



State of Tax, Legal & People Webcast

Update Pillar 2

Dinsdag 7 april, 15.00 - 16.30 (CET)



Welkom

- Wordt dit webinar live bekeken, dan komt u in aanmerking voor 1 PE-punt
- Via de chatfunctie kunt u direct uw vragen stellen
- Voor overige vragen kunt u terecht bij uw PwC-adviseur
- Webcast en presentatie worden achteraf beschikbaar gesteld
- Evaluatieformulier achteraf

Agenda

- 1 Update tax policy developments
- 2 Side by side & SBTI
- 3 Simplified ETR
- 4 Kennisgroepstandpunten
- 5 Compliance deadlines
- 6 Wrap-up



Update tax policy developments

Status of Pillar Two in the world

OECD Secretary-General Tax Report to G20 Finance Ministers and Central Bank Governors (15 October 2025)

To date, more than 65 jurisdictions have already implemented or taken concrete steps to implement the GloBE rules or a Qualified Domestic Minimum Top-up Tax.

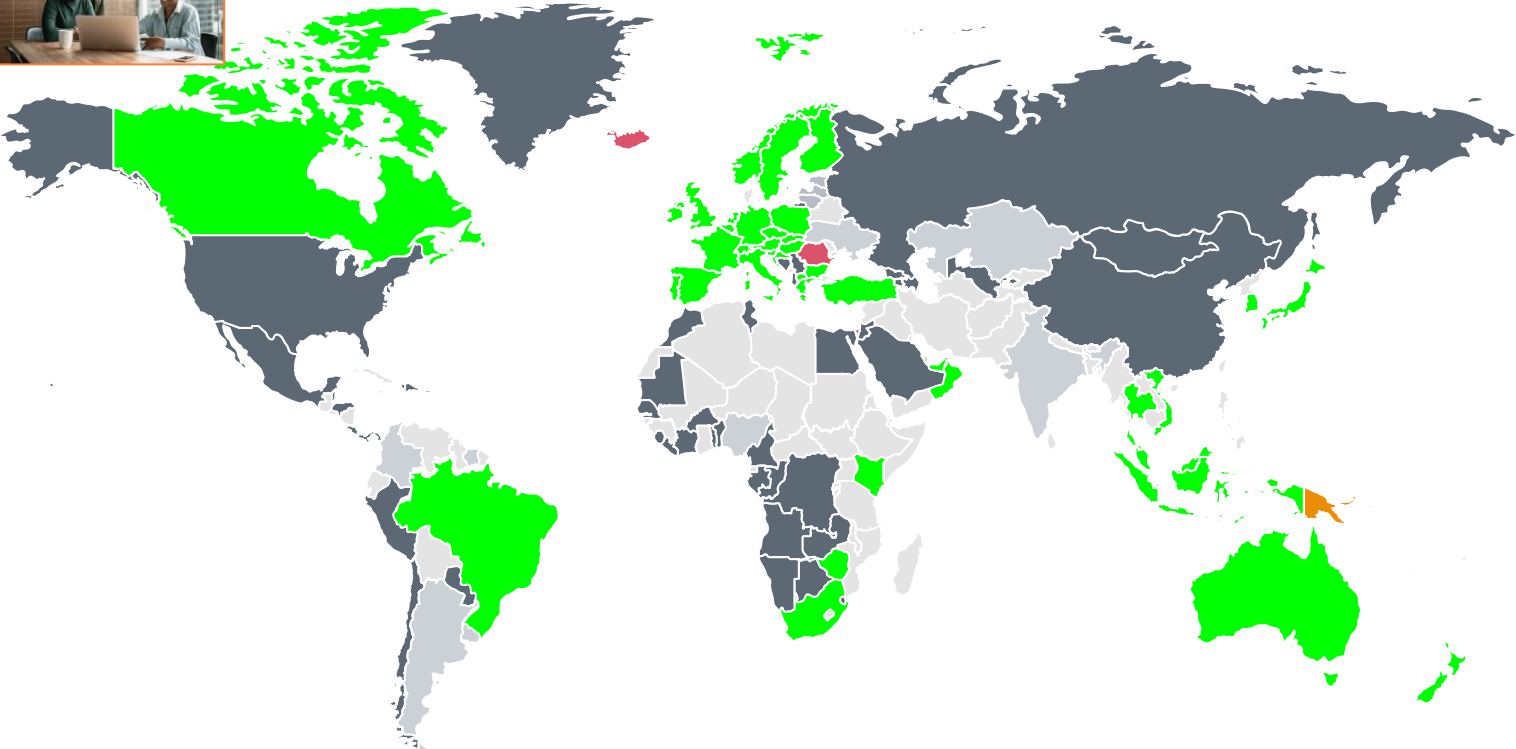
Information based on laws, bills or official announcements

