



Jeremy Beckham Associate Director



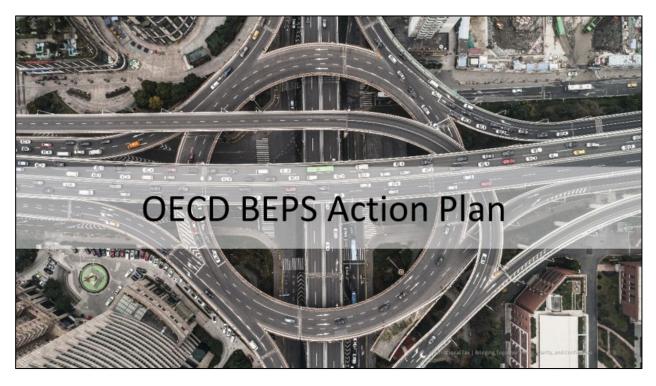
Melanie Meyer Transfer Pricing Partner



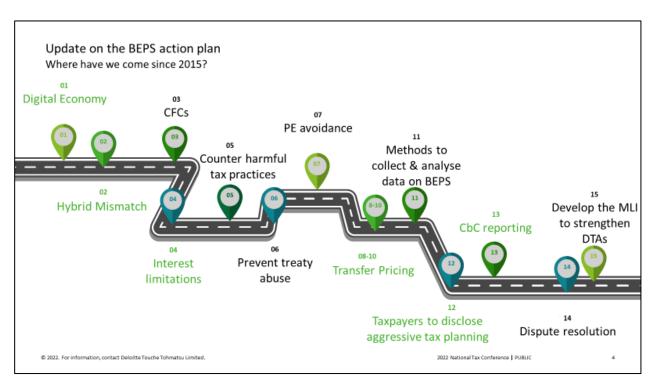
Annamaria Maclean Tax Partner



Bart de Gouw Transfer Pricing Partner



Your notes:			



Your notes:			



Your notes:		

	All rules operate as a "top up" to a minimum 15% rate	
Main rule	Income inclusion rule Large multinational groups pay a minimum level of tax in each country in which they operate Overseas permanent establishments within scope of IIR	Group revenues of €750
Backstop rule	Undertaxed profits rule (backstop if parent does not have IIR)	million+
	Subject to tax rule	

Pillar Two: GloBE rules

Status and timing?

OECD Secretary-General Tax Report to G20 Finance Minsters July 2022:

The technical work on Pillar Two is now close to complete, following the agreement of the model Global Anti-Base Erosion (GloBE) Rules and related Commentary in November 2021 and March 2022 respectively.

Implementation now lies in the hands of Inclusive Framework members, with significant progress already made. All G7 countries, the European Union, a number of G20 countries and many others have already scheduled changes in their domestic legislation to introduce the Model Rules.

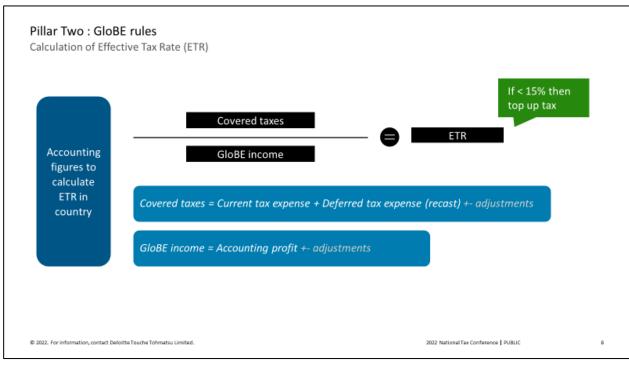
It seems that most are planning for an entry into force in 2024, which represents a slight delay. In spite of some delays in reaching agreement (the draft EU directive has thus far failed to gather unanimity), implementation of the global minimum corporate tax seems ineluctable.

New Zealand officials issues paper released 5 May 2022.

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Your notes:



Your notes:	

Pillar Two: GloBE rules

Calculation of Effective Tax Rate (ETR)

GloBE income = Accounting profit +- adjustments:

Excluded from GloBE income

- -Most dividends
- -Gains on sale of non-portfolio shares
- -Election to substitute accounting stock based compensation expense with tax deduction
- -Gains or losses in reorganisation
- -Intragroup financing expenses without increases in intragroup income
- -Bribes, fines, penalties

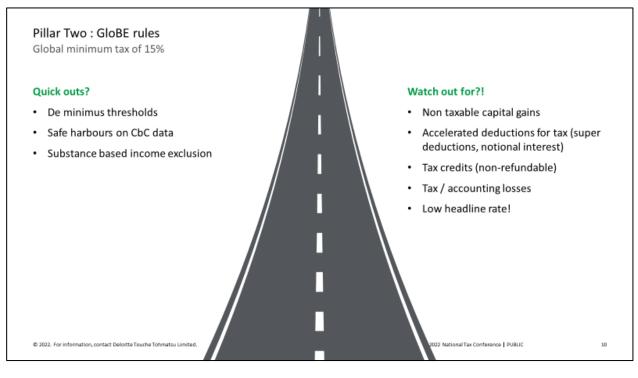
Treatment of Capital Gains

- Include revaluations via OCI (PPE) and P&L in net GloBE income
- -Election for realised basis
- Ability to spread back gains on tangible assets over 5 years
- -Substance based income exclusion 5% payroll costs + 5% tangible assets (10% & 8% first year)
- -Gain on sale of shares excluded

