

# BEPS Pillar Two: Managing FY24 Compliance

19 February 2026



The better the question. The better the answer. The better the world works.



Shape the future  
with confidence

# Disclaimer

- This material has been prepared for general informational and educational purposes only and is not intended, and should not be relied upon, as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.
- Neither the EY organization nor any of its member firms thereof shall bear any responsibility whatsoever for the content, accuracy or security of any third-party websites that are either linked (by way of hyperlink or otherwise) or referred to in this presentation.
- The views of third parties set out in this webcast are not necessarily the views of the global EY organization or its member firms. Moreover, they should be seen in the context of the time they were made.

# CPE for webcasts

- We will launch at least three polls per CPE credit; participants must attend the full session, and participants must answer at least three polls per CPE credit to receive full credit.
- As a member of the National Registry of CPE Sponsors, EY webcasts must adhere to the National Association of State Boards of Accountancy's (NASBA's) guidelines. We use online participation time and at least three poll responses per CPE credit to prove that each participant has actively participated for the duration of a webcast.

For more information about CPE webcasts, visit us at [www.ey.com/en\\_us/webcasts/cpe](http://www.ey.com/en_us/webcasts/cpe)



# Objectives

In this webcast, participants will:

- Analyze the layers of Pillar Two compliance, including:
  - Registrations
  - GIR
  - Local tax returns – QDMTT and IIR
- Anticipate upcoming compliance obligations
- Recognize initial-year practical considerations and risks
- Assess recent developments from the Side-by-Side package



# Speakers

## Moderator



**Mark Hellmer**

EY Global Compliance and Reporting BEPS Leader

## Speakers



**Sophie Coleman**

EY Tax Accounting and Risk Advisory Services Co-leader, UK



**Ronald van den Brekel**

EY Global Transfer Pricing Market and Innovation Leader



**Brian Foley**

EY Global Tax Accounting and Risk Advisory Services Leader



**Jose A. Bustos**

EY Global ITTS Policy Desk Leader



# Agenda

- |   |  |
|---|--|
| 1 | BEPS compliance: overview                            |
| 2 | BEPS compliance forms: drill down                    |
| 3 | BEPS compliance: first-year considerations and risks |
| 4 | OECD Side-by-Side Package: update                    |
| 5 | Key takeaways  |

# Polling question 1 of 4

Assuming tax authorities release final templates in a timely fashion, how confident are you that you will meet the BEPS Pillar Two FY24 compliance deadlines?

A. Very unlikely to meet deadlines

B. Unlikely to meet deadlines

C. Likely to meet deadlines

D. Very likely to meet the deadlines

E. Not applicable (participant from EY or in academia)

01

# BEPS compliance: overview

# BEPS – Pillar Two enacted legislation: a focus on FY24

Final legislation effective from			
Jurisdiction	Q/DMTT	IIR	UTPR
Australia	FY24	FY24	FY25
Austria	FY24	FY24	FY25
Bahamas	FY24	N/A	N/A
Bahrain	FY25	N/A	N/A
Barbados	FY24	N/A	N/A
Belgium	FY24	FY24	FY25
Brazil	FY25	N/A	N/A
Bulgaria	FY24	FY24	FY25
Canada	FY24	FY24	N/A
Croatia	FY24	FY24	FY25
Cyprus	FY25	FY24	FY25
Czech Republic	FY24	FY24	FY25
Denmark	FY24	FY24	FY25
Finland	FY24	FY24	FY25
France	FY24	FY24	FY25
Germany	FY24	FY24	FY25
Gibraltar	FY24	FY25	N/A
Greece	FY24	FY24	FY25
Guernsey	FY25	FY25	N/A
Hong Kong	FY25	FY25	Unclear
Hungary	FY24	FY24	FY25
Indonesia	FY25	FY25	FY26

Final legislation effective from			
Jurisdiction	Q/DMTT	IIR	UTPR
Ireland	FY24	FY24	FY25
Isle of Man	FY25	FY25	N/A
Israel	FY26	N/A	N/A
Italy	FY24	FY24	FY25
Japan	FY26	FY24	FY26
Jersey	N/A	FY25	N/A
Kenya	FY25	N/A	N/A
Kuwait	FY25	N/A	N/A
Liechtenstein	FY24	FY24	N/A
Luxembourg	FY24	FY24	FY25
Malaysia	FY25	FY25	N/A
Mauritius	FY25	N/A	N/A
Netherlands	FY24	FY24	FY25
New Zealand	N/A	FY25	FY25
North Macedonia	FY24	FY24	FY25
Norway	FY24	FY24	FY25
Oman	FY25	FY25	N/A
Poland	FY25	FY25	FY25
Portugal	FY24	FY24	FY25
Qatar	FY25	FY25	N/A
Romania	FY24	FY24	FY25
Singapore	FY25	FY25	N/A

