

## OECD Pillar Two – information return updates released

On 15 January 2025, the G20/OECD Inclusive Framework ('OECD Inclusive Framework') published a number of documents including: **an updated version of the Pillar Two information return** (GloBE Information Return or GIR) template; additional agreed administrative guidance on the **basis for completing information returns**; new annexes on **notification templates** and **transitional penalty relief**; a **multilateral agreement for the exchange of information returns** between tax authorities; and an agreed **XML schema and user guide** for the filing and exchange of information returns digitally.

The Pillar Two global minimum tax rules ('model rules') have been agreed by more than 140 members of the OECD Inclusive Framework. Countries are in the process of implementing rules in local legislation, which began to apply from January 2024. The Pillar Two rules apply to large multinational groups with annual consolidated group revenue of **at least €750 million**, and result in 'top-up' tax amounts to bring the overall tax on profits in each country where a group operates up to a 15% minimum effective tax rate. The key components are: **qualified domestic minimum top-up taxes (QDMTT)** which allow countries to charge any top-up taxes due in respect of local profits; the **income inclusion rule (IIR)** under which parent company countries apply the top-up tax rules on a top-down basis; and the **undertaxed profits rule (UTPR)** which will apply as a secondary (backstop) rule where the other rules have not been fully applied.

### Deloitte comments

The information return is the key document for businesses' Pillar Two compliance, and it is important that it is finalised as soon as possible. Some businesses might have been hoping that the OECD Inclusive Framework would reduce the number of data points required, but the updated return is broadly similar to the earlier version. However, businesses will want to avoid the need for multiple additional local Pillar Two tax returns requiring substantive data, as this would inevitably lead to inconsistencies and reduce the ability to efficiently centralise compliance processes. The approach taken by the OECD Inclusive Framework in having an information return agreed as sufficient for both risk assessment and to assess any top-up tax due will, it is hoped, deter countries from introducing onerous additional local compliance requirements.

A potential additional complication identified in the latest version of the information return is that in situations where more than one country has taxing rights over a low-taxed country (e.g. where both an ultimate parent entity subject to an IIR and a partially-owned parent entity subject to an IIR in a different country have subsidiaries in the same low-taxed country) businesses will need to prepare the information return based on the OECD model rules and additionally undertake the same calculations based on each ownership country's local implementation of the Pillar Two rules, if there are differences. This is likely to be most challenging in the early years of Pillar Two as countries enact legislation and updates at differing paces. Helpfully, this will not be necessary where the local low-taxed country has a suitable QDMTT, and the transitional country-by-country reporting safe harbour in the early years will also reduce the number of situations where additional data and calculations are required.

The OECD Inclusive Framework has developed a useful notification template for countries to use if they wish, to provide them with information on where the information return will be filed overseas. This is consistent with the approach for the information return to be filed once centrally, usually with the tax authority of the parent entity country, and then appropriate, necessary information exchanged with other relevant tax authorities. The notification template is helpful in that it provides for consistent and only relevant information and also because it encourages countries to not require further notifications if nothing has changed for the group.

### Updated information return template

The Pillar Two [information return](#) includes a **comprehensive set of data points** required for a tax authority to evaluate the correctness of a business's calculation of its top-up tax liabilities in

each country. The information return includes sections on: **the business in general**, including a summary table with a high-level overview of the application of the rules in each country (e.g. stating the range in which the effective tax rate and amount of top-up tax payable falls); the business's **corporate structure**; application of **jurisdictional safe harbours and exclusions**; **detailed calculations** of amounts of Pillar Two income and losses, adjusted covered taxes, and effective tax rates; and the **allocation of top-up tax liabilities**.

Updates have been made to the previous version of the information return template released in July 2023 to provide further clarifications and to reflect the OECD Inclusive Framework Administrative Guidance released in [December 2023](#) and [June 2024](#).

## Basis for completing information returns

An [administrative guidance document](#) has been released which sets out **the basis on which businesses should complete the information return**. The OECD Inclusive Framework notes that, whilst local Pillar Two legislation is generally expected to be substantially aligned with the model rules, there could be instances where local implementation differences result in different computations for the same datapoints, particularly in the earlier years of implementation.