Total No. of Countries	Year 2024			Year 2025			Year 2026		
	IIR	UTPR	QDMTT	IIR	UTPR	QDMTT	IIR	UTPR	QDMTT
	32	0	35	46	30	53	47	32	61

pwc

Pillar Two Country Tracker

← More info



- Six-year extension (EU)
- IF member that joined P2 statement but no announcement
- Announcement / slight progress
- Legislation in progress
- Legislation passed

Pillar Two Developments

On January 5, 2026, the OECD announced agreement on a range of new Pillar Two safe harbors

The Side-by-Side (SbS) Package includes:

- SbS System for the United States and other eligible countries:
 - SbS safe harbor
 - Ultimate Parent Entity (UPE) safe harbor
- Permanent simplified Effective Tax Rate (ETR) safe harbor
- One-year extension of the transitional Country-by-Country reporting (CbCR) safe harbor
- Substance-based tax incentive safe harbor
- A stocktake commitment to assess the competitive impact of the SbS system, including SbS and UPE safe harbors (2029)

Why is it relevant?

- Implements the June 2025 G7 agreement to pursue a SbS approach that accounts for US minimum tax rules and remove proposed Section 899 retaliatory measures.
- Signals an explicit push toward simplification through the SbS safe harbors and extended transitional rules, while acknowledging that overall simplification remains partial and ongoing.



Dutch implementation Side by Side package

- Verslag schriftelijk overleg 13 maart 2006
- Legislative proposal before summerbreak:
Wetsvoorstel veilighavenregels Wet minimumbelasting 2024
- 31 March 2026: Belangstellendenbijeenkomst Ministerie van Financiën
- Internetconsultation or not?
- Explore policy options of Substance-based tax incentive safe harbor (EIA, MIA, VAMIL, Innovationbox, WBSO)
 - Rapport Wennink investment agenda



EU Omnibus on taxation

The proposed policy options may involve legislative amendments in the following legal instruments:

The Controlled Foreign Company rule under the Anti-Tax Avoidance Directive - to eliminate overlaps with Pillar Two. In addition, there is a need to rectify the current fragmentation in the implementation of the rule by Member States, which is the result of the various available options to this effect.

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Side by Side and SBTI

Side-by-Side safe harbor



Recap of SbS SH impact

- SbS SH deems Top-up Tax under IIR and UTPR to be zero
- Available to MNE Groups with a UPE in a qualified jurisdiction



Effect and compliance

- In scope groups remain fully subject to QDMTTs and DMTTs
- Jurisdictions are generally expected to adopt the SbS SH effective from January 1, 2026.
- Timing of implementation and its effects on financial statements to be monitored.
- A full GIR will still be required for 2024 and 2025, and a limited GIR is still needed in 2026 and onwards.
- MNE Groups electing the SbS SH must continue to **comply with QDMTT reporting obligations.**

Pillar Two compliance – Side-by-Side system

		US HQ MNEs				Non-US HQ MNEs			
		GIR	QDMTT	IIR	UTPR	GIR	QDMTT	IIR	UTPR
Enacted in 2026 with effects to 2026	FY24	✓	✓	✓	⊗	✓	✓	✓	⊗
	FY25	✓	✓	✓	✓(*)	✓	✓	✓	✓
	FY26	✓	✓	⊗	⊗	✓	✓	✓	✓

✓ Applicable

⊗ Not applicable

(*) UTPR applicable to foreign subsidiaries of US HQ MNEs. Also, the UTPR SH must be elected; if not, the UTPR applies to US MNEs.

Side-by-Side safe harbor (SbS SH)

A Qualified SbS Regime must meet four key criteria

1. Eligible domestic tax system

- At least 20% statutory tax rate
- QDMTT or corporate alternative minimum tax of at least 15%
- No material risk of <15% ETR on domestic profits

2. Eligible worldwide tax system

- Comprehensive Tax regime on all foreign income, both active and passive
- Mechanism to address base erosion and profit shifting risks to ensure integrity in taxing foreign-source income
- No material risk of <15% ETR on overall foreign profits

3. Provide a foreign tax credit for QDMTTs on the same terms as any other creditable Covered Tax

4. Timing

- Eligible domestic and worldwide tax systems must be enacted prior to January 1, 2026.
- If enacted at a later date, eligibility for the Qualified SbS Regime will be assessed during 2027 or 2028, rather than in the first half of 2026.