Final legislation effective from			
Jurisdiction	Q/DMTT	IIR	UTPR
Slovakia	FY24	N/A	N/A
Slovenia	FY24	FY24	FY25
South Africa	FY24	FY24	N/A
South Korea	FY26	FY24	FY25
Spain	FY24	FY24	FY25
Sweden	FY24	FY24	FY25
Switzerland	FY24	FY25	N/A
Thailand	FY25	FY25	FY25
Turkiye	FY24	FY24	FY25
United Arab Emirates	FY25	N/A	N/A
United Kingdom	FY24	FY24	FY25
Uruguay	FY25	N/A	N/A
Vietnam	FY24	FY24	N/A

Summary		Number of jurisdictions		
		Q/DMTT	IIR	UTPR
Legislation effective from	FY24	34	32	0
	FY25	52	46	30
	FY26	55	46	32

## Ledger

 Jurisdictions with FY24 filing obligations

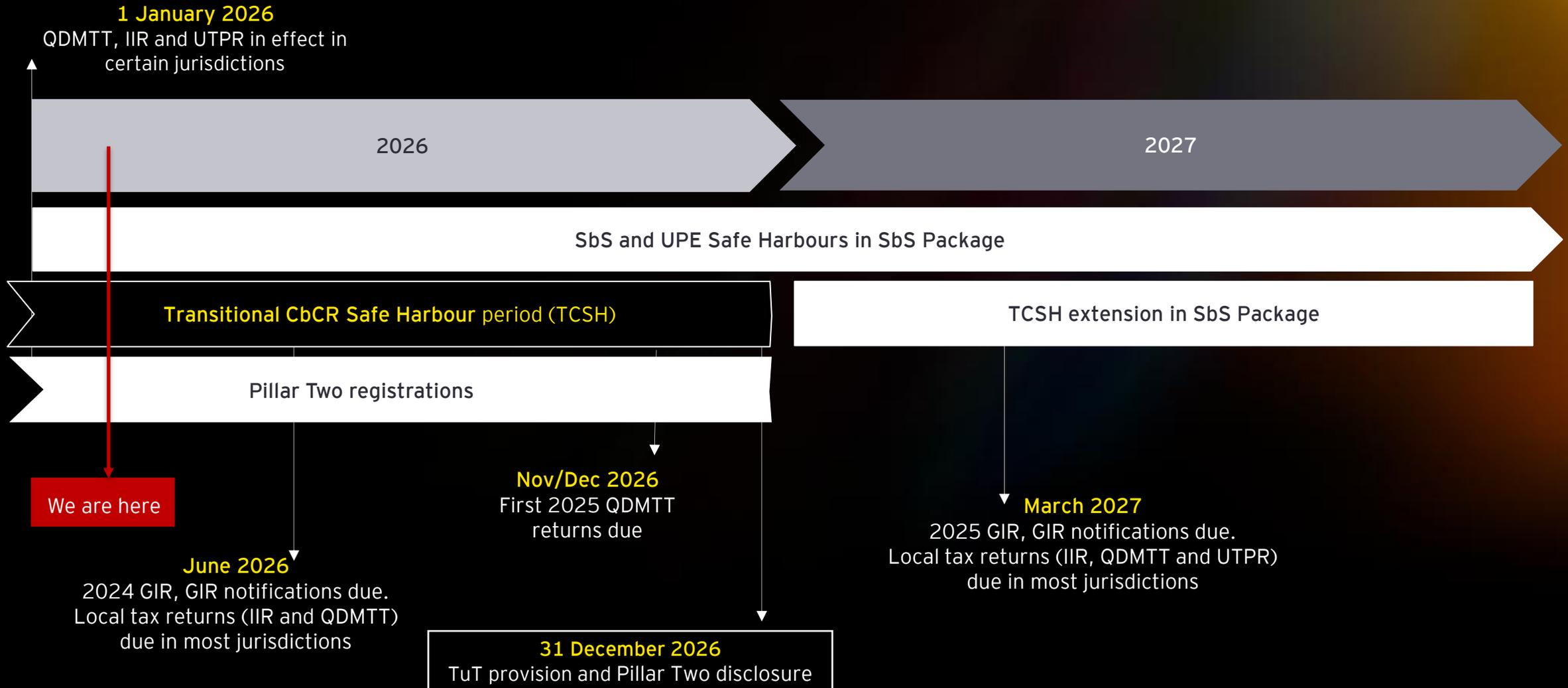
Acronyms:

- IIR (Income Inclusion Rule)
- UTPR (Undertaxed Profits Rule)
- Q/DMTT (Qualified / Domestic Minimum Top-up Tax)

Source: EY BEPS Developments Tracker [Base Erosion and Profit Shifting \(BEPS\) 2.0 | EY - global](#)

Note: Developments Tracker cut-off date – As of 16 February 2026

# BEPS – Pillar Two compliance timeline: calendar year-end example



# Key components of Pillar Two compliance journey

Successful delivery of Pillar Two compliance relies on robust technical analysis and data mapping, technology implementation and an effective compliance operating model.

## Phase 1 | Pre-compliance readiness

Pre-compliance readiness is crucial to lay a solid foundation for successful Pillar Two compliance work. Activities include:

- Entity classification
- CbC financial statement qualification
- Identification of TCSH and GloBE adjustments
- TCSH and GloBE assessments
- Identification of data sources
- Basis of preparation
- Operating model

## Phase 2 | Technology approach

Leverage the work performed under “Pre-compliance readiness” to set up a solution for Pillar Two compliance. Activities include:

- Technology approach
- Technology configuration
- Data collection, mapping, validation and transformation
- Process and governance alignment

## Phase 3 | Pillar Two compliance filing

Activities potentially performed under Pillar Two compliance phase:

- Pillar Two registrations
- TCSH calculation
- GloBE Information Return (GIR)
- GIR Notifications
- QDMTT, IIR calculations
- QDMTT, IIR returns
- QDMTT, IIR payments

Monitor legislative updates

Ongoing governance process

02

---

## BEPS compliance forms: drill down

# BEPS Pillar Two FY24 compliance considerations

## Local Pillar Two legislation defines compliance requirements

- **Local country Pillar Two registrations: ONGOING**
  - Vary by jurisdiction. Several filing deadlines passed in 2025. Other filing deadlines are due in the coming months. Updates may be required.
- **Local country GIR notifications: GENERALLY DUE 30 JUNE 2026\***
  - Informs local tax authorities about which entity is submitting the GIR, and where it is being filed,
  - Certain jurisdictions require this information earlier than 30 June 2026.
- **GIR: DUE 30 JUNE 2026\***
  - Standard filing to report group structure, jurisdictional ETRs, top-up tax calculations and related information.
  - Required for all in-scope MNEs, regardless of elected Safe Harbours.
  - GIR filing jurisdiction exchanges relevant sections with other jurisdiction that have Pillar Two taxing rights.
  - Complex information reporting. Simplification may begin in FY26.
- **QDMTT and IIR returns: GENERALLY DUE 30 JUNE 2026\***
  - Vary by jurisdiction
  - Based on local Pillar Two laws
  - Local returns may include limited information and refer to GIR for details
- **Prepayments: VARIOUS DEADLINES**
  - Applicable where tax liabilities are due for FY24 (Hungary, Belgium, Bahrain, Italy)
- **UTPR returns: NOT APPLICABLE FOR FY24**

\*31 December 2024 year-end companies

# Registrations

An information filing is required in many but not all jurisdictions to notify a local tax authority of the local entities subject to GloBE:

- 12 country registration deadlines have passed
- 15 country registration deadlines prior to 1 July 2026

Format and information required vary by jurisdiction:

- Identification of the local entities in an MNE Group
- Legal ownership of the local entities
- Identity of the local designated filing entity
- Some jurisdictions require information to determine IIR taxing rights and entity classifications

In many cases, entities will be provided with GloBE Identification Numbers as part of or post the registration process. These GloBE identification numbers are necessary for subsequent filings of GIR notifications, the GIR or local Pillar Two Returns.

