Grant Thornton

Pillar 2 compliance roadmap – Exemptions and exclusions

Transcript

00:00:07:29 - 00:00:20:05

MONIQUE PISTERS:

Welcome to part two of our seven step approach for the Pillar 2 compliance process. In this video, I will elaborate further on which entities are excluded from Pillar 2.

00:00:20:07 - 00:01:14:14

MONIQUE PISTERS:

Pillar 2 differentiates between constituent entities and excluded entities. The constituent entities of a multinational group include all the entities within the group. Under Pillar 2, permanent establishments are treated as separate constituent entities. The consolidated turnover of €750 million consists of all constituent entities, so including the permanent establishments of a multinational group. Excluded entities are not subject to the provisions of Pillar 2, and that means that in principle, they will be excluded from the global minimum tax of 15%. However, their revenue is still taken into account for purposes of the consolidated revenue test.

00:01:14:16 - 00:01:50:27

MONIQUE PISTERS:

Excluded entities are governmental entities, international organizations, nonprofit organizations, and pension funds, as well as any investment fund or real estate investment vehicle that is the ultimate parent entity of a multinational group. Furthermore, under certain conditions, entities are excluded from Pillar 2 in case they are held for at least 85% or 95% by excluded entities.

00:01:51:00 - 00:02:18:06

MONIQUE PISTERS:

So there are quite some exemptions of Pillar 2. In the next video, we will zoom in on safe harbors. For now, if you have any questions, please contact me or one of my colleagues. And thank you for watching.

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