Substance-based Tax Incentive Safe Harbour

Background

- Recognizes that incentives that are provided in relation to substantive activities in a jurisdiction are less susceptible to BEPS risks;
- The SBTI SH Eliminates the Top-up Tax that would otherwise be attributable to Qualified Tax Incentives (“QTIs”);
- The SH is available under the detailed rules and the Simplified ETR SH as of 1 January 2026.

Characteristics of a QTI

- Generally available Tax Incentive. An incentive is a Tax Incentive if it reduces the current or future liability for a Covered Tax;
- Calculated directly by reference to the expenditure in a jurisdiction (**expenditure-based**) or the amount of goods produced/level of activity in a jurisdiction (**production-based**);
- Comes in different forms: e.g., credit against payment of tax liability, enhanced allowances or super deductions;
- Does not apply to incentives based on income (income-based);
- Unlike QRTCs and MTCCs, QTIs are not included in GloBE Income;
- An MNE Group can make an Annual Election to treat certain QRTCs or MTTCs as a QTI (if considered more beneficial);
- The QTI definition also includes certain tax incentives that provide a preferential tax rate when those incentives calculate the eligible income based on a portion of expenditures incurred.

Substance-based Tax Incentive Safe Harbour

How does it work?

- Adds back amount of QTIs back to covered taxes, thereby impacting ETR positively;
- The re-add is capped to real activity in jurisdiction (i.e., the **Substance Cap**):

1a) 5.5% of the higher of labor costs or 1b) depreciation on tangible fixed assets, or;

2) 1% of the carrying value of tangible fixed assets (Five-Year election).

The 5 consist of 6 tax expense & -1 tax benefit (due to a QTI)

If the SBTI SH is applied, then the amount of the QTI (i.e., 1) is added back to the denominator.
Note: the re-add is capped to a Substance Cap, which is assumed to be >1 in this example)

$$\frac{5}{10} = 0.5 < \frac{6}{10} = 0.6$$

Substance-based Tax Incentive Safe Harbour

Compare:

QRTC concept

The 5 consist of 6 tax expense & -1 tax benefit (due to the tax credit)

$$\frac{5}{10} = 0.5 < \frac{6}{11} = 0.545$$

If the tax credit is a QRTC, then the corresponding tax benefit of -1 will be taken out from the numerator.....

And included in the denominator

QTI concept

The 5 consist of 6 tax expense & -1 tax benefit (due to an QTI)

$$\frac{5}{10} = 0.5 < \frac{6}{10} = 0.6$$

If the SBTI SH is applied, then the amount of the QTI (i.e., 1) is added back to the denominator.
 Note: the re-add is capped to a Substance Cap, which is assumed to be >1 in this example)



Simplified ETR

Simplified ETR safe harbour

Overview

- A permanent replacement for the Transitional CbCR SH
- Election: if eligible, jurisdictional **top-up is deemed zero** when **Simplified ETR \geq 15% or Simplified Loss**
- Simplified ETR = **Simplified Taxes \div Simplified Income**
- First time election in case no top-up tax was due for that Tested Jurisdiction in every Fiscal Year beginning **within 24 months before the first day** of the Fiscal Year for which the Simplified ETR Safe Harbour is elected
- For re-entry a similar test is applicable

Compliance considerations

- Effective for fiscal years beginning 31 Dec 2026 (or 31 Dec 2025, if adopted early and conditions met)
- Not self-executing; generally requires domestic implementation
- Requires significant data gathering and calculations under the broader Pillar Two framework
- The following Tested Jurisdictions are not eligible for the Simplified ETR SH:
 - a) Stateless entities (except for stateless CEs that is a Tax Transparent Entity where all of its income and taxes are allocated to its owners);
 - b) Investment entities (except for the when all owners make an Article 7.5 or 7.6 P2 MR election);
 - c) Tested Jurisdiction subject to an Eligible Distribution Tax System Election if there is an outstanding balance of the Deemed Distribution Tax Recapture Account.

