



RBK

Pillar II updates

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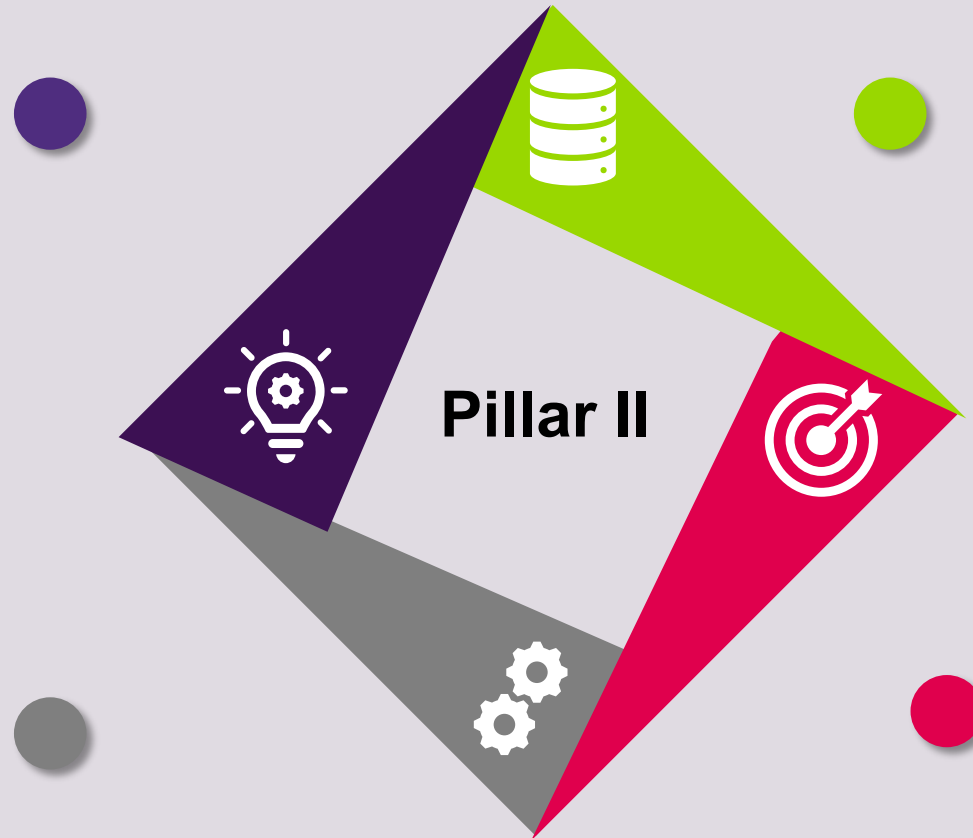
Applicability and scope

Who

- All MNE Groups with **global turnover > €750 million in at least 2 out of 4 years**
- Excluded entities such as Government entities, International organisations, Non-profit organisations, Pension funds or Investment funds that are UPE of an MNE Group. Also Entities owned (90% / 85%) directly or through the chain of the above entities subject to certain conditions – Five-year Election for non-exclusion

What

Global minimum tax of 15% in each jurisdiction (Jurisdictional blending)



