



IFRS Today

Our series on the most topical issues in IFRS® Accounting Standards and financial reporting

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Irina Ipatova
Associate Partner,
KPMG International Standards Group

VIDEO TRANSCRIPT

Pillar Two taxes | 2024 Year-end reminders

2024 is the very first year when global minimum top-up taxes under Pillar Two become effective in some jurisdictions. Is your group affected?

Here are three points to remember when preparing your 2024 annual report. Remember, your stakeholders will be paying close attention.

Stage of implementation

First – when it comes to your disclosures, it's important to be clear on what stage of implementation Pillar Two taxes are at in the jurisdictions where your group operates. Are they already effective? Are they enacted but not yet effective? Are they on the horizon? Different stages bring different impacts to your financial statements, and all of this needs to connect with any Pillar Two disclosures provided outside the financial statements.

Testing non-financial assets for impairment

Second – when testing non-financial assets for impairment, make sure you reflect the impact of Pillar Two tax laws. Remember, you do not need to wait for the laws to be finalised. If there is sufficient information about the upcoming changes to tax laws, then you reflect the impact in the cash-generating unit that is expected to trigger the top-up tax.

Mandatory exception from deferred tax accounting

And third – don't forget about the mandatory exception from deferred tax accounting. There is no deferred tax accounting for Pillar Two taxes. And there is no impact on the recoverability of deferred tax assets under the corporate tax regime.

In summary

My key takeaway – the new Pillar Two taxes are very, very complex. It may be challenging to estimate the amounts and to properly reflect the impact in your reporting. Good preparation is essential.

To find out more, read our [digital guide](#).

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