Overview of simplified ETR calculation

Reliance of financial accounts

- Calculated based on CFS
- QDMTT jurisdictions encouraged to allow CFS
- Jurisdictional calculation rather than CE-by-CE
- Can rely on TP policy when accounts in line with tax return
- Generally, do not need to remove PPA

Simplified Taxes

- Excludes non-Covered Taxes, taxes not expected to be paid, and taxes related to excluded income
- Applies deferred tax accounting but simplified approach for DTLs and loss DTAs
- Removes requirement to allocate taxes between jurisdictions

Simplified Income

- Excludes dividends, equity gains/losses and illegal payments
- Simplified adjustments when PPA in financial accounts
- PYEs and revaluation method gain or loss – depends on income/expense
- Allows further optional adjustments (e.g. GloBE elections)

Jurisdictional approach
Rate 15%

Minimum adjustments

Permanent Simplified ETR SH – tax adjustments after year-end

The Permanent Simplified ETR SH also contains special rules regarding tax adjustments:

- General rule: increases or decreases to in Covered Tax Liability and income related to a prior year (i.e., “transaction year”) is included in the **ETR computation of the current year (i.e., in the year in which the tax adjustment is accrued)**;
- Exception 1: a five-year election can be made to include all changes in Covered Tax Liability and income (except if these are related to TP adjustments) **that accrue within 12 months** of the end of the transaction year in the ETR computation of the **transaction year**.

Note: this election will apply to all jurisdictions in which the MNE Group operates.

- Exception 2: **if a net decrease to** the Covered Tax liability for a previous Fiscal Year that is **not attributable** to a decrease in Simplified Income accrued **more than 12 months** after the end of that Fiscal Year and including that net decrease in the Simplified Taxes of the accrual year **would cause** the Simplified ETR to be **below the Minimum Rate**, the MNE Group may exclude the net decrease for that previous Fiscal Year from the Simplified Taxes of the accrual year if:
 - a. after adjusting the Simplified Taxes by the net decrease accrued in any Fiscal Year in respect of that previous Fiscal Year and any corresponding deferred tax effects for that previous Fiscal Year, the Simplified ETR for that previous Fiscal Year is not below the Minimum Rate; **or**
 - b. after adjusting the Adjusted Covered Taxes by the net decrease accrued in any Fiscal Year in respect of that previous Fiscal Year and any corresponding deferred tax effects for that previous Fiscal Year, the GloBE ETR for that previous Fiscal Year is not below the Minimum Rate.

Deferred tax expense related to Unclaimed Accrual (article 4.4.1.b)

What is an Unclaimed Accrual?

Unclaimed Accrual means any increase in a Deferred Tax Liability recorded in the financial accounts of a Constituent Entity for a Fiscal Year that is not expected to be paid within five years.

Relevant provision(s): article 4.4.4 and 4.4.5 Model Rules

Mechanism (article 4.4.4 Model Rules)

- A deferred tax liability that is not paid or reversed **within the five subsequent fiscal years** shall be recaptured to the extent it was taken into account in the Total Deferred Tax Adjustment Amount of a Constituent Entity, unless election is applied to not account them in the first place
- In practice, DTLs with respect to goodwill, trademarks etc. (intangibles) are likely subject to this DTL recapture rule
- Fortunately, there are exceptions to this DTL recapture rule. These are commonly referred to as **Recapture Exception Accruals** (see list at the right).

• Note: under the Permanent Simplified ETR Safe Harbour, the election is basically required, i.e., all DTLs that are not on the list of exceptions should be excluded.

Recapture Exception Accrual (article 4.4.5 Model Rules)

Exceptions provided for the most common and material book-to-tax differences relating to substance in a jurisdiction or are not prone to taxpayer manipulation:

- Cost recovery allowances on tangible assets
- The cost of a license or similar arrangement from the government for the use of immovable property or exploitation of natural resources that entails significant investment in tangible assets
- Research and development expenses
- Decommissioning and remediation expenses
- Fair value accounting on unrealized net gains
- Foreign currency exchange net gains
- Insurance reserves and insurance policy deferred acquisition costs
- Gains from the sale of tangible property located in the same jurisdictions as the Constituent Entity that are reinvested in tangible property in the same jurisdiction (NL: *herinvesteringsreserve*)
- Additional amounts accrued as a result of accounting principle changes with respect to above listed points

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Kennisgroepstandpunten

Post filing adjustments (article 4.6.1 P2 Model Rules)

- Kennisgroepstandpunt KG:911:2025:3 Correctie acute belastinglast in pre-Pijler 2-verslagjaar

Vraag

Wordt de belastingbete die is verwerkt in verslagjaar 2024 en verband houdt met inkomen van verslagjaar 2021 (een pre Pijler 2-verslagjaar) gecorrigeerd op grond van art 7.2, eerste lid, onderdeel a, juncto derde lid, onderdeel a, WMB 2024?