## Jurisdictions with past registration deadlines

Bahrain
Belgium
Denmark
Hong Kong
Isle of Man
Jersey
Kuwait
Liechtenstein
Lithuania
Mauritius
United Kingdom
Vietnam

Jurisdiction	Registration due prior to 1 July 2026*
Gibraltar	28 February 2026
Guernsey	28 February 2026
Hungary	28 February 2026
Ireland	28 February 2026
Barbados	6 March 2026
Lithuania	31 March 2026
Portugal	31 March 2026
Sweden	31 March 2026
South Africa	30 April 2026
Canada	30 June 2026
Finland	30 June 2026
Luxembourg	30 June 2026
New Zealand	30 June 2026
Singapore	30 June 2026
Switzerland	30 June 2026

\*Source: EY BEPS 2.0 Pillar Two Development Tracker.

# GIR: what is it and what is in it

The GIR is a standard filing to report group structure, jurisdictional ETRs, top-up tax calculations and related information. It is **required for all in-scope MNEs**, regardless of elected Safe Harbours, and is filed using standard XML formats.

Section 1: MNE Group information	Section 1.4: High-level summary	Section 2: Safe Harbours and exclusions per ETR subgroup	Section 3: GloBE computations per ETR subgroup or entity
<p>1.1 Filing entity details and type</p> <p>1.2 MNE Group details</p> <p>1.3 Corporate structure:</p> <ul style="list-style-type: none"><li>▪ UPE details</li><li>▪ Entity details, ownership, classification, type of parent, status of jurisdictional legislation</li><li>▪ Excluded entities</li><li>▪ Changes in entity type</li></ul>	<p>Summary data points by jurisdiction/ETR blending subgroup.</p>	<ol style="list-style-type: none"><li>1. NMCE simplification</li><li>2. TCSH</li><li>3. UTPR</li><li>4. De-minimis</li><li>5. Initial activity</li><li>6. QDMTT SH</li><li>7. Differences in Safe Harbour analysis under local rules compared to Model Rules</li></ol>	<ol style="list-style-type: none"><li>1. Computed using local rules or Model Rules dependent on number of countries with a taxing right</li><li>2. Key differences arising under local rules highlighted</li><li>3. Full top-up-tax calculations by sub group and entity (unless the transitional simplified jurisdictional reporting framework applies)</li><li>4. Jurisdictional and entity elections</li><li>5. IIR/QDMTT/UTPR allocation</li></ol>

# GIR: delivery and dissemination

- The general rule is that the GIR must be filed in all jurisdictions with a taxing right.
- When filed in the UPE or a Designated Filing Entity jurisdiction, the tax authority exchanges relevant sections with other jurisdictions that have an applicable GloBE taxing right and have effective exchange agreements in place.
  - The local entities will need to file a GIR notification with their local tax authority to explain that the GIR will be received through exchange. This is generally due at the same time as the GIR would have been filed, with a few jurisdictions expecting the information at an earlier date.
  - If there is no effective exchange relationship in place, local entities will have to file the GIR.
- When selecting a Designated Filing Entity, it's important to consider:
  - **Objective points** such as number of effective exchange relationships in place, resources in jurisdiction, clarity of rules in jurisdiction and filing facility.
  - **Subjective points** such as tax authority considerations (e.g., tax controversy) and the Group's communication channels with tax authorities.
- The GIR is generally filed by uploading the XML to the relevant tax authority portal.
- Some jurisdictions (such as Canada and United Kingdom) require a software-to-software solution.
- The Side-by-Side Package may lead to some simplification of the GIR starting in FY26.

# Activated exchange relationships

**Current signatories to the MCAA:** Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Gibraltar, Hungary, Ireland, Italy, Japan, South Korea, Liechtenstein, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom.

**Jurisdictions that have implemented with respect to FY24 still to sign the MCAA:** Bahamas, Barbados, Bulgaria, Croatia, Cyprus, Czech Republic, Greece, North Macedonia, Romania, Türkiye, Vietnam.

