain foreign citizens, foreign corporations, and foreign partnerships of any foreign country that is listed in a report on the extraterritorial taxes and discriminatory taxes of foreign countries submitted by the Secretary of the Treasury.

In the bill, the extraterritorial tax appears to focus on the undertaxed profits rule (UTPR) and the discriminatory tax appears to focus on digital services taxes (DSTs). Nevertheless, Democrat control of the Senate will prevent action on any Republican-controlled House legislation in the near term.

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available yet

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

In depth: Accounting for Pillar Two: Frequently asked questions

Read more

Treasury releases guidance on the GloBE rules and foreign tax credit

US Treasury and the IRS released Notice 2023-80, announcing their intention to issue proposed regulations to address application of the foreign tax credit and related rules and the dual consolidated loss rules to certain types of taxes described in the GloBE Model Rules. Read more

House Republicans introduce bill responding to Pillar Two and unilateral taxes

House Ways and Means Committee Chairman Jason Smith (R-MO) and all Ways and Means Republicans on 25 May introduced the Defending American Jobs and Investment Act, The bill would increase income and withholding tax rates by 5 (increasing to 20) percentage points on certain foreign taxpayers of any foreign country listes in a report submitted by the Treasury Secretary. [Read more] (https://www.pwc.com/us/en/services/tax/library/house-republicans-introduce-bill-responding-to-pillar-two.html)

Treasury releases 'FY24 Green Book' describing Biden's tax proposals for businesses

The White House released President Biden's Fiscal Year 2024 Budget on 9 March, which includes a proposal to replace the BEAT with a UTPR and a domestic minimum top-up tax. The UTPR proposal attempts to align the US rules for foreign-parented MNCs with the OECD's Pillar Two Model Rules, including setting the tax rate at 15% and using modified financial accounting concepts to determine the amount of tax paid in a jurisdiction. Read more

PwC Contacts

Sherry Grabow, Partner, PwC US

Calum Dewar, Partner, PwC US

Phil Ramstetter, Partner, PwC US

PwC United States Pillar Two website

Country or region: Uruguay

Last update: 8 August 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Diego Tognazzolo, Partner, PwC Uruguay

Eliana Sartori, Director, PwC Uruguay

Country or region: Uzbekistan

Last update: 15 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Gunel Sadiyeva, PwC Azerbaijan

Madina Aliyeva, PwC Uzbekistan

Country or region: Vietnam

Last update: 8 January 2024

Status of enactment

Current status: Final law published (not yet in force)

The Vietnam National Assembly finally approved the Resolution on Global Minimum Tax policy on 29 November 2023. The Resolution takes effect from 1 January 2024. The Resolution provides that Vietnam will adopt (i) the QDMTT rule and (ii) the IIR. This aims to protect Vietnam's tax base in light of the fact that many countries that have investments in Vietnam have announced that they will introduce the IIR from 2024 (e.g., Japan, Korea, etc.). Further detailed guidance is to be issued in subsequent Decree which is expected to be released in 2024.

In February 2023, the Vietnamese government published Resolution 31/NQ-CP, which contained a short paragraph regarding the global minimum tax regime. The government requested relevant departments to "research and finalize an overall report on the global minimum tax regime" and to submit the report to the Prime Minister.

Income inclusion rule

Pursuant to Resolution 107 dated 29 November 2023, IIR will be implemented from 1 January 2024.

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

Pursuant to Resolution 107 dated 29 November 2023, QDMTT will be effective from 1 January 2024.

QDMTT: Accounting Standards

UPE's accounting standards

QDMTT: SBIE applicable

In line with the OECD's recommendations.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

The Resolution introduces a transitional CbCR safe harbor rule that is the same as that in the OECD's GloBE rules. Accordingly, during the transition period, top-up taxes under QDMTT rule and/or IIR in a jurisdiction are nil if one of the following conditions is met:

- The multinational group ("MNE group") reports total revenue of less than EUR 10 million and profit before tax of less than EUR 1 million or loss making in such jurisdiction on its qualified CbCR for the fiscal year.
- The MNE group has a simplified effective tax rate that is equal to or greater than the transition rate for the fiscal year. The transition rate is 15% for fiscal years beginning in 2023 and 2024; 16% for fiscal years beginning in 2025; and 17% for fiscal years beginning in 2026.
- The MNE group's profit before tax in such jurisdiction is equal to or less than the substance-based income exclusion amount, for constituent entities resident in that jurisdiction under the CbCR, as calculated under the GloBE rules.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

In-scope taxpayers must submit GloBE information returns, supplementary corporate income tax returns and explanations of differences arising from the adaptation of different accounting standards (this seems to be the explanation of material competitive distortion as referred to in the OECD guidance).

QDMTT return

The submission deadline for the QDMTT return is 12 months after the fiscal year end. The tax payment deadline is the same as the filing deadline.

TPT return (IIR and UTPR)

The submission deadline for IIR return is 18 months after the fiscal year end for the first fiscal year in scope and 15 months for subsequent fiscal years in scope. The tax payment deadline is the same as the filing deadline.

Other formal registrations required

Transitional Penalty Relief

Administrative penalties relating to tax filings will not be applied during the transition period. However, the Resolution is silent on whether late payment interest will be applied.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

Invesment in Vietnam in a Pillar Two world

Watch here

Draft resolution on Global Minimum Tax policy in Vietnam issued for public consultation

The Ministry of Finance is preparing a draft resolution on Global Minimum Tax policy to submit to the Vietnamese National Assembly. On 25 July, a draft resolution was released for public comments. Read more

PwC Contacts

Nghiem Hoang Lan, Partner, PwC Vietnam

Judith Henry, Director, PwC Vietnam

Country or region: Zambia

Last update: 12 May 2023

Status of enactment

Current status: No public announcement yet

No announcement yet

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

No announcement yet

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Malcolm Jhala, Partner, PwC Zambia

Country or region: Zimbabwe

Last update: 18 December 2023

Status of enactment

Current status: Pillar Two plans announced

As per the 2024 budget statement on 30 November 2023, Zimbabwe plans to introduce a QDMTT of 15% in 2024

Income inclusion rule

No announcement yet

Undertaxed Payments Rule

No announcement yet

Qualified Domestic Minimum Top-up Tax

As per the 2024 budget statement on 30 November 2023, Zimbabwe plans to introduce a QDMTT of 15% in 2024

QDMTT: Accounting Standards

No information available.

QDMTT: SBIE applicable

No information available.

Covered Taxes

No information available.

Qualifying Refundable Tax Credits

No information available.

CbCR Transitional Safe Harbour

No information available.

UTPR Transitional Safe Harbour

No information available.

Permanent Safe Harbours

No information available.

Subject to Tax Rule

No information available.

Tax compliance and tax registration requirements

GloBE Information Return (GIR)

No information available.

QDMTT return

TPT return (IIR and UTPR)

Other formal registrations required

Transitional Penalty Relief

No information available.

Application of OECD guidance to Pillar Two local rules

No information available.

PwC Thought Leadership

PwC Contacts

Edmore Mandizha, PwC Zimbabwe