Antwoord

Ja. De belastingbete die in 2024 in de financiële verslaggeving is opgenomen als een aanpassing van de acute belastinglast over verslagjaar 2021 moet worden gecorrigeerd op de voet van artikel 7.2, eerste lid, onderdeel (a) juncto derde lid, onderdeel (a) WMB 2024.

Link: <https://kennisgroepen.belastingdienst.nl/publicaties/kg91120253-correctie-acute-belastinglast-in-pre-pijler-2-verslagjaar/>

Entity scoping

- **Kennisgroepstandpunt KG:911:2024:3 Kwalificeert een naar Nederlands recht opgerichte commanditaire vennootschap als een entiteit?**

Vraag

Kwalificeert een cv, of een daarmee vergelijkbare rechtsvorm, als entiteit zoals bedoeld in artikel 1.2 Wmb 2024?

Antwoord

Ja, het begrip entiteit onder de Wmb 2024 omvat zowel rechtspersonen als overige rechtsfiguren die een afzonderlijke financiële verslaggeving opstellen (niet zijnde een overheid). Hieronder valt ook een cv. Een cv die een afzonderlijke financiële verslaggeving opstelt, valt onder het bereik van het begrip *entiteit* van artikel 1.2 Wmb 2024. Dat de financiële verslaggeving niet wordt gepubliceerd, omdat er geen publicatieplicht is, doet daar niet aan af. Dit geldt onverminderd voor met de cv vergelijkbare rechtsvorm.

Entity scoping

- **Kennisgroepstandpunt KG:911:2026:1 Invulling voorwaarden vaste inrichting, verschijningsvorm a, Wet Minimumbelasting 2024**

Vragen:

1. Is voor de kwalificatie als verdragsvaste inrichting als bedoeld in artikel 1.2, eerste lid, onderdeel a, WMB 2024 vereist dat het aan de vaste inrichting toerekenbare inkomen in de belastingheffing wordt betrokken krachtens de wet van de staat waar de vaste inrichting is gelegen?
2. Als het antwoord op vraag 1 bevestigend luidt, op welke wijze moet de bronstaat (de staat waar de vaste inrichting is gelegen) het aan de vaste inrichting toerekenbare inkomen in de belastingheffing betrekken?

Antwoorden

1. Ja. Voor de kwalificatie als een verdragsvaste inrichting in de zin van artikel 1.2, eerste lid, onderdeel a, WMB 2024 moet sprake zijn van een vaste inrichting in de zin van het toepasselijke belastingverdrag én moet het aan de vaste inrichting toerekenbare inkomen in de belastingheffing worden betrokken krachtens de wet van de staat waar de vaste inrichting is gelegen.
2. Artikel 1.2, eerste lid, onderdeel a, WMB 2024 vereist daarnaast dat de bronstaat het heffingsrecht heeft over het aan de vaste inrichting toerekenbare inkomen ingevolge een bepaling die vergelijkbaar is met artikel 7 van het OESO-modelverdrag. In de wettekst ligt tevens besloten dat de bronstaat het aan de vaste inrichting toerekenbare inkomen op nettobasis in de belastingheffing moet betrekken en op een manier die vergelijkbaar is met de belastingheffing van entiteiten die hun fiscale vestigingsplaats in die bronstaat hebben.

Ruling on various restructuring steps

- **rul-20260217-rulov-000012**

Beantwoorde vragen

- Een migratie van een entiteit is geen transactie tussen groepsentiteiten waarop artikel 6.4 van de Wmb (arm's length beginsel) dient te worden toegepast.
- In de casus was vervolgens sprake van een tweede transactie tussen twee entiteiten gevestigd in dezelfde staat. Ook op deze transactie werd artikel 6.4 niet toegepast.
- Tot slot wordt bevestigd dat de derde transactiestap in de casus wordt behandeld als een uitgesloten vermogenswinst of -verlies onder artikel 6.2, eerste lid, onderdeel c van de Wmb 2024.

