



GLOBAL MINIMUM TAX: RSM EBNER STOLZ TRANSITIONAL CBCR SAFE HARBOUR QUICK CHECK AS FIRST ASSESSMENT OF THE NEED FOR ACTION

As of 2024, large corporate groups have to assess for the first time the extent to which a top-up tax is payable due to the requirements of the global minimum tax (Pillar II). In this context, even if all group entities are resident in jurisdictions with a nominal corporate tax rate far above the minimum tax rate of 15 %, the issue of the global minimum tax is not settled. However, temporary simplifications might be applicable. Our tool-based approach with the RSM Ebner Stolz Transitional CbCR Safe Harbour Quick Check provides an initial assessment.

WHAT IS AT STAKE – IN A NUTSHELL

The core elements agreed at OECD level for the introduction of a global minimum tax have been made binding in the EU through the Minimum Tax Directive. For implementation in Germany the German Minimum Tax Act was already passed in 2023. Groups with a total annual turnover of at least 750 million euros in at least two of the four preceding financial years are obliged to check for the first time for the financial year beginning after 30 December 2023 whether the profit of all group

members resident in a jurisdiction is subject to effective taxation of at least 15 %. If the effective tax rate is lower than 15 %, a so-called top-up tax must be paid, in general at the level of the group parent. Both multinational and purely national groups are affected.

Groups covered by the regulations have to carry out extensive data investigations, in order to check whether all group profits have already been taxed at an effective rate of at least 15 %. Figures known from annual financial statements are subject to extensive

adjustments when calculating the effective tax rates under global minimum tax rules. In addition, affected groups have to fulfill additional declaration obligations, even if group entities are resident in countries with a nominal corporate tax rate above 15 %.

CBCR-BASED SAFE HARBOUR RULES PROVIDE RELIEF

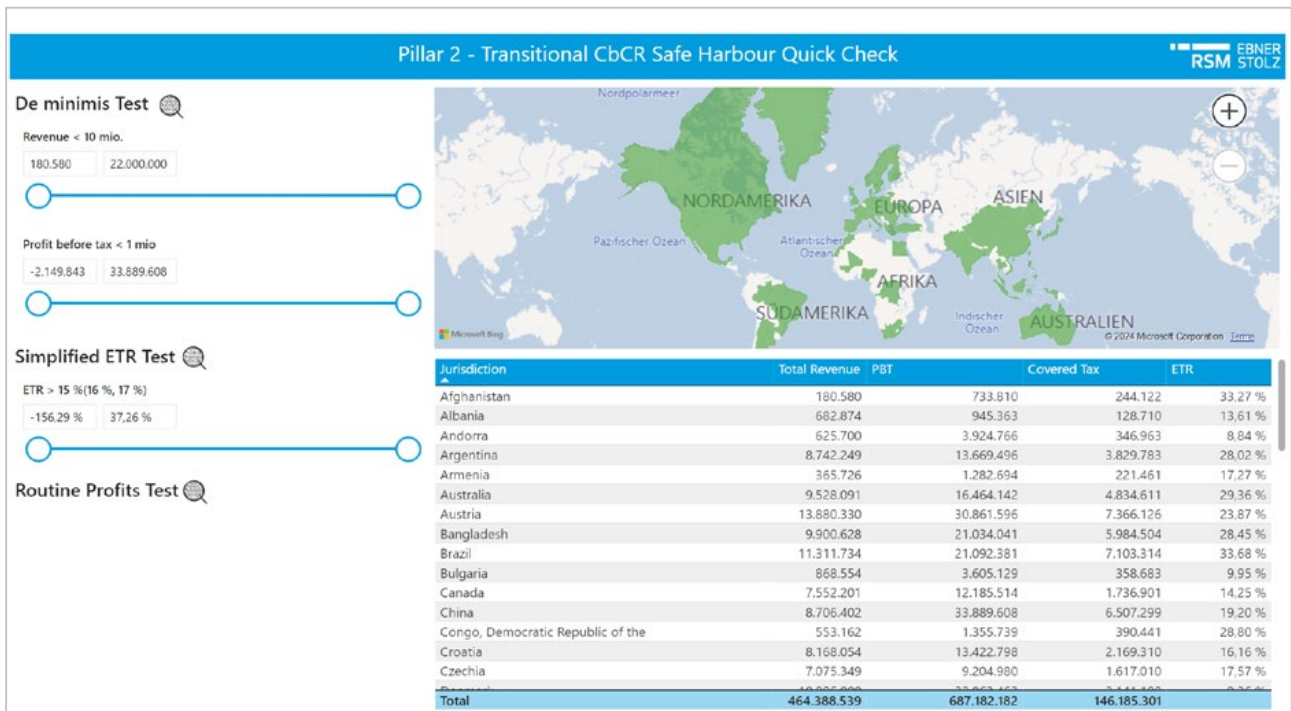
Temporarily applicable safe harbour rules, which can be based on data from country-by-country reporting (CbCR), promise to ease the application of the global minimum tax in the first years. Corresponding plans based on OECD guidelines are included in the German Minimum Tax Act. Three cases are envisioned in which a tax increase amount of 0 euros is to be applied for financial years up to and including 2026 for tax jurisdictions in which the requirements are met:

- › According to country-by-country reporting (CbCR), sales revenues are less than 10 million euros and profit before tax is less than 1 million euros (De-Minimis-test).
- › The simplified effective tax rate calculated based on CbCR data (together with certain modifications, in particular to take account of deferred taxes) is at least 15 % (in 2024), 16 % (in 2025) and 17 % (in 2026; simplified ETR test).
- › The pre-tax profit according to CbCR is not higher than the so-called substance-based allowance, which is determined based on labour costs and tangible assets (substance test).

