

BEPS 2.0 Global Minimum Tax

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Today's speakers



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BEPS 2.0: Pillar Two

Why and how



Objectives

Mitigate
profit-shifting activities

Agreed by

147 member jurisdictions*
of the OECD/G20 Inclusive
Framework on BEPS
and endorsed by the G20 Finance Ministers
and Leaders

In-scope MNEs

MNEs with annual consolidated
revenue of **EUR 750 million
or more** or THB equivalent

Rate

15%
Global Minimum Tax

Enactment

starting **2024**
Domestic legislation
by each jurisdiction

Impacts

Additional **reportings**
and possible
additional **tax costs**

* Out of 147 members jurisdiction, as of 28 May 2024

Around the world enactment

2024

2025



Pillar Two roadmap for Thailand

2023

2024

2025



The Cabinet's
approval

**BOI new
measurement**
for companies
impacted by
Pillar Two

**Public
consultation**
during
1-15 March 2024

OECD
membership
application



The Cabinet's
approval
STTR



Aim to collect
top-up taxes
starting
2025

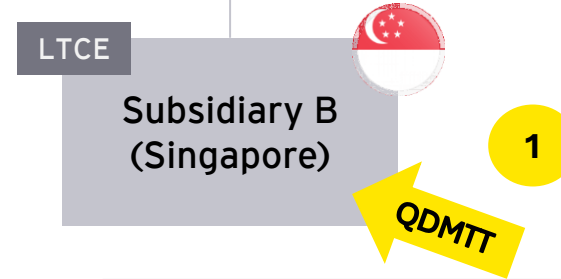
Possible
**cash
grant?**



Pillar Two Basic design

2. GloBE: Income Inclusion Rule (IIR)

- ▶ **Primary rule:** A top-up tax is imposed at the level of the ultimate parent entity (UPE) or intermediate parent entity for low-taxed constituent entities (LTCE)
- ▶ **Minimum ETR: 15%**



Qualifying for Transitional Safe Harbour rule?

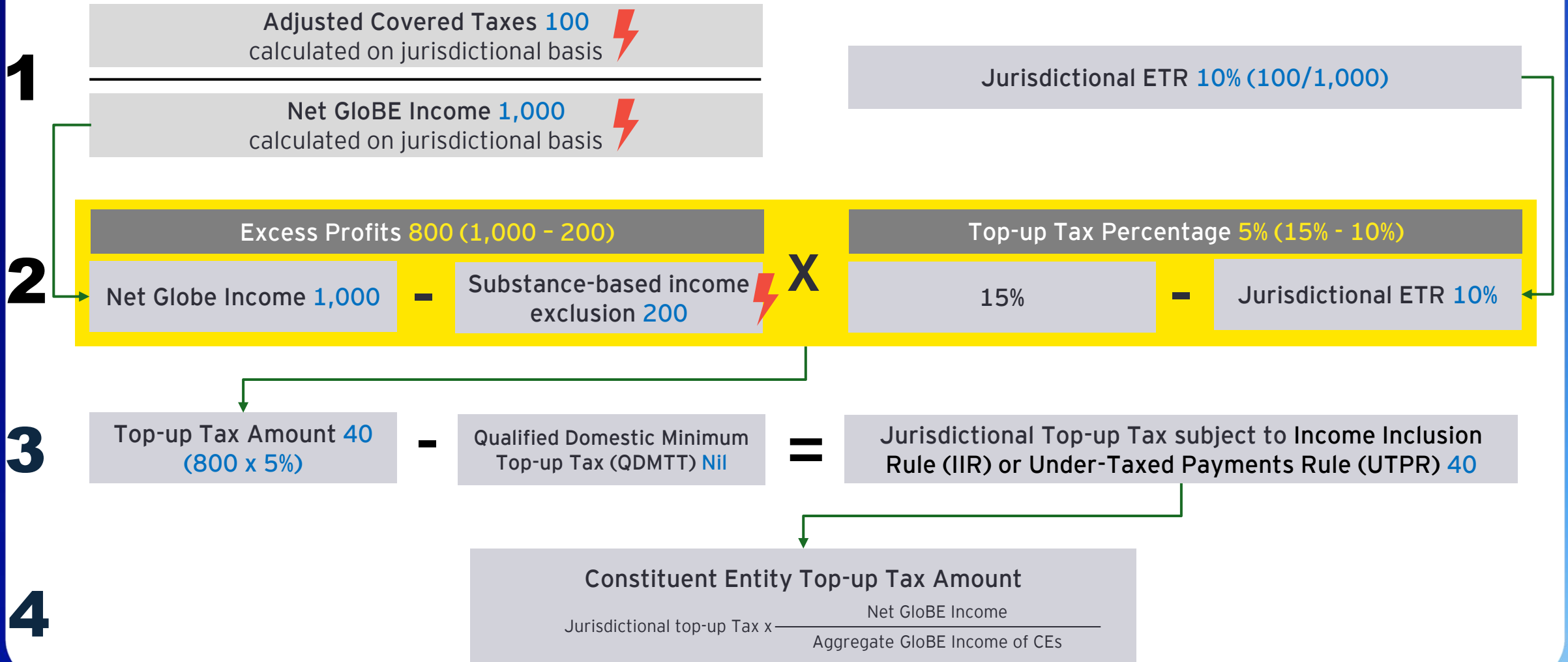
3. GloBE: Undertaxed Payments Rule (UTPR)

