IMPLEMENTATION ISSUES OF GMT

Regional Outreach Meeting on International Tax Developments
for
Europe and Central Asia
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BETTER POLICIES FOR BETTER LIVES

Global Minimum Tax
Facts and figures

15% ETR

Puts a floor under tax competition on “mobile” income

750 million EUR revenue

Consolidated annual revenue - large MNEs only

60 + countries

Implementing as of 2024, 2025 or 2026

15 + countries

Intend to implement or are considering implementation

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COMPLIANCE FRAMEWORK

Background

- As jurisdictions began implementing the rules, significant legislative, administrative and compliance challenges emerged.
- Structured dialogue (Amsterdam Dialogue) to identify key areas where support is needed for GloBE implementation and compliance activities and develop common solutions to common needs
- ***Global Minimum Tax Implementation Toolkit*** published in May 2026
  - Practical guidance and best practices on upfront compliance to ensure consistent implementation and application of the GMT
  - Draws on experience from early implementers
  - Best practices meant to serve as guidelines for implementing jurisdictions in the design their administrative framework and not to set standards.



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GMT Compliance Framework - Overview

Registration

- Support the identification of in-scope MNEs
- Establish single point of contact

GIR filed centrally or Notification

- Information on GMT calculations
- Basis for verifications

GMT return

- Triggers the local GMT liability and payment obligation

Payment

- Collection of the top-up tax

Penalties

- Incentivise compliance

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Digital compliance process

- GMT involves consolidation and exchange of large volume of data maintained across multiples jurisdictions
- Fully digitalised compliance process strongly advisable
  - Improves accuracy and timeliness of filings
  - Reduces administrative costs
  - Facilitates compliance by in-scope MNE Groups

Fully paperless

Accessible and user-friendly

Single online portal

Delegated filing

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Registration

Purpose

- Identification of in-scope MNE Groups
- Assignment of an identification number to all local Constituent Entities
- Single point of contact for subsequent compliance requirements

Best practices

- Assessing need for registration and considering alternative sources of information (e.g. CbCR, CIT database)
- Collection of essential identification information only
- One-time registration with single filing entity acting for the MNE Group
- Allowing sufficient time for registration (e.g. 5-6 months after the end of Fiscal Year)

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Example of registration information

Information that may be collected

- Name, TIN and contact details of
  - the Filing Constituent Entity (FCE)
  - the Designated Local Entity (DLE)
  - Any other Domestic CEs whose obligations will be met by the FCE

Information that should be avoided

- Presentation currency or accounting standards used
- Information on foreign CE (other than the UPE or the FCE)
- Top-up Tax liability
- Elections

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GMT Return

Purpose

- Establishes legal tax liability
- Triggers payment obligations

Best practices

- Refraining from requiring the reporting of duplicative and/or additional data points in the tax return that go beyond the GIR
- Aligning deadline with the GMT timeline (filing and statute of limitations)
- Single filing entity acting for the MNE Group

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Example of GMT return information

Information that may be collected

- Currency conversion
- Top-up tax liability under each applicable charging rules
- Top-up Tax liability for each domestic CEs

Information that should be avoided

- Information on
  - GloBE Income
  - Covered Taxes
  - SBIE
  - Safe Harbours
  - Elections

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Payment and penalties

Payment obligations – best practices

- Avoiding advance or instalment payments
- Single payor

Penalties – best practices

- Appropriate GMT penalties - dissuasive, effective and proportional
- Distinguishing between type of non-compliance
- Grace period & transitional period relief

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QDMTT & LOCAL FINANCIAL ACCOUNTING STANDARD

GloBE Rules – accounting standard

- FANIL is used to compute the ETR
- **Starting point**: Constituent Entity's Financial Accounting Net Income or Loss (FANIL)
- **General rule**: used in preparing **Consolidated Financial Statements** of the UPE prior to adjusting most intra-group transactions.
  - If not reasonably practicable to follow CFS accounting standard, CE must show that its financial accounts are maintained using another Acceptable Financial Accounting Standard or an Authorised Financial Accounting Standard, information is reliable, and permanent differences exceeding €1M are adjusted
- Consistent use of accounting standard prevent mismatches.