As a significant advantage of these CbCR safe harbour rules compared to the standard requirements financial information can to a large extent be based on already existing CbCR data or CbCR data that is to be determined anyway!

QUICK ANALYSIS WITH THE RSM EBNER STOLZ TRANSITIONAL CBCR SAFE HARBOUR QUICK CHECK

In view of numerous jurisdictions with nominal corporate tax rates of well above 15 %, the simplified ETR test in particular may provide relief in the first years of application with the global minimum tax. Our Transitional CbCR Safe Harbour Quick Check can be used to check which tax jurisdictions could fall under this safe harbour regime based on existing CbCR data, enriched with certain additional information. In addition, the Quick Check provides for an indication of whether there are any implausible data records for jurisdictions or group companies that could prevent the application of the safe harbour rules.



In addition to the state-by-state analysis, the Quick Check also allows a break down of the results to analyse individual group entities, providing an even more robust insight into the extent to which the relief

provisions are being used or comprehensive data collection is required for global minimum tax purposes.

Detailed ETR calculation required

Jurisdiction	Total Revenue	PBT	Current Taxes	Deferred Taxes	Substance bases IE	ETR	Tax Rate
Andorra	625.700	3.924.766	336.744	15.640	0	8,84 %	10,00 %
Bulgaria	868.554	3.605.129	367.083	0	0	9,95 %	10,00 %
Canada	7.552.201	12.185.514	1.736.901	0	0	14,25 %	15,00 %
Croatia	8.168.054	13.422.798	2.170.285	1.225	0	16,16 %	18,00 %
Denmark	10.005.000	22.863.463	2.141.091	17	0	9,36 %	22,00 %
Hong Kong	12.973.584	19.811.586	3.096.243	0	0	15,63 %	16,50 %
Hungary	4.016.066	5.974.029	381.500	1.772	0	6,42 %	9,00 %
Lithuania	2.645.309	6.369.267	869.299	902	0	13,66 %	15,00 %
Nigeria	1.000.424	28.764.522	847.114	0	0	2,94 %	30,00 %
Romania	3.215.222	4.614.537	624.236	518	0	13,44 %	16,00 %
Serbia	1.444.067	2.316.567	351.467	2.784	0	15,29 %	15,00 %
Slovenia	3.619.507	4.885.417	795.683	710	0	16,30 %	19,00 %
Switzerland	17.692.554	22.620.143	1.898.388	0	0	8,35 %	8,50 %
United Kingdom of Great Britain and Northern Ireland	12.422.998	14.980.528	2.276.425	0	0	15,20 %	19,00 %
Total	86.250.240	166.338.266	17.892.459	23.568	0	10,75 %	19,00 %

OUR RANGE OF SERVICES

Based on the CbCR data provided to us and some additional information, we prepare a comprehensive evaluation for your group with our RSM Ebner Stolz Transitional CbCR Safe Harbour Quick Check as to what extent an application of these facilitations can be considered. In addition, an initial plausibility analysis of your CbCR data can be carried out based on such evaluation. In an initial meeting we will explain the results of the evaluation and the resulting options for your company to consider.

We will then be happy to assist you in developing and implementing concrete operational steps within the framework of your data collection and data processing systems to meet the requirements of the global minimum tax.

YOUR ADVANTAGES

Take advantage of the simplifications resulting from the transitional CbCR safe harbour regulations to keep the additional administrative effort in the first years of application of the global minimum tax as low as possible. The RSM Ebner Stolz Transitional CbCR Safe Harbour Quick Check provides you with a cost-efficient initial assessment, based on which a roadmap can be drawn up for adapting your data collection and processing systems to the requirements of the global minimum tax.

YOUR CONTACT PERSONS



The contact persons you know at RSM Ebner Stolz as well as the experts in international tax law will be happy to provide you with further information on our tool approach and our range of services at any time.

Publisher:

RSM Ebner Stolz
Wirtschaftsprüfer Steuerberater Rechtsanwälte
Partnerschaft mbB

Legal status: 10.01.2024

Editorial office:

Dr. Ulrike Höreth, Tel. +49 711 2049-1371
Brigitte Stelzer, Tel. +49 711 2049-1535

This publication contains only general information which cannot be used suitable for basing decisions on in individual cases. The publisher and the authors do not assume any liability for the correctness and completeness of the information. Should the reader of this publication consider the information contained therein to be relevant for themselves, it is their sole responsibility or that of their advisors to ensure that the information is factually correct to verify; in no event shall the foregoing information be construed to be a in no way suitable as a substitute for competent advice in individual cases. For this purpose the publisher is at your disposal for this purpose.

The information is subject to copyright protection. Storage for one's own private purposes or forwarding for private purposes (in complete form only) is permitted. Commercial exploitation, in particular the (even partial) reprint in other newsletters or the publication on websites, require the consent of the publishers..

The RSM Ebner Stolz group companies are members of RSM network and trade as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction. The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London, EC4N 6JJ. The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

© RSM International Association, 2024

THE POWER OF UNDERSTANDING
ASSURANCE | TAX | CONSULTING | LEGAL