Activated relationships		To jurisdictions														
		Australia	Austria	Denmark	Gibraltar	Hungary	Ireland	Japan	Liechtenstein	Luxembourg	Norway	Slovak Republic	South Africa	Spain	United Kingdom	Other EU Member States
From jurisdictions	Australia					MCAA			MCAA				MCAA			
	Austria			DAC 9		DAC 9	DAC 9	MCAA	MCAA	DAC 9	MCAA	DAC 9	MCAA	DAC 9	MCAA	DAC 9
	Denmark		DAC 9			DAC 9	DAC 9	MCAA	MCAA	DAC 9	MCAA	DAC 9		DAC 9	MCAA	DAC 9
	Gibraltar					MCAA			MCAA	MCAA			MCAA			
	Hungary	MCAA	DAC 9	DAC 9	MCAA		DAC 9	MCAA	MCAA	DAC 9	MCAA	DAC 9	MCAA	DAC 9	MCAA	DAC 9
	Ireland		DAC 9	DAC 9		DAC 9		MCAA	MCAA	DAC 9	MCAA	DAC 9	MCAA	DAC 9	MCAA	DAC 9
	Japan		MCAA	MCAA		MCAA	MCAA		MCAA	MCAA	MCAA	MCAA	MCAA	MCAA	MCAA	
	Liechtenstein	MCAA	MCAA	MCAA	MCAA	MCAA	MCAA	MCAA		MCAA	MCAA	MCAA	MCAA	MCAA	MCAA	
	Luxembourg		DAC 9	DAC 9	MCAA	DAC 9	DAC 9	MCAA	MCAA		MCAA	DAC 9	MCAA	DAC 9	MCAA	DAC 9
	Norway		MCAA	MCAA		MCAA	MCAA	MCAA	MCAA	MCAA		MCAA	MCAA	MCAA	MCAA	
	South Africa	MCAA	MCAA		MCAA	MCAA	MCAA	MCAA	MCAA	MCAA	MCAA			MCAA	MCAA	
	Spain		DAC 9	DAC 9		DAC 9	DAC 9	MCAA	MCAA	DAC 9	MCAA	DAC 9	MCAA		MCAA	DAC 9
	United Kingdom		MCAA	MCAA		MCAA	MCAA	MCAA	MCAA	MCAA	MCAA	MCAA	MCAA	MCAA		
	Other EU Member states		DAC 9	DAC 9		DAC 9	DAC 9			DAC 9		DAC 9		DAC 9		DAC 9

Automatic exchange is enabled between EU Member States under DAC9. Other EU Member States that have implemented DAC 9 include: Belgium, Croatia, Cyprus, Czechia, Finland, France, Germany, Greece, Italy, Netherlands, Poland, Portugal, Romania, Slovenia, Sweden.

Source: Automatic Exchange of Information - Exchange relationships | OECD

Last updated: 13 February 2026

# Non-exhaustive list of strategic, technical and practical GIR considerations

GIR general considerations	Consistency with local Pillar Two tax returns	160+ validation checks specified by the OECD to be passed (additional local checks expected)	Complex technical rules not sufficiently analyzed for tax compliance purposes	Collecting filing info necessary for the GIR filing (e.g., Filing Identification Number)
	Identification of processes to be put in place to ensure data accuracy	Estimate time required for gathering and organizing information to plan and manage deadlines	Understand local delivery mechanisms (XML meeting local standards and where software transmission rather than file upload is required)	Identify tasks required and manage and assign tasks and responsibilities to teams
GIR section 1 considerations	Complete and accurate ownership data required as this drives taxing rights and ETR subgroups	Complete and accurate BEPS classifications (e.g., MOPEs, JVs, FTEs, Investment Entities)	Which changes in ownership and classifications to report? Impact on calculations.	Obtaining TINs or alternatives as 'NOTIN' generally not acceptable
GIR sections 2 and 3 considerations	TCSH based on qualifying CbCR and aligned data sources for tax and other adjustments	Timing of the introduction of Admin Guidance into local law and other differences	Key indicators when local laws differ from Model Rules	Assess applicability of simplified jurisdictional reporting vs. entity-by-entity reporting
	Identification of correct GAAP and currency for QDMTT calculations	Analysis and strategy around Pillar Two elections	Tracking and identification of transition and other GloBE attributes (e.g., DTL recapture)	Interaction with other tax transparency disclosures e.g., Private and Public CbCR

# Local returns: QDMTTs and IIRs

For FY24, each jurisdiction has its own version of GloBE returns (relating to the local QDMTTs and IIRs) and filing procedures

There are four approaches to local returns. All rely on the GIR as their data source.

