Tax Policy Alert

EU Member States reach political agreement on simplified filing process for Pillar Two (DAC9)

14 March 2025

In brief

What happened?

EU Member States reached a political agreement during their 11 March ECOFIN meeting on DAC9 – the Directive on administrative cooperation in taxation. DAC9 was introduced in October 2024 (see prior PwC Tax Policy Alert) to facilitate the exchange of Pillar Two top-up tax information between Member States and allow MNCs to only have to file one top-up tax information return, at the central level, for the entire group. The proposal also transposes the OECD's July 2023 GloBE Information Return (GIR) into EU law by making it the Top-up Tax Information Return (TTIR) as already contemplated by Article 44 of the EU minimum tax Directive.

Why is it relevant?

DAC9 will be formally adopted by the Council once the legal linguistic work has been completed, after which it will be published in the Official Journal of the EU. Member States, including those that have opted to defer implementation of Pillar Two under Article 50 of the EU minimum tax Directive, have until 31 December 2025 to transpose DAC9 into national law. The first top-up tax information returns are expected to be due 30 June 2026.

Actions to consider

Businesses should consider the Member State where they might wish to file their TTIR, using a designated filing entity if that is not the location of the Ultimate Parent Entity (UPE). They should also consider the data requirements if they have not already done so.

In detail

The Directive introduces a single filing format with the aim to "significantly simplify the filing process and reduce the administrative burden both for tax authorities and companies concerned." The compromise text also addresses concerns over the EU Commission's initially proposed delegated powers to make future changes to the TTIR standard form. That provision has now been removed, so changes to the TTIR would have to be made through an EU Council Directive, requiring unanimity of EU Member States. In a March 7 statement, the EU Council acknowledged the importance of aligning the TTIR and the OECD's standard template, and invited the EU Commission to present appropriate legislative proposals to implement amendments as swiftly as possible. The EU Commission agreed to this commitment in a March 10 statement. The compromise text also instructs Member States to use all OECD Pillar Two material "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 [the Pillar Two Directive] and Union law."

Observation: Removing the provision empowering the EU Commission to align the TTIR with the OECD's GIR ensures EU Member States retain control but may slow down the procedure to adapt the standard form of the TTIR when the OECD releases adjustments and/or additional guidance requiring additional elections or data points. This is almost certain to pose additional complexities and compliance costs. All EU tax decisions require unanimity among the finance ministers, so despite commitment from the EU Council and EU Commission, there is no guarantee of expedited action or unanimity on these matters.

Let's talk

For a deeper discussion of how DAC9 might affect your business, please contact:

Global Tax Policy

Will Morris, *United States*
+1 (202) 213 2372
william.h.morris@pwc.com

Edwin Visser, *Netherlands*
+31 (0) 88 7923 611
edwin.visser@pwc.com

Pat Brown, *United States*
+1 203-550-5783
Pat.brown@pwc.com

Phil Greenfield, *United Kingdom*
+44 (0) 7973 414 521
philip.greenfield@pwc.com

Chloe Fox, *Ireland*
+353 (0) 87 7211 577
chloe.fox@pwc.com

Panagiotis Papapanagiotou, *Belgium*
+32 (0) 47 9 55 08 00
panagiotis.papapanagiotou@pwc.com