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QDMTT and accounting standard

QDMTT jurisdictions can use the Local Financial Accounting Standard

- QDMTT can either be computed based on
  - Accounts used for preparing the CFS (CFS Accounting Standard); or
  - Local Financial Accounting Standard (LFAS)

QDMTT Safe Harbour

- LFAS must either be an acceptable accounting standard or be adjusted to remove ‘material competitive distortions’
- All local Constituent Entities must prepare accounts in that standard and these must be externally audited
- QDMTT fiscal period of local Constituent Entities can be different from UPE’s Fiscal Year and fiscal period used for CFS (subject to conditions) (2026 September AG, see Annex)
- If some Constituent Entities do not prepare accounts in the standard, must use the CFS Accounting Standard

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Some factors

CFS

- More aligned with GloBE Rules so less likely to charge beyond GloBE minimum ETR
- Preferred by many businesses
- Shared risk assessment/administration with other implementing countries
- Group-wide standard
- Less scope to adjust accounting policies to affect QDMTT outcome

Local accounts

- Familiarity with the local accounting standard
- May hold existing data to compare/aid with risk assessment

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Simplified ETR Safe Harbour

Simplified ETR Safe Harbour

- Simplified calculation of income and taxes
- Test whether simplified ETR is at least 15% on a jurisdictional basis, based on data collected within the existing accounting systems used by the MNE Group.
- Applicable as of 2027 (possible as from 2026 when no coordination issues arise)

Source of information

- Simplified calculation generally computed using the same source of information used for GloBE purposes (i.e. CFS Financial Accounting Standard)

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LFAS and Simplified ETR Safe Harbour

Source of information for QDMTT LFAS jurisdictions

- Use of LFAS when computing the Simplified ETR Safe Harbour
- QDMTT LFAS jurisdiction may allow MNE Groups to use the CFS Accounting Standard instead of LFAS where the tax administration is familiar with, or considers that standard sufficiently similar to the LFAS
- The IF will collect and publish information on the accounting standards that QDMTT LFAS jurisdictions allow for Simplified ETR Safe Harbour purposes

Rationale

- Reduces the need for tax administrations to review computations prepared under unfamiliar accounting standards
- Facilitates compliance and administration while maintaining consistency

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ROUNDTABLE

Discussion

Compliance framework

- Has your jurisdiction introduced other compliance obligations beyond the filing of the GloBE Information Return (e.g. registration, Top-up Tax Returns, advance payments)?
- Do other compliance obligations (if any) apply on a CE-by-CE basis?
- What information is required upon registration (if relevant in your jurisdiction)?
- What information is required in the Top-up Tax return (if relevant in your jurisdiction)?
- What key implementation challenges have arisen (if any)?
- Has your jurisdiction adopted any simplifications to support compliance with the GMT?

QDMTT and LFAS

- Why has your jurisdiction adopted (or not adopted) the Local Financial Accounting Standard Rule?
- Where LFAS is used for QDMTT computations, does your jurisdiction allow (or plan to allow) the use of other Authorised Financial Accounting Standards for Simplified ETR Safe Harbour computations?
- Which Authorised Financial Accounting Standard(s) are permitted or under consideration? What factors informed your jurisdiction's decision?

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ANNEX

AG on use of LFAS in case of mismatching fiscal periods (September 2026)

QDMTT Safe Harbour - Accounting Standard

- QDMTT to be computed based on the CFS Accounting Standard where Fiscal Year of a Constituent Entity's financial accounts is different from Fiscal Year of the CFS.
- Uncertainty as to whether the QDMTT must be computed based on the CFS Accounting Standard when the fiscal period of the Constituent Entity does not align with the UPE's Fiscal Year

Administrative Guidance

- Use of LFAS where the QDMTT fiscal period matches the period used in the CFS, regardless of whether it aligns with the UPE's Fiscal Year
- LFAS is still used if a jurisdiction requires a different QDMTT Fiscal Period from both the UPE's Fiscal Year and the period used in the CFS
  - In such cases, the QDMTT Safe Harbour applies for the UPE's Fiscal Year only if it applies to all Required QDMTT Fiscal Periods that begin or end within that UPE Fiscal Year
  - If any relevant QDMTT fiscal period does not qualify, the QDMTT Safe Harbour does not apply for that UPE Fiscal Year, and Domestic Top-up Tax is allocated across the QDMTT fiscal period on a monthly basis

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