Where a country is eligible for the **QDMTT safe harbour** (and the QDMTT safe harbour's 'switch-off rule' does not apply), or in other **cases where just one country has Pillar Two taxing rights** in respect of a particular country, the information return for the country must be completed **based on local legislation**.

**More than one country may have Pillar Two taxing rights** in respect of the same low-taxed country e.g. where both the ultimate parent entity and a partially-owned parent entity ('POPE') apply the IIR, or where more than one intermediate parent entity applies the IIR. In this case, the relevant sections of the information return must be completed **based on the OECD Inclusive Framework's model rules and guidance**. However businesses will also be required to identify and **separately disclose** a number of **specified data points** calculated **under the relevant local legislation** of each of the countries with taxing rights (where different from the model rules). These datapoints include: jurisdictional effective tax rate; total adjusted covered taxes; and total top-up tax amounts. Similarly, both country and safe harbour information are to be included if the model rules and a relevant local legislation differ on the applicability of a safe harbour to a country subject to multiple taxing rights.

Countries with taxing rights can require additional information about these differences, which should be collected through further information requests rather than through additional mandatory local returns. Where there are specific constitutional constraints, countries may introduce formal additional local filing requirements.

## Notifications and penalties

Two new annexes have been added to the latest version of the information return template.

Annex B sets out a **standard notification template** that could be used for businesses to notify local tax authorities that the information return will be filed centrally in another country. Adoption of the template by implementing countries is a 'best practice' and not mandatory, but the annex stresses how worldwide use of a standardised template would help ease compliance burdens. Countries are encouraged to refrain from asking for information not in the standard template. Countries are also encouraged to consider simplifying processes by not requiring new notifications each year if the information would be unchanged from the previous notification.

Annex C sets out a common understanding by countries on **transitional penalty relief**. The text is similar to guidance first released by the OECD Inclusive Framework in December 2022, and will require tax authorities to give 'careful consideration' before applying penalties where a business has taken reasonable measures to apply the Pillar Two rules. Relief will apply for years beginning on or before 31 December 2026 (i.e., three years for most groups).

## Multilateral competent authority agreement for information returns

An information return will typically be filed centrally, usually with the tax authority of the

business's ultimate parent entity. Under the OECD Inclusive Framework's agreed '**dissemination approach**', if there is an activated exchange relationship under a qualifying competent authority agreement, **only relevant sections of the information return will be shared with tax authorities** of countries in which the business has constituent entities. Countries with top-up taxing rights, for example under a QDMTT, will be provided with the parts of the information return that relate to the detailed computation of the relevant top-up tax e.g. the QDMTT top-up tax amount. Other relevant countries will receive the information return's general information and corporate structure sections.

Similar to earlier agreements (e.g. for the sharing of country-by-country reports), the [information return multilateral competent authority agreement \(MCAA\)](#) will allow countries to establish and activate information return exchange relationships. The MCAA requires that information exchanged will be subject to confidentiality and data security safeguards. The OECD will maintain online lists detailing the tax authorities signed up to the MCAA, and the pairs of countries between which information return exchange relationships are active. Countries can also enter into bilateral or regional agreements – for example, in October 2024 the European Commission [published](#) a proposed directive for information return exchange between EU member states. In the absence of a suitable competent authority agreement any resulting local filing obligations will be limited to the same information the local tax authority would have received through the centralised filing mechanism.

## Information return XML Schema and Schema User Guide

Further to a consultation on drafts released in July 2024, the OECD Inclusive Framework has [published](#) an [electronic schema](#) for the information return, in extensible mark-up language (XML), together with a corresponding [schema user guide](#). These are designed both to facilitate electronic local information return filings and be the technical format for exchanging information return data between relevant tax authorities. The user guide is divided into sections based on the underlying GIR XML schema and provides information on specific data elements and any 'attributes' that describe each data element.

## Next steps

The deadline for filing an information return is **15 months after the fiscal year end**, which is **extended to 18 months for the first year** for which a group is in scope. For a group with a December year end, this means the first information returns, covering the year ended 31 December 2024, will need to be filed by 30 June 2026. Exchanges between tax authorities under the MCAA will normally occur within three months of the filing date, but this is extended to six months in the first year of exchanges – i.e. exchanges are due to occur by 31 December 2026 for returns for the year ended 31 December 2024.

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