- ▶ **Backstop to IIR - applies if no IIR imposed**
- ▶ Top-up tax is allocated to countries with constituent entities based on tangible assets/employees. Imposed by limiting or denying deductions or requiring an equivalent adjustment
- ▶ **Minimum ETR: 15%**

1. GloBE: Qualified Domestic Minimum Top-up Tax (QDMTT)

- ▶ **Applies before IIR and UTPR**
- ▶ Top-up tax is assessed by the low-tax jurisdiction itself under a computation consistent with Pillar Two top-up tax computation
- ▶ **Minimum ETR: 15%**

GloBE Rules: Computation of effective tax rate (ETR) and top-up tax



Transitional CbCR Safe Harbour rule

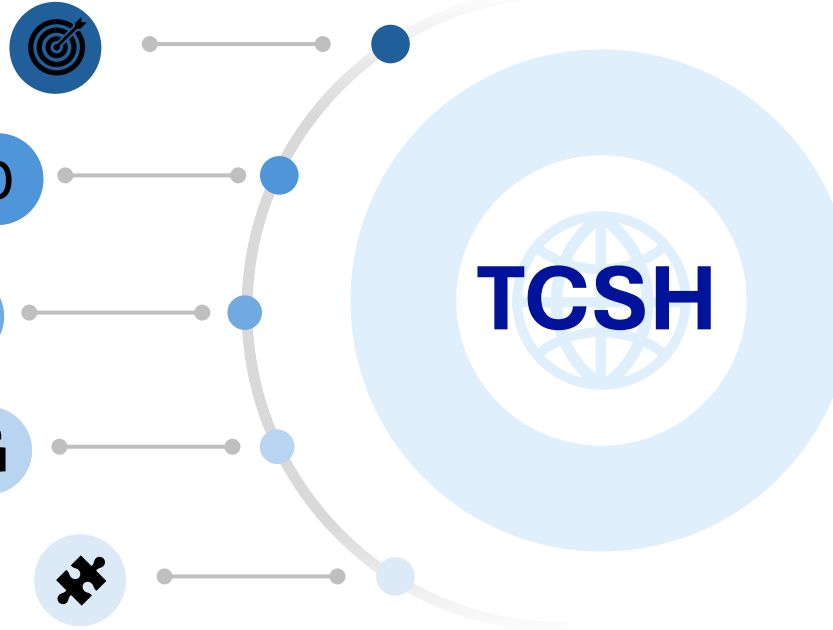
A short-term measure aiming at reducing compliance in low-risk jurisdictions for the initial years (FY24, FY25 and FY26 if calendar years)

Detailed GloBE calculations will **not be necessary** and Top-up Tax deemed to be **zero**

Reliable data from **the qualified CbC report**

No requirement to use the same test for every jurisdiction or subsequent year

“Once out, always out” approach



De Minimis test

Total revenue < EUR 10 million

AND

Net Profit Before Tax < EUR 1 million

Relies data as reflected in the qualified CbC report

ETR test

ETR* ≥ 15% -- 2023/2024

ETR* ≥ 16% -- 2025

ETR* ≥ 17% -- 2026

ETR is derived from simplified covered tax divided by Net Profits Before Tax*

Routine profits test

SBIE ≥ Net Profits before Tax

GloBE Information Return (GIR)

