

Pillar Two: the Global Minimum Tax is here

The time to start preparing is now

The Pillar Two Global Anti-Base Erosion (“GloBE”) rules apply to large groups of companies, both national and multinational, with a consolidated turnover (at group level) of at least EUR 750 million in at least two of the four years preceding the reference year. This new framework creates a system through which an additional amount of tax (a “top-up tax”) must be collected each time that the effective tax rate (“ETR”) of a multinational group in a given jurisdiction falls below 15%. The ETR indicator is calculated based on specific GloBE rules, which involve complex adjustments at the level of the financial statement indicators. Moreover, the GloBE calculations are made at jurisdiction level and not at the level of the entity, which adds a layer of complexity to the process.

Why start preparing now?

Need for accrual registration in 2024 (even though the first deadline for reporting and payment is June 2026).

Need for proper budgeting of compliance costs.

Simplification measures are available or even zero tax if the assessment is carried out on time.

Need for a proper set up of the new compliance procedures.

Need for coordination with other companies in a group.

The KPMG in Romania Pillar Two team already has experience in working with clients across multiple industries, assisting with the full implementation of the GloBE requirements and with providing relevant assistance on specific matters.

How can we help?

- **Tailored training courses**, which may include an introduction to key concepts of Pillar Two rules, focused on particular cases, implications for companies in Romania which belong to a group, development of a project plan etc.
- **Assessment of the status of Romanian companies which are part of a group** (whether they are a Constituent Entity, Excluded Entity etc.) as well as of any action which should be considered for each of them.
- **Safe harbor** assessment – to determine whether Romanian companies which are part of a group fall either under a permanent or a transitional safe harbor, which may lead to zero top-up tax.
- Assistance with **ETR** jurisdictional calculation.
- Assistance with **top-up tax** calculations.
- Assistance with **local reporting requirements**.
- **Spot Assistance** based on specific requests.

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