How

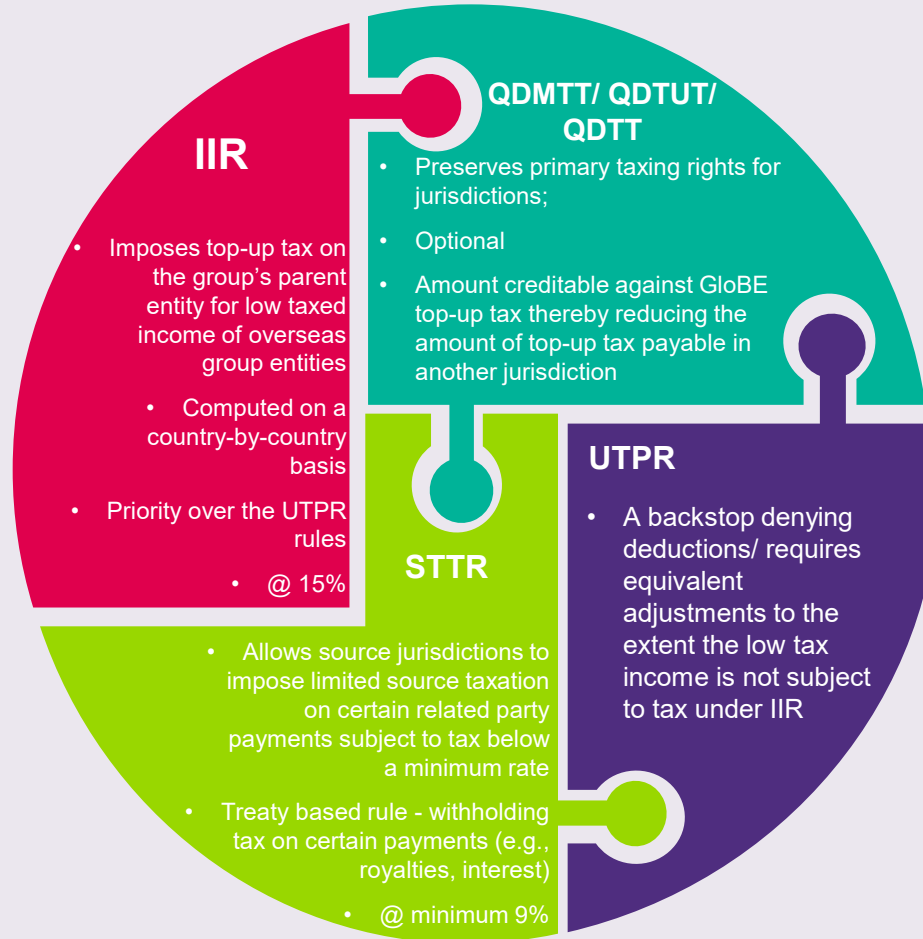
- Compute effective tax rate (ETR) for all jurisdictions
- Top-up tax [Income Inclusion Rule (IIR) + Qualified Domestic Top-up tax (QDTT) + Undertaxed Payment Rule (UTPR)] collected if ETR less than 15%.
- Treaty based Subject to Tax Rule (STTR)

When

- IIR and QDTT: End of 2023
- UTPR: End of 2024

Pillar II basic terms

Income inclusion Rule



Qualified Domestic Minimum Top-up Tax

Subject To Tax Rule

Undertaxed payment Rule

Irish Compliance Requirements

- One-off registration to notify Revenue of PII applicability (within 12 months)
- Annual notification requirement - within 15 months (18 months for the Transitional year) after the last day of the Reporting Fiscal Year
- Retention of relevant records relating to calculation of TuT amounts and liabilities
- Requirement of filing GloBE Information Return (GIR) -
 - within 15 months (18 months for the Transitional year) after the last day of the Reporting Fiscal Year
 - filed directly by the Constituent Entity or by a Designated Local Entity (located in Ireland) or Designated Filing Entity or UPE
- Pay TuT liability within 15 months (18 months for the Transitional year) after the last day of the Reporting Fiscal Year

Irish Pillar II timeline – Example

Example: company with a 31 December 2024 year-end (first year in scope)



Before registration

Confirm in-scope status, taxes triggered, DFE / local filing position, and whether a QDTT group election is needed.

Before 30 June 2026

Have the data, calculations, notifications and payment mechanics ready — first-year deadlines converge on the same date.

Note: timeline shown for a first in-scope fiscal year ending 31 December 2024 in Ireland.

Irish Compliance Requirements - Penalties

Non-compliance	Penalties
Failure to comply with requirements to register, update the registration details or de-register under this section.	€10,000 per entity
Late filing of a GloBE return	5% of final GloBE tax liability (subject to a cap of €50,000) where the return is submitted up to 2 months late, and 10% of the liability (subject to a cap of €200,000) where the GloBE return is submitted later than 2 months
Failure to keep records relating to the GloBE tax filings / liabilities.	€10,000 per entity
Interest charge on late payment of GloBE taxes	0.0219% per day (8% per annum) for each day that an amount of tax is outstanding
Failure to file the TIR / GIR or a relevant notification of filer on time	€10,000 multiplied by the number of months that the return / notification is outstanding, subject to a cap of 48 months
Existing tax-geared penalty regime is also applicable to Pillar II taxes (u/s 1077F)	Sliding scale of penalty levels, from 3% to 100% of the liability due, depending on the facts and circumstances relevant to the under-declaration
Any person who deliberately assists in or induces the making or delivery for any purposes of this Part any incorrect return, account, statement or declaration	€10,000

Transitional penalty relief may apply where –

- *Penalty relates to a fiscal year beginning on or before 31 December 2026 and ending on or before 30 June 2028, and*
- *Constituent entity has taken **reasonable care** to ensure the correct application of Part 4A.*

Audit angle

1. Pillar II is accounting-driven and heavily dependent on audited numbers.
2. Sign off on FS with Pillar II requirements – exposure analysis conducted by client internally ‘vs’ external consultants
3. Compliance risk for client
4. IAS 12, FRS 101 and FRS 102 each require separate disclosure of the current tax expense (income) related to Pillar II income taxes. For accounting periods where Pillar II rules apply, calculations are required to estimate the top-up tax payable by a group or confirm that no top-up tax is due.
5. Consider exposure disclosure in the financial statements under IAS12 – both qualitative and quantitative
6. Awareness level of client - Does the group have a process in place to ensure Pillar II filing deadlines are met?



