

Case Study 7: Stratos's First GIR Filing

Introduction

This case study brings together all concepts from Part 7. You will prepare Stratos Holdings plc's first GloBE Information Return (GIR) for fiscal year 2025, assessing transitional safe harbour eligibility, applying transition year adjustments, completing the GIR data requirements, and establishing the compliance process.

Important: This is a comprehensive end-to-end exercise. Work through each task systematically, as later tasks build on earlier results.

Time estimate: 120-150 minutes

Background: Stratos's First Pillar Two Compliance Cycle

Stratos Holdings plc is filing its **first GloBE Information Return** for fiscal year ending **31 December 2025**. The UK has implemented qualified IIR legislation effective from 1 January 2024.

Key Dates

Milestone	Date
Fiscal year-end	31 December 2025
First year in scope	FY 2024
Filing year	FY 2025 (second year)

Milestone	Date
Standard GIR deadline	31 March 2027 (15 months)
Transitional deadline	30 June 2027 (18 months — if applicable)

Filing Entity Determination

Stratos Holdings plc (UK) is the **Ultimate Parent Entity** and will act as the **Designated Filing Entity (DFE)** under a central filing approach.

MNE Group Structure (Post-TechStart Acquisition)

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Stratos Holdings plc (UK) – UPE / DFE
|
└── 100% – SG Germany GmbH (Germany)
|
└── 100% – SG Singapore Pte Ltd (Singapore)
|
└── 100% – SG Ireland Ltd (Ireland)
|
└── 100% – SG Luxembourg S.à r.l. (Luxembourg)
|
└── 100% – TechStart Inc. (Delaware, USA) [Acquired 1 July 2025]
    |
    └── 100% – TechStart UK Ltd (UK)
|
└── 100% – TechStart GmbH (Germany)
|
└── 55% – TechStart JV Pte Ltd (Singapore) – JV [Se]
    |
    └── 100% – JV Operations Sdn Bhd (M)
|
└── 80% – TechStart IP LLC (Delaware) – Flow-through

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Data Package

Consolidated Financial Data — FY 2025

Jurisdiction	Entity	GloBE Income (€)	Covered Taxes (€)	ETR
UK	Stratos Holdings plc	8,500,000	2,125,000	25.00%
UK	TechStart UK Ltd (partial)	3,025,000	756,200	25.00%
Germany	SG Germany GmbH	53,880,000	12,393,000	23.00%
Germany	TechStart GmbH (partial)	6,049,000	1,391,300	23.00%
Singapore	SG Singapore Pte Ltd	4,000,000	392,206	9.81%
Ireland	SG Ireland Ltd	15,000,000	1,770,000	11.80%
Luxembourg	SG Luxembourg S.à r.l.	850,000	212,500	25.00%
USA	TechStart Inc. (partial)	9,074,000	1,905,500	21.00%
USA	TechStart IP LLC (80% share)	3,226,400	0	—

Jurisdiction	Entity	GloBE Income (€)	Covered Taxes (€)	ETR
Cayman	TechStart Ventures Fund (partial)	2,016,000	20,200	1.00%

Jurisdictional Summary (Combined)

Jurisdiction	Combined GloBE Income (€)	Combined Covered Taxes (€)	Combined ETR
UK	11,525,000	2,881,200	25.00%
Germany	59,929,000	13,784,300	23.00%
Singapore	4,000,000	392,206	9.81%
Ireland	15,000,000	1,770,000	11.80%
Luxembourg	850,000	212,500	25.00%
USA	12,300,400	1,905,500	15.49%
Cayman	2,016,000	20,200	1.00%

Country-by-Country Report Data — FY 2025

For Transitional Safe Harbour assessment

Jurisdiction	CbCR Revenue (€)	CbCR Profit Before Tax (€)	CbCR Income Tax Paid (€)	CbCR Tax Accrued (€)	Employees	Tangible Assets (€)
UK	125,000,000	12,000,000	2,900,000	2,950,000	450	18,000
Germany	285,000,000	58,000,000	13,200,000	13,500,000	1,200	42,000

Jurisdiction	CbCR Revenue (€)	CbCR Profit Before Tax (€)	CbCR Income Tax Paid (€)	CbCR Tax Accrued (€)	Employees	Tangible Assets (€)
Singapore	45,000,000	4,200,000	380,000	400,000	85	3,500,000
Ireland	95,000,000	16,000,000	1,850,000	1,900,000	180	8,500,000
Luxembourg	8,500,000	900,000	210,000	225,000	8	500,000
USA	78,000,000	13,500,000	2,800,000	2,850,000	220	12,000,000
Cayman	12,000,000	2,100,000	15,000	21,000	5	100,000

SBIE Data — FY 2025

Jurisdiction	Eligible Payroll (€)	Tangible Assets NBV (€)
UK	22,500,000	18,000,000
Germany	48,000,000	42,000,000
Singapore	2,125,000	3,500,000
Ireland	9,000,000	8,500,000
Luxembourg	400,000	500,000
USA	11,000,000	12,000,000
Cayman	250,000	100,000

Transition Year Deferred Tax Data

Jurisdiction	Opening DTA (€)	Opening DTL (€)	Measurement Rate	Notes
UK	2,500,000	1,200,000	25%	No adjustment needed ($\geq 15\%$)
Germany	3,800,000	2,100,000	30%	Remeasure DTA at 15% cap
Ireland	3,500,000	800,000	12.5%	Below 15%, no cap applies
USA	1,500,000	600,000	21%	Remeasure at 15% cap