## "Declaration of payment"

- One return covering all three liabilities (local QDMTT, IIR, UTPR) by entity
- Only filed if a liability is due.
- Minimal data – liabilities by entity
- Examples of jurisdictions adopting this approach include: Canada, France, Nordics

## "Bare minimum"

- One return covering all three liabilities or a separate return per tax
- Due even if no top up tax
- Minimal data – liabilities by entity only
- Examples of jurisdictions adopting this approach include: United Kingdom, Ireland

## "Bare minimum plus"

- One return covering all three liabilities or a separate return per tax
- Minimal GloBE data – liabilities by entity only
- Additional non-GIR data
  - Cross-border arrangements – Germany
  - Prepayment info – Belgium

## "Full plus"

- Generally, a separate return per tax liability
- GloBE/QDMTT calculations data
- May have additional information requirements:
  - Vietnam includes a reconciliation
- Examples of jurisdictions adopting this approach include: Switzerland and Vietnam

## Local forms vary in:

- Complexity
- Timing
- Delivery method (e.g., XML upload, XML plus API, manual entry into a Portal)
- Rules on whether an authorized agent can submit
- Return per entity or return covering all entities filed by the local designated filing entity

# Local returns: QDMTTs and IIR points to consider

- Identify and collect additional data points now.
- Ensure the calculations for the returns are prepared using local law.
- Ensure results are consistent with GIR – e.g., total QDMTT for a jurisdiction should match, aggregation of IIR liabilities allocated to entities in the jurisdiction should be consistent with the tax return (may be differences due to Model Rules vs. local law).
- Allow time for XML validation checks.
- Allow time to obtain GloBE Registration Number or Unique IDs that may be required to complete filings.
- Understand local submission protocols (authorized advisor vs. MNE, registration requirements, etc.).
- Allow time for jurisdictions that require manual entry to file.
- Understand, unlike the GIR and GIR notifications, QDMTT and IIR filing deadlines are at the discretion of each jurisdiction. Some jurisdictions have delayed early filing deadlines.
- Prepare for some tax authorities to release local return formats and delivery mechanisms close to filing deadlines.
- Prepare for some tax authorities to release additional data requirements for local returns close to filing deadlines.
- Prepare for potential year-one filing glitches and workarounds.

## Polling question 2 of 4

Which of these best describes your organization's ability to produce the GloBE Information Return (GIR)?

- A. Not yet analyzed
- B. Analysis performed and gaps identified
- C. Analysis performed, data sources identified, and manual procedures designed
- D. Retrieval of data points for GIR (nearly) fully automated
- E. Not applicable (participant from EY or in academia)

