

# Pillar Two



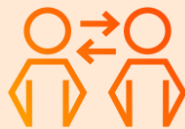
## What is Pillar Two?

On 14 December 2021, the OECD/G20 Inclusive Framework on BEPS published the Global Anti-Base Erosion (GloBE) Rules (commonly referred to as the 'Pillar Two' rules). These rules establish a coordinated system of taxation to ensure large multinational enterprises (MNE) pay at least 15% tax in each jurisdiction where they operate.

The Pillar Two rules have been enacted into national legislation in several countries around the world, with effect from 1 January 2024. Thailand has implemented the Pillar Two rules domestically through the Emergency Decree on Top-up Tax, B.E. 2567. This decree was enacted on 26 December 2024 and came into effect for fiscal years beginning on or after 1 January 2025.

The complexity of the rules, as well as their continued evolution, poses several practical challenges for MNEs within scope in determining the impact and preparing towards full compliance.

### Here's why getting ahead is essential for MNE groups...



Without action, MNE groups are at risk of being non-compliant in key jurisdictions, including financial reporting obligations, exposing the company to significant negative repercussions.



Any 'last minute' fix will be highly expensive and disruptive. Getting ahead of this challenge is more efficient and dramatically less costly.

# How we can help you

## Impact assessment and operation preparedness

To prepare for the rules, we can help:

- Conduct technical tax training to upskill relevant stakeholders in understanding the Pillar Two rules and requirements.
- Assist in identifying the data requirements and developing a data strategy rooted in systems and processes that can sustain reporting and compliance requirements upon enactment.
- Test the Transitional CbCR Safe Harbour and full GloBE computations against historical data to assess the magnitude of the exposure.
- Model potential 'what-if' scenarios to help plan for elections under the GloBE Rules.



## Data strategy

Regardless of whether you're a subsidiary of a multinational or its headquarters, you'll encounter bespoke challenges related to data to support your Pillar Two compliance and reporting obligations. For example:

- If you're a headquarter, we can help you develop appropriate data acquisition protocols to obtain necessary data packages for performing your Pillar Two assessments, analysis and computations.
- If you're a local subsidiary, we can help you understand the technical rules and support in the appropriate data acquisition and strategy to handle intergroup requests and processes.



## Reporting and compliance

For ongoing reporting, compliance and modelling needs, we can:

- Advise on scoping and classification criteria under the Pillar Two rules and their application to your company or group.
- Support in the quantitative assessment of the Pillar Two rules for appropriate tax provisioning and disclosures within the financial statements.
- Prepare/review the quantitative assessment of the Pillar Two rules to support the preparation of the relevant GloBE Information Return and top-up tax returns.
- Assist in the preparation and filings of relevant registrations, notifications, GloBE Information Returns and local top-up tax returns (QDMTT/IIR/UTPR).



## Pillar Two advisory

The potential impact of Pillar Two should be carefully considered in all transactions going forward for companies that are within the rules scope, namely:

1. **Pre-transaction** considerations, such as inbound investments into a particular jurisdiction, assessing potential M&A to expand your business or reorganise your holding or transactional structures.
2. **During M&A** deals, when negotiating the purchase price and protecting against potential contingent Pillar Two risks.
3. **Post-deal** or upon implementation, including further integration of the target into the group structure and evaluation of the impact on the group's tax compliance procedures with respect to Pillar Two.



## BOI advisory

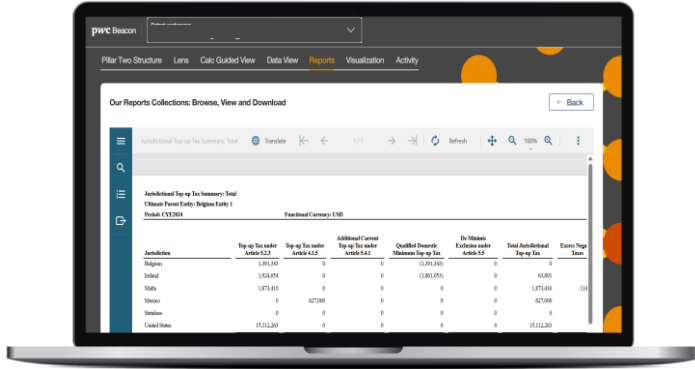
Companies in Thailand currently enjoying BOI tax privileges may be part of a multinational that is subject to the rules, and at risk of top-up tax arising from the absence of tax expenses during the holiday or reduced rate periods.

We can support multinationals in evaluating the impact of the BOI privileges on your current Pillar Two top-up taxes and provide advisory and feasibility services to evaluate mitigation options to reduce top-up tax exposure while maximising entitled benefits for investments.



# PwC's Pillar Two Engine

The most advanced and scalable technology—our Pillar Two Engine is different



## Centralised rules engine

- PwC's Pillar Two Engine is a cloud-based calculation engine based on a centralised rules library to quantify the impact of OECD Pillar Two for provision, compliance and modelling.
- Legislative developments in each jurisdiction are incorporated by a network of in-country Pillar Two specialists into the rules library; thus, **the solution is always up-to-date with constant updates from a global network.**

### User friendly

The Pillar Two Engine was built with ease of use in mind. The modern user interface allows for an effective overview combined with detailed drill-downs.

### Integration ready

Being able to pull data from downstream and push data to upstream systems is key to ensure efficiency and integrity. This is why it offers interface possibilities for automated data transfers.

### Roles concept

Access can be limited to individual periods, jurisdictions and legal entities (currently on roadmap).

### Audit trail & security

Our cloud-hosted offering combines high security standards with scalability. In addition, it provides an audit trail.

### Transparency

The platform offers node-level reviews as well as detailed reports and dashboards.

### Local rules

Our Pillar Two Engine covers not only the global rules but also all relevant local rules, allowing its calculations to be used for compliance purposes.

### Support & maintenance

Our local teams constantly update the Pillar Two Engine with the most up-to-date content.

### Scan to play



## Get in touch



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