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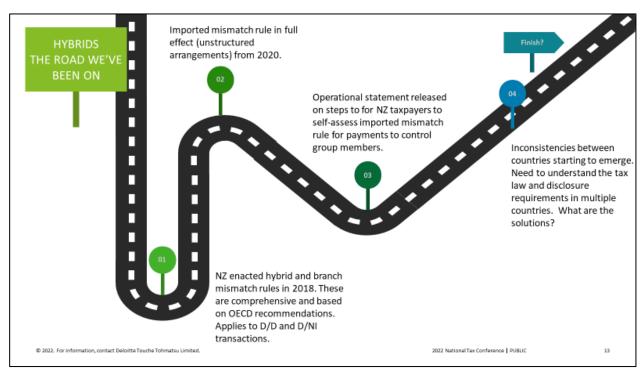
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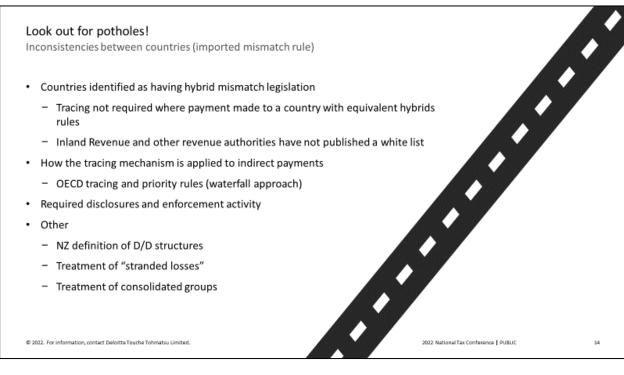
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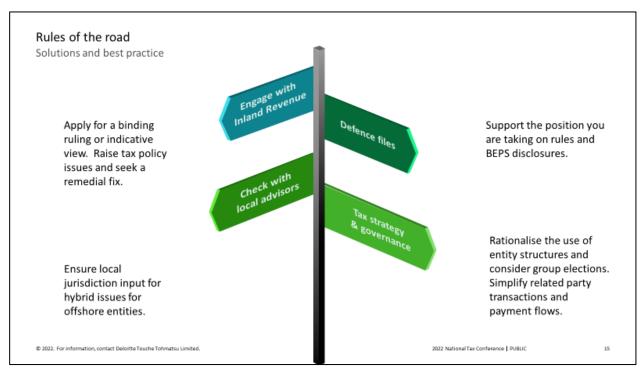
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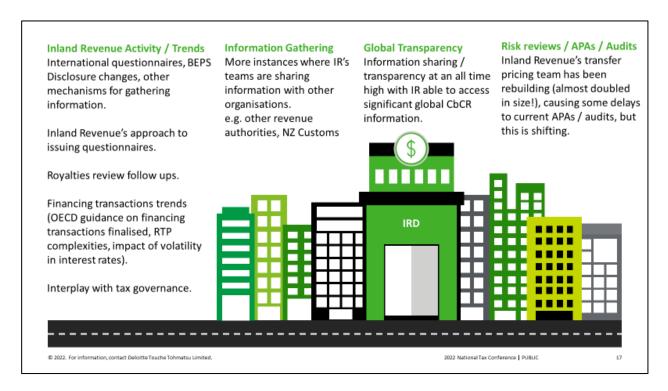
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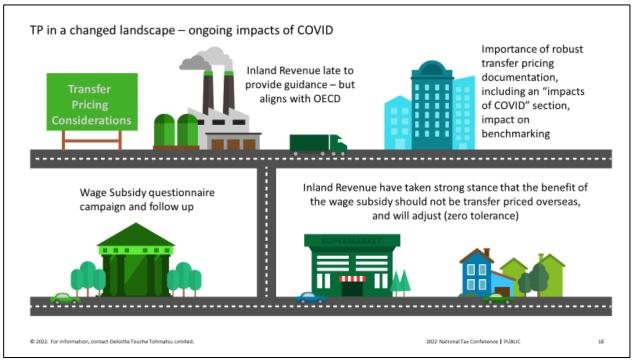
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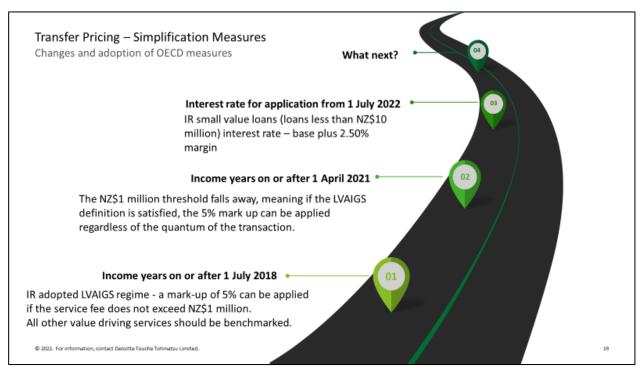
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our notes:	



Your notes:		



Your notes:			

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