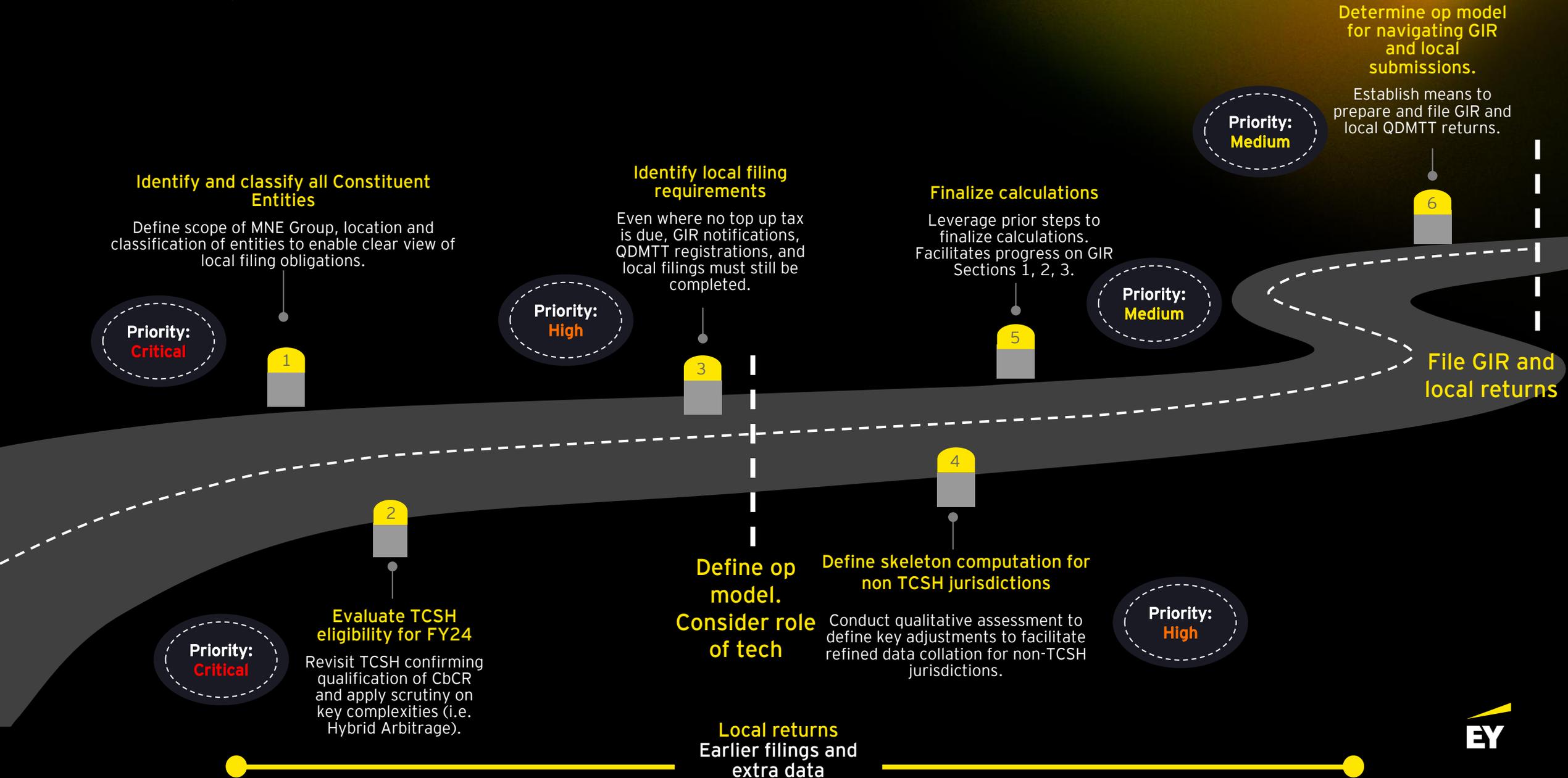
03

**BEPS compliance: first-year considerations and risks**

## Risks of noncompliance

- Most jurisdictions have specified penalties for not filing the GIR, local GloBE returns, registrations and GIR notifications.
- Many jurisdictions have personal liability exposure for officers or directors involved in tax noncompliance.
- Many companies have published tax policies/tax strategies that publicly assert their commitment to filing required tax returns on time, consistent with the letter and spirit of applicable tax laws. Failure to file required tax returns may be elevated to C-suite, Risk Management, General Counsel and/or the Board of Directors.

# The pragmatic roadmap to compliance



## Polling question 3 of 4

What is the greatest concern for your company regarding Pillar Two compliance?

- A. Gathering the data needed for the GIR and QDMTT filings
- B. The technology issues associated with filing returns
- C. The time and resource crunch before 30 June 2026
- D. Understanding how the Model Rules and Administrative Guidance apply to my company
- E. Other
- F. Not applicable (participant from EY or in academia)

04

**OECD Side-by-Side Package: update**

# Overview of the Pillar Two Side-by-Side Package

On 5 January 2026, the OECD released a Pillar Two administrative guidance package detailing the “side-by-side” (SbS) arrangement. The package includes the following components:

SbS System: SbS Safe Harbour and UPE Safe Harbour

Simplified ETR Safe Harbour

Substance-based Tax Incentive Safe Harbour

One year extension of the Transitional CbCR Safe Harbour (TCSH)

On the same date, the OECD’s central record website listed the United States as a UPE jurisdiction meeting the SbS Safe Harbour (but did not list any other jurisdictions).\*

\* [Link: Central Record for purposes of the Global Minimum Tax | OECD](#)

# Effects of electing for SbS safe harbour

		FY24 and FY25	FY26 onwards
Jurisdiction has <b>not</b> implemented Pillar Two but has a qualified SbS regime	UPE	UTPR may be charged unless transitional UTPR safe harbour applicable	UTPR deemed to be zero
Jurisdiction has implemented IIR, UTPR and QDMTT legislation	IPE	<ul style="list-style-type: none"> <li>✓ IIR</li> <li>✓ UTPR</li> <li>✓ QDMTT</li> </ul>	<ul style="list-style-type: none"> <li>✗ IIR</li> <li>✗ UTPR</li> <li>✓ QDMTT</li> </ul>
Jurisdiction has <b>not</b> implemented Pillar Two	CE	IIR or UTPR may be charged in respect of the CE's low-taxed profits	IIR and UTPR deemed to be zero for all jurisdictions
		No change	