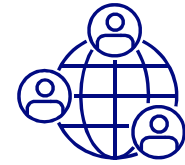


Additional reporting requirements

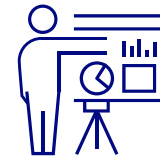
Not a tax return

15 months deadline
(18 months for a transition year)

Content of GIR



MNE group information



Jurisdictional Safe Harbours and Exclusions



GloBE Computation

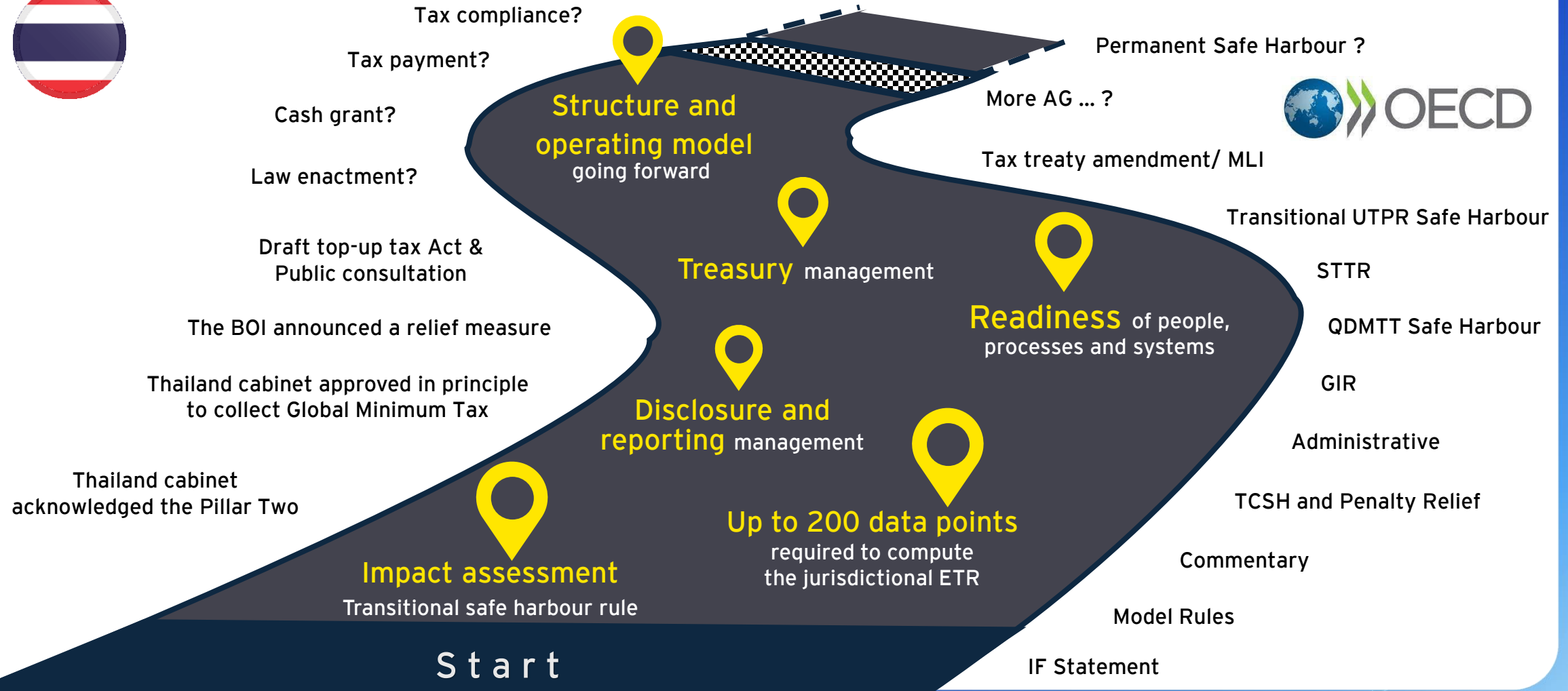
Sample of required data for GloBE calculation (jurisdiction basis)