Latest Updates – Side by Side Package

Key Aspects of the Side by Side Package (Effective from Jan 1, 2026):

- **Side by side (SbS) Safe Harbour:** Applies to MNEs with UPEs in an eligible jurisdiction with a qualifying domestic tax system (e.g., US GILTI/NCTI) and an eligible worldwide tax system as on 1 Jan 2026.
- **UPE Safe Harbour:** Allows MNEs headquartered in jurisdictions with existing minimum taxation to avoid full Pillar Two computations.
- **Simplified ETR Safe Harbour:** A permanent, elective measure testing a simplified 15% effective tax rate on a jurisdictional basis.
- Extension of Transitional CbCR safe harbour (periods beginning on or before 31 December 2027 but excluding periods ending after 30 June 2029).
- Substance-Based Tax Incentive (SBTI) safe harbour for certain incentives.

Side by Side and UPE (permanent) Safe Harbour

SBS safe harbour – Election based

- Effective from 1 January 2026
- UPE must be located in a jurisdiction with a qualified SbS regime (currently only US in OECD's central record)
- Eliminates IIR and UTPR globally, QDTT still applies
- Requires strong domestic and worldwide system
- Further work underway re GIR/ TIR

UPE safe harbour – Election based

- Effective from 1 January 2026
- Effectively replaces transitional UTPR safe harbour that expires in 2025
- Eliminates UTPR only for UPE jurisdiction with an eligible domestic tax system enacted and in effect on 1 Jan 2026;
- Limited scope as IIR and QDTT still applies with UTPR being applicable in other than UPE's tax jurisdictions;
- Jurisdictions meeting these criteria can request the IF to assess the eligibility of its tax regime as Qualified UPE Regime.
- It is currently not clear which jurisdictions are expected to qualify as a Qualified UPE Regime (except for US which is already listed as a qualified SBS regime)

Simplified ETR Safe Harbour

- Commencing on or after 31 December 2026 (i.e., for 2027).
- Election-based
- Calculations include small adjustments (including TP alignment adjustments) to meet the safe harbour requirement in as many low-risk jurisdictions as possible
- Uses financial accounts, not CBCR data.
- Jurisdictions may optionally implement the safe harbour one year earlier, but any such early adoption will only apply where all of the jurisdictions with Pillar II taxing rights over the tested jurisdiction have implemented early.

Other updates

- **Transitional CBCR safe harbour (once out always out):** Extended to 2027 ((periods beginning on or before 31 December 2027 but excluding periods ending after 30 June 2029). 17% transitional rate applicable to the CBCR safe harbour’s “effective tax rate test” in 2026 will also apply to the test in 2027.
- **Permanent Substance-Based Tax Incentive (SBTI) safe harbour (Election-based)** - Applicable from 1/1/2026 onwards for certain jurisdictional expenditure or production-based qualified tax incentives. Substance cap rule limiting the benefit by eligible payroll (5.5%) or tangible assets (1% if 5 year election made).



Journey so far

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1. Spreading awareness among clients
2. Registrations for various Irish clients
3. Calculation and review support to clients
4. Audit support
5. Pillar II tax provision support
6. Building Team to meet PII compliance requirements
7. Potential collaboration with a firm in Middle East
8. Interaction with Revenue triggering updates to TDM in some instances



Questions?

GloBE abbreviations

Abbreviations	Full forms
CBCR	Country by Country Report
ETR	Effective Tax rate
GloBE	Global Anti-Base Erosion
IIR	Income Inclusion Rule
IPE	Intermediate Parent Entity
QDMTT/ QD TT	Qualified Domestic Minimum Top-up Tax (OECD/ Irish usage)
QDTuT	Qualified Domestic Top up Tax (EU usage)
STTR	Subject To Tax Rule
TuT	Top up Tax
UPE	Ultimate Parent entity
UTPR	Undertaxed Profit Rule
SBS SH	Side by side safe harbour
UPE SH	UPE safe harbour
SBTI	Substance-Based Tax Incentive



Thank you



We're by your side

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