



Tax Newsflash

OECD Pillar Two: Information return updates released 【Global Tax Reset II Series】

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On 15 January 2025, the OECD/G20 Inclusive Framework on BEPS (“inclusive framework”) [published](#) a number of documents including: an updated version of the Pillar Two information return (GloBE information return or GIR) template; additional agreed administrative guidance on the basis for completing information returns; new annexes on notification templates and transitional penalty relief; a multilateral agreement for the exchange of information returns between tax authorities; and an agreed XML schema and user guide for the filing and exchange of information returns digitally.

The Pillar Two global minimum tax rules (“model rules”) have been agreed by more than 140 members of the inclusive framework. Jurisdictions are in the process of implementing rules in local legislation, which began to apply from January 2024. The Pillar Two rules apply to large multinational groups with annual consolidated group revenue of at least EUR 750 million, and result in “top-up” tax amounts to bring the overall tax on profits in each jurisdiction where a group operates up to a 15% minimum effective tax rate. The key components are: qualified domestic minimum top-up taxes (QDMTT) which allow jurisdictions to charge any top-up taxes due in respect of local profits; the income inclusion rule (IIR) under which parent company jurisdictions apply the top-up tax rules on a top-down basis; and the undertaxed profits rule (UTPR) which will apply as a secondary (backstop) rule where the other rules have not been fully applied.

Updated information return template

The Pillar Two [information return](#) includes a comprehensive set of data points required for a tax authority to evaluate the correctness of a business’ calculation of its top-up tax liabilities in each jurisdiction. The information return includes sections on: the business in general, including a summary table with a high-level overview of the application of the rules in each jurisdiction (e.g., stating the range in which the effective tax rate and amount of top-up tax payable falls); the business’ corporate structure; application of jurisdictional safe harbors and exclusions; detailed calculations of amounts of Pillar Two income and losses, adjusted covered taxes, and effective tax rates; and the allocation of top-up tax liabilities.

Updates have been made to the previous version of the information return template released in July 2023 to provide further clarifications and to reflect the inclusive framework’s administrative guidance released in December 2023 and June 2024.

Basis for completing information returns

An [administrative guidance document](#) has been released which sets out the basis on which businesses should complete the information return. The inclusive framework notes that, while local Pillar Two legislation is generally expected to be substantially aligned with the model rules, there could be instances where local implementation differences result in different computations for the same datapoints, particularly in the earlier years of implementation.

Where a jurisdiction is eligible for the QDMTT safe harbor (and the QDMTT safe harbor’s “switch-off rule” does not apply), or in other cases where just one jurisdiction has Pillar Two taxing rights in respect of a particular jurisdiction, the information return for the jurisdiction must be completed based on local legislation.

More than one jurisdiction may have Pillar Two taxing rights in respect of the same low-taxed jurisdiction, e.g., where both the ultimate parent entity and a partially-owned parent entity apply the IIR, or where more than one intermediate parent entity applies the IIR. In this case, the relevant sections of the information return must be completed based on the inclusive framework’s model rules and guidance. However, businesses will also be required to identify and separately disclose a number of specified data points calculated under the relevant local legislation of each of the jurisdictions with taxing rights (where different from the model rules). These datapoints include jurisdictional effective tax rate, total adjusted covered taxes, and total top-up tax amounts. Similarly, both jurisdiction and safe harbor information are to be included if the model rules and a relevant local legislation differ on the applicability of a safe harbor to a jurisdiction subject to multiple taxing rights.

Jurisdictions with taxing rights can require additional information about these differences, which should be collected through further information requests rather than through additional mandatory local returns. Where there are specific constitutional constraints, jurisdictions may introduce formal additional local filing requirements.

Notifications and penalties

Two new annexes have been added to the latest version of the information return template.

Annex B sets out a standard notification template which could be used for businesses to notify local tax authorities that the information return will be filed centrally in another jurisdiction. Adoption of the template by implementing jurisdictions is a “best practice” and not mandatory, but the annex stresses how worldwide use of a standardized template would help ease compliance burdens. Jurisdictions are encouraged to refrain from asking for information not in the standard template. Jurisdictions are also encouraged to consider simplifying processes by not requiring new notifications each year if the information would be unchanged from the previous notification.

Annex C sets out a common understanding by jurisdictions on transitional penalty relief. The text is similar to guidance first released by the inclusive framework in December 2022, and will require tax authorities to give “careful consideration” before applying penalties where a business has taken reasonable measures to apply the Pillar Two rules. Relief will apply for years beginning on or before 31 December 2026 (i.e., three years for most groups).