QDMTT Status

Jurisdiction	Has QDMTT?	Qualified Status?
UK	Yes	Yes (Qualified)
Germany	Yes	Yes (Qualified)
Ireland	Yes	Yes (Qualified)
Luxembourg	Yes	Yes (Qualified)
Singapore	No	N/A
USA	No	N/A
Cayman	No	N/A

JV Data (Separate Calculation)

Jurisdiction	Entity	GloBE Income (€)	Covered Taxes (€)	ETR
Singapore	TechStart JV Pte Ltd	10,000,000	1,000,000	10.00%
Malaysia	JV Operations Sdn Bhd	5,000,000	600,000	12.00%

Task 1: Transitional Safe Harbour Assessment

Your Task

Apply the Transitional CbCR Safe Harbour tests to each jurisdiction to determine which jurisdictions require full GloBE calculations and which qualify for simplified treatment.

Questions

1. Which three tests comprise the Transitional CbCR Safe Harbour?
2. What are the applicable ETR thresholds for FY 2025 (second transition year)?
3. Which jurisdictions pass at least one Safe Harbour test?
4. Which jurisdictions require full GloBE calculation?

Expected Deliverable

Safe Harbour Test Results

Jurisdiction	Revenue (€)	PBT (€)	De Minimis?	Simplified ETR Test	Routine Profits Test	Qualifies?
UK						

Jurisdiction	Revenue (€)	PBT (€)	De Minimis?	Simplified ETR Test	Routine Profits Test	Qualifies?
Germany						
Singapore						
Ireland						
Luxembourg						
USA						
Cayman						

FY 2025 Transition Rate: _____%

Summary: - Jurisdictions qualifying for Safe Harbour: _____ - **Jurisdictions requiring full calculation:** _____

Task 2: QDMTT Safe Harbour Analysis

Your Task

For jurisdictions that have implemented QDMTT, determine whether the QDMTT Safe Harbour applies to eliminate residual IIR liability.

Questions

1. Which jurisdictions have Qualified QDMTT?
2. Does the QDMTT Safe Harbour apply to those jurisdictions?
3. What is the effect on Stratos's IIR liability?

Expected Deliverable

QDMTT Safe Harbour Assessment

Jurisdiction	Has QDMTT?	Three Standards Met?	Safe Harbour Applies?	Effect on IIR
UK				
Germany				
Ireland				
Luxembourg				

Combined Safe Harbour Strategy

Jurisdiction	CbCR SH?	QDMTT SH?	Full GloBE Calc?	Expected Outcome
UK				
Germany				
Singapore				
Ireland				
Luxembourg				
USA				
Cayman				

Task 3: Transition Year Adjustments

Your Task

Apply Article 9.1 (opening deferred tax balance) and Article 9.2 (SBIE transition rates) adjustments for FY 2025.

Questions

1. Which jurisdictions require DTA remeasurement at the 15% cap?
2. What are the FY 2025 SBIE transition rates?
3. Calculate the adjusted opening deferred tax balances.
4. Calculate SBIE for jurisdictions requiring full calculation.

Expected Deliverable

DTA Remeasurement (Article 9.1)

Jurisdiction	Opening DTA (€)	Original Rate	Book Value (€)	GloBE Value (15% cap) (€)	Adjustment (€)
Germany	3,800,000	30%			
USA	1,500,000	21%			

SBIE Calculation (FY 2025 Transition Rates)

FY 2025 Rates: Payroll ___% | Tangible Assets ___%

Jurisdiction	Eligible Payroll (€)	Payroll SBIE (€)	Tangible Assets (€)	Asset SBIE (€)	Total SBIE (€)
Singapore	2,125,000		3,500,000		

Jurisdiction	Eligible Payroll (€)	Payroll SBIE (€)	Tangible Assets (€)	Asset SBIE (€)	Total SBIE (€)
Cayman	250,000		100,000		

Task 4: Top-Up Tax Calculation

Your Task

For jurisdictions that do not qualify for Safe Harbour, calculate the Top-Up Tax using full GloBE methodology.

Questions

1. Calculate ETR for Singapore and Cayman.
2. Apply SBIE to determine Excess Profit.
3. Calculate Top-Up Tax for each jurisdiction.
4. Determine collection mechanism (IIR vs QDMTT).

Expected Deliverable

Singapore Full Calculation

Item	Amount
GloBE Income	€____
Covered Taxes	€____
ETR	_%
SBIE (from Task 3)	€____
Excess Profit	€____

Item	Amount
Top-Up Tax %	_%
Top-Up Tax	€____
Collection mechanism	_____

Cayman Full Calculation

Item	Amount
GloBE Income	€____
Covered Taxes	€____
ETR	_%
SBIE (from Task 3)	€____
Excess Profit	€____
Top-Up Tax %	_%
Top-Up Tax	€____
Collection mechanism	_____

Ireland QDMTT Calculation (for reference)

Item	Amount
GloBE Income	€____
Covered Taxes	€____
ETR	_%

Item	Amount
SBIE	€_____
Excess Profit	€_____
Top-Up Tax %	_____%
QDMTT payable to Ireland	€_____
IIR to UK	€_____

Task 5: GIR Data Compilation

Your Task

Compile the data required for the GloBE Information Return, organised by GIR section.

Questions

1. What identifying information is required for the MNE Group?
2. What entity-level