GloBE calculation	Information required	Data source
<p>Transitional CbCR Safe Harbour</p>	<ul style="list-style-type: none"> ▶ Total revenue ▶ Net profit before tax ▶ Current and deferred tax expenses ▶ Substance Based Income Exclusion (SBIE) ▶ Simplified adjustments <ul style="list-style-type: none"> - Uncertain tax position - Disqualified Imputation tax <p style="text-align: right; color: blue;">And more...</p>	<ul style="list-style-type: none"> ▶ Qualified Country-by-country Report (CbCR) ▶ Qualified financial statements ▶ Tangible assets ▶ Detail of employees' payroll <p style="text-align: right; color: blue;">And more...</p>
<p>Full ETR calculation</p>	<ul style="list-style-type: none"> ▶ Net profit ▶ Current tax expenses ▶ Deferred tax expenses and applicable tax rate ▶ Full adjustments items <ul style="list-style-type: none"> - Excluded dividends and equity gains - Asymmetric Foreign Currency Gains or Losses - Qualified/non-qualified Refundable Tax Credit - Income for international shipping - Tax treated as expenses <p style="text-align: right; color: blue;">And more...</p>	<ul style="list-style-type: none"> ▶ Financial statements (e.g., reporting package) ▶ Information from tax returns ▶ Deferred tax worksheet ▶ Tax incentives details <p style="text-align: right; color: blue;">And more...</p>

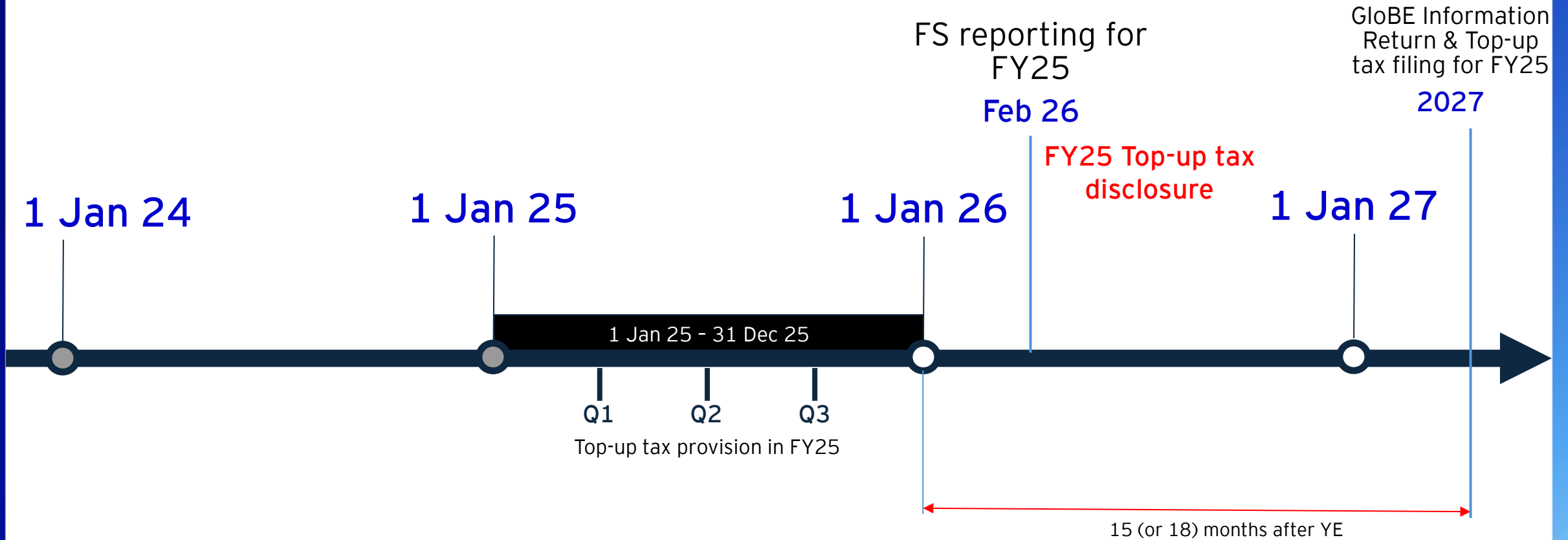
Report into

GIR

Design your Pillar Two journey



Compliance and reporting challenges



Thank You