Multilateral competent authority agreement for information returns

An information return will typically be filed centrally, usually with the tax authority of the business' ultimate parent entity. Under the inclusive framework's agreed "dissemination approach," if there is an activated exchange relationship under a qualifying competent authority agreement, only relevant sections of the information return will be shared with tax authorities of jurisdictions in which the business has constituent entities. Countries with top-up taxing rights, for example under a QDMTT, will be provided with the parts of the information return that relate to the detailed computation of the relevant top-up tax, e.g., the QDMTT top-up tax amount. Other relevant jurisdictions will receive the information return's general information and corporate structure sections.

Similar to earlier agreements (e.g., for the sharing of country-by-country reports), the [information return multinational competent authority agreement](#) (MCAA) will allow jurisdictions to establish and activate information return exchange relationships. The MCAA requires that information exchanged will be subject to confidentiality and data security safeguards. The OECD will maintain online lists detailing the tax authorities signed up to the MCAA, and the pairs of jurisdictions between which information return exchange relationships are active. Jurisdictions can also enter into bilateral or regional agreements—for example, in October 2024 the European Commission published a proposed directive for information return exchange between EU member states. In the absence of a suitable competent authority agreement any resulting local filing obligations will be limited to the same information the local tax authority would have received through the centralized filing mechanism.

Information return XML schema and schema user guide

Further to a consultation on drafts released in July 2024, the inclusive framework has [published](#) an [electronic schema](#) for the information return, in extensible mark-up language (XML), together with a corresponding [schema user guide](#). These are designed both to facilitate electronic local information return filings and be the technical format for exchanging information return data between relevant tax authorities. The user guide is divided into sections based on the underlying GIR XML schema and provides information on specific data elements and any "attributes" that describe each data element.

Next steps

The deadline for filing an information return is 15 months after the fiscal year end, which is extended to 18 months for the first year for which a group is in scope. For a group with a December year end, this means the first information returns, covering the year ended 31 December 2024, will need to be filed by 30 June 2026. Exchanges between tax authorities under the MCAA will normally occur within three months of the filing date, but this is extended to six months in the first year of exchanges—i.e., exchanges are due to occur by 31 December 2026 for returns for the year ended 31 December 2024.

Deloitte comments

The information return is the key document for business's Pillar Two compliance, and it is important that it is finalized as soon as possible. Some businesses might have been hoping that the inclusive framework would reduce the number of data points required, but the updated return is broadly similar to the earlier version. However, businesses will want to avoid the need for multiple additional local Pillar Two tax returns requiring substantive data, as this would inevitably lead to inconsistencies and reduce the ability to efficiently centralize

compliance processes. The approach taken by the inclusive framework in having an information return agreed as sufficient for both risk assessment and to assess any top-up tax due will, it is hoped, deter jurisdictions from introducing onerous additional local compliance requirements.

A potential additional complication identified in the latest version of the information return is that in situations where more than one jurisdiction has taxing rights over a low-taxed jurisdiction (e.g., where both an ultimate parent entity subject to an IIR and a partially-owned parent entity subject to an IIR in a different jurisdiction have subsidiaries in the same low-taxed jurisdiction) businesses will need to prepare the information return based on the OECD model rules and additionally undertake the same calculations based on each ownership jurisdiction's local implementation of the Pillar Two rules, if there are differences. This is likely to be most challenging in the early years of Pillar Two as jurisdiction enact legislation and updates at differing paces. Helpfully, this will not be necessary where the local low-taxed jurisdiction has a suitable QDMTT, and the transitional country-by-country reporting safe harbor in the early years will also reduce the number of situations where additional data and calculations are required.

The inclusive framework has developed a useful notification template for jurisdictions to use if they wish, to provide them with information on where the information return will be filed overseas. This is consistent with the approach for the information return to be filed once centrally, usually with the tax authority of the parent entity jurisdiction, and then appropriate, necessary information exchanged with other relevant tax authorities. The notification template is helpful in that it provides for consistent and only relevant information and also because it encourages jurisdictions to not require further notifications if nothing has changed for the group.

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Hong Kong Tax Analysis / Tax Newsflash

27 December 2024	Draft legislation on the Global Minimum Tax and Hong Kong Minimum Top-up Tax published in Gazette	[English] [Simplified Chinese]
31 October 2024	Updates on implementation of Global Minimum Tax and Hong Kong Minimum Top-up Tax	[English]
21 December 2023	Hong Kong Pillar 2 QDMTT / HKMTT and GloBE Rules consultation	[English]
H113/2023 – 8 March 2023	How Global Minimum Tax implementation timelines could affect top-up tax liabilities	[English]
18 August 2022	Hong Kong defers the implementation of Pillar Two	[English]
H107/2022 – 31 May 2022	The Impact of Pillar 2 on Hong Kong's Real Estate Sector	[English]
H99/2020 – 27 November 2020	Pillar Two – Impact on Hong Kong	[English] [Simplified Chinese]

Tax Analysis / Tax Newsflash

24 June 2024	OECD Pillar Two: Further guidance published	[English]
26 April 2024	Pillar Two: Consolidated commentary published	[Simplified Chinese] [English]
P386/2024 – 26 February 2024	OECD 发布《支柱一金额 B》报告	[Simplified Chinese]
21 December 2023	Pillar Two: OECD's further guidance	[English]
18 July 2023	Pillar 2 – QDMTT, UTPR & GIR developments relevant to Hong Kong, Singapore and Mainland China	[Simplified Chinese] [English]
P374/2023 - 16 March 2023	支柱一金额 A 下撤销数字服务税和相关类似措施的多边公约条款草案	[Simplified Chinese] [Japanese]
P373/2023 - 6 March 2023	全球税制重塑 2.0 系列: OECD 发布支柱二征管指南	[Simplified Chinese] [Japanese]
P372/2023 - 2 March 2023	全球税制重塑 2.0 系列: 支柱二下的信息报告表和安全港规则	[Simplified Chinese] [Japanese]
3 February 2023	OECD released administrative guidance on global minimum tax	[English]
P368/2022 - 30 December 2022	OECD 发布《支柱一金额 B 公众意见征询文件》	[Simplified Chinese]
21 December 2022	OECD Pillar Two: Information return and safe harbors published	[English]
P356/2022 - 16 June 2022	OECD 发布支柱一金额 A 立法模板系列之《支柱一金额 A 下的受监管金融服务业排除》	[Simplified Chinese] [Japanese]
P354/2022 - 24 May 2022	OECD 发布支柱一金额 A 立法模板系列之《金额 A 的适用范围立法模板草案》以及《支柱一金额 A 下的采掘业排除》	[Simplified Chinese] [Japanese]
P352/2022 - 13 April 2022	OECD 发布支柱一金额 A 立法模板系列之《税基确定立法模板草案》	[Simplified Chinese] [Japanese]
15 March 2022	OECD announces release of commentary on Pillar Two model rules for global minimum tax	[Simplified Chinese] [English]
P350/2022 – 9 March 2022	OECD 发布支柱一金额 A 立法模板系列之《联结度与收入来源规则立法模板草案》	[Simplified Chinese]
P347/2021 – 22 December 2021	支柱二 – G20/OECD 包容性框架发布全球最低税立法模板	[Simplified Chinese] [Japanese]
21 December 2021	Pillar Two – OECD Inclusive Framework global minimum tax model rules	[English]
11 October 2021	OECD inclusive framework updates political agreement on Pillar One and Pillar Two	[Simplified Chinese] [English]
P343/2021 – 12 July 2021	Global Minimum Tax Frequently Asked Questions (FAQ)	[Simplified Chinese] [English] [Japanese]
7 July 2021	OECD Inclusive Framework reaches political agreement on taxing the digitalised economy and a global minimum rate	[English]
3 July 2021	Global Endorsement on Pillar One and Pillar Two	[Simplified Chinese] [English]
P338/2021 - 20 May 2021	在不断变化的国际环境中管理和规划知识产权的注意要点	[Simplified Chinese] [Japanese]
P332/2021 – 22 January 2021	在不确定性中寻找机会 – 有关 OECD/G20 税基侵蚀和利润转移(BEPS) 计划以及全球税制重塑 2.0 的第七次年度全球调查	[Simplified Chinese] [Japanese]
P330/2021 – 11 January 2021	European Union – Mandatory Tax Reporting (DAC6) implemented	[Simplified Chinese] [English]
P327/2020 – 19 November 2020	OECD 就应对数字经济带来的税收挑战发布蓝图报告: 支柱二之详细解读	[Simplified Chinese] [Japanese]
P325/2020 – 4 November 2020	OECD 就应对数字经济带来的税收挑战发布蓝图报告: 支柱一之详细解读	[Simplified Chinese] [Japanese]
P323/2020 – 22 October 2020	变革与经济复苏下的全球税收政策导向	[Simplified Chinese]
13 October 2020	2020 年美国大选对美国企业所得税政策的影响	[Simplified Chinese]
P322/2020 – 7 October 2020	澳大利亚发布 2020-21 年预算: 政策利好复苏	[Simplified Chinese]
P317/2020 – 27 July 2020	European Union - Mandatory Tax Reporting for certain cross-border arrangements	[Simplified Chinese] [English]
P311/2020 – 14 February 2020	包容性框架成员国再次承诺将致力于解决数字化经济带来的税收挑战	[Simplified Chinese]
P309/2019 – 20 December 2019	数字经济征税方案下“统一方法”与现行转让定价规则碰撞之初探	[Simplified Chinese]
P304/2019 – 15 November 2019	OECD 发布最新意见征询文件: 全球防止税基侵蚀提案 (支柱二)	[Simplified Chinese] [Japanese]
P302/2019 – 5 November 2019	OECD's public consultation document: Secretariat Proposal for a "Unified Approach" under Pillar One	[Simplified Chinese] [English] [Japanese]



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