- SbS safe harbour only applicable when UPE jurisdiction has qualified SbS regime: not applicable if IPE has SbS regime
- Electing MNE groups remain subject to GIR filing obligations
- GIR template will be updated with new data fields for SbS safe harbour

# Local implementation considerations

- Analysis of IIR/UTPR jurisdictions conducted before the release of the OECD package suggest that most jurisdictions will require legislation to implement the January 2026 package.
- Jurisdictions such as New Zealand, Gibraltar and Liechtenstein may automatically adopt the January 2026 package.
- Previous Agreed Administrative Guidance has been implemented in stages with the result that some elements of the administrative guidance are not applicable at the same time in all jurisdictions.
- It will be important to monitor timing of jurisdictional implementation of the January 2026 package and track when it will be effective.

“

The European Commission acknowledges The Organisation for Economic Co-operation and Development (OECD) Inclusive Framework Agreement on Safe Harbours adopted on 5 January 2026 and confirms its application in the context of Council Directive (EU) 2022/2523 [...]

**EC notice, 12 January 2026**

# What it means for you

## US headquartered groups

- Status quo for FY24 and FY25
- FY26 onwards, no IIR or UTPR, depending on domestic implementation
- GIR still required
- No changes in QDMTT application in jurisdictions outside US
- US foreign tax credit profile critical in evaluating double taxation risk
- Jurisdictions outside US: ETR, incentives and substance remain critical

## All others

- SbS Safe Harbour not applicable
- GloBE ETR management for all jurisdictions (including US) still key
- No changes in GIR, QDMTT, IIR and UTPR compliance
- Monitor if any other jurisdiction is listed as having a qualified SbS regime and qualified UPE regime on the Central Record

# Simplified ETR Safe Harbour

- Conditions for eligibility:
  - Simplified ETR of at least 15% or Simplified Loss
  - Four integrity principles
  - No Top-up Tax liability for tested jurisdiction in prior two years
- Source: In principle Consolidated Financial Statements
- Effects of elective Safe Harbour:
  - Top-up tax deemed zero (for IIR, UTPR and QDMTT) in tested jurisdiction
  - Simplification?
- No “once out, always out” rule
  - Entry and re-entry criteria
- Implementation
  - Fiscal years beginning on or after 31 December 2026
  - Jurisdictions may make the Safe Harbour available one year earlier under conditions
- Follow-up work on de minimis and routine profits test

## Reliance on financial accounts

### Simplified taxes

Basic adjustments. E.g.:

- Taxes that are not covered taxes
- UTPs/VAs
- Tax credits
- Taxes related to not-included income
- Recasting (15%) of deferred taxes
- Upfront DTL recapture rule

Optional adjustments

### Simplified income

- Basic adjustments (e.g. dividends, equity gains and losses)
- Industry, conditional and optional adjustments
- GloBE elections
- Substance-based Taxed Incentive SH

- Computed on jurisdictional basis, not entity by entity
- Transition year not pushed back
- Tax adjustments after year end
- M&A Simplification
- Integrity rules

## Polling question 4 of 4

How will the Side-by-Side Safe Harbour (SbS SH) impact your approach to Pillar Two compliance?

- A. Not eligible for the Side-by-Side Safe Harbour
- B. SbS SH eligible and central QDMTT calculations, tailored to local requirements by local staff
- C. SbS SH eligible and local QDMTT calculations by local finance or tax staff
- D. SbS SH eligible and local QDMTT calculations outsourced to a third-party service provider
- E. Not applicable (participant from EY or in academia)



05

**Key takeaways**

# Key takeaways

After participating in this session, you should now be able to recognize:

- Various Pillar Two compliance requirements, including:
  - Registrations
  - Global GIR and Local GIRs
  - QDMTTs and IIRs
- Upcoming Pillar Two compliance obligations
- First-year practical considerations and risks for Pillar Two compliance
- Recent developments related to the Side-by-Side Package

# Thank you

## EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multidisciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

**All in to shape the future with confidence.**

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](https://ey.com/privacy). EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit [ey.com](https://ey.com).

© 2026 EYGM Limited.  
All Rights Reserved.

EYG no. 001110-26Gbl  
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

[ey.com](https://ey.com)