Reikwijdte van artikel 8.13

- **Kennisgroepstandpunt KG:911:2025:1 Reikwijdte van artikel 8.13, vierde lid, onderdeel b, Wmb 2024 (Kwalificerende binnenlandse bijheffing veilighavenregel)**

Vraag

De vraag komt op of de in Nederland gevestigde groepsentiteit in het jaar van de juridische fusie of liquidatie kan voldoen aan de voorwaarden van de kwalificerende binnenlandse bijheffing veilighavenregel uit artikel 8.13 Wmb 2024. Specifiek is de vraag of de in Nederland gevestigde groepsentiteit de binnenlandse bijheffing dient te blijven berekenen op basis van de lokale financiële verslaggevingsregels wanneer - als gevolg van de voltooiing van een juridische fusie of de liquidatie gedurende dit verslagjaar - haar verslagjaar incidenteel afwijkt van het verslagjaar dat in geconsolideerde jaarrekening van de multinationale groep is toegepast. Deze vraag zou ook kunnen opkomen wanneer ten gevolge van oprichting van een in Nederland gevestigde groepsentiteit een incidenteel afwijkend eerste verslagjaar ontstaat ten opzichte van het verslagjaar van de geconsolideerde jaarrekening van de uiteindelijkemoederentiteit.

Reikwijdte van artikel 8.13

- **Kennisgroepstandpunt KG:911:2025:1 Reikwijdte van artikel 8.13, vierde lid, onderdeel b, Wmb 2024 (Kwalificerende binnenlandse bijheffing veilighavenregel)**

Antwoord

Ja. Als het verslagjaar van een Nederlandse groepsentiteit - als gevolg van bijvoorbeeld oprichting, fusie of liquidatie - incidenteel afwijkt van het verslagjaar in de geconsolideerde jaarrekening van de groep, dan blijft voor de berekening van de kwalificerende binnenlandse bijheffing in dat verslagjaar gebruik gemaakt worden van de lokale financiële verslaggevingsregels. Er is in dat geval geen sprake van een afwijkend verslagjaar als bedoeld in dat artikel 8.13, vierde lid, onderdeel b, Wmb 2024.

Link: <https://kennisgroepen.belastingdienst.nl/publicaties/kg91120251-reikwijdte-van-artikel-8-13-vierde-lid-onderdeel-b-wmb-2024-kwalificerende-binnenlandse-bijheffing-veilighavenregel/>

5

Compliance deadlines

Update on upcoming compliance requirements for FY 2024 (assuming calendar year)

28 January 2026

Turkey QDMTT

28 February 2026

Ireland First registration

Gibraltar registration

31 March 2026

Bahamas DMTT notification

Barbados First year notification

Gibraltar GIR notification

Lithuania Notification beginning group operation

Portugal Registration

Sweden Registration

30 April 2026

South-Africa Notification

29 June 2026

Spain GIR Notification

30 June 2026

GIR filing deadline multiple jurisdictions

GIR notification deadline multiple jurisdictions

QDMTT return deadline multiple jurisdictions

IIR/UTPR return deadline multiple jurisdictions

31 August 2026

Netherlands QDMTT/IIR return

Wrap-up



Key takeaways



Stay informed



The simplified ETR SH is not that simple



Timing of implementation of SbS SH to be carefully monitored



Interaction between QTIs and QRTCs to be considered where relevant

Afsluiting

- **Vragen?** Neem dan contact op met uw PwC-adviseur, of laat het weten in de evaluatie
- Kijk deze webcast of presentatie terug via de website
- Blijf op de hoogte: meld u aan voor onze PwC Belasting
- nieuwsbrief op pwc.nl
- Kijk op pwc.nl/evenementen voor de overige onderwerpen
- van ‘State of Tax, Legal People’
- Wilt u het evaluatieformulier invullen?

Evaluatie

- Hoe waardeert u dit webinar op een schaal van 1 tot 10?
- De inhoud was relevant (Geheel mee eens / Mee eens / Neutraal / Mee oneens / Geheel mee oneens)
- Heeft u nog opmerkingen of suggesties voor ons?
- Heeft u nog specifieke vragen waarvoor u wilt dat wij contact met u opnemen?

Contact



Marleen van Buren

Tax accounting and Pillar Two specialist

T +31 6 82 57 92 77

E marleen.van.buren@pwc.com



Ruben Bolwerk

International tax and Pillar Two specialist

T +31 6 30461413

E ruben.bolwerk@pwc.com



Keetie Jakma

Tax policy expert

T +31 6 18565973

E keetie.jakma@pwc.com

Thank you!