

Pillar 2 compliance roadmap – Calculation & documentation

Transcript

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MONIQUE PISTERS:

Hi everyone! Today we will briefly discuss part five of our seven step approach for the Pillar 2 compliance process. Step five of our approach consists of calculation and documentation. This step is focused on the calculation of the effective tax rate on a jurisdictional level.

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MONIQUE PISTERS:

Pillar 2 introduces a new method to calculate the effective tax rate. In short, the calculation consists of dividing the adjusted corporate taxes by the adjusted net GloBE income. Both the income and the taxes are based on what is reported in the financial reports. However, for both the GloBE income and the qualifying taxes, certain corrections need to be made. And step four of our Pillar 2 roadmap focuses on gathering the data points necessary to make these corrections. So once it is clear that the effective tax rates in a certain jurisdiction is below 15%, it should be determined who will file the relevant top-up tax return.

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There are three ways of allocating the taxing rights between the countries in which the group is active. We will discuss this in more detail in our next video. With respect to the documentation aspect, we are currently developing a documentation tool which will serve as a base file for the Pillar 2 compliance process. And we will of course provide you with an update when a demo becomes available.

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MONIQUE PISTERS:

So now you know more about the calculation method. In the next video, we will address step six of our seven step approach for the Pillar 2 compliance process, regarding the who taxes question. Check out our website for more details about Pillar 2 and our block on Pillar 2 developments. Thank you for watching and if you have any questions, feel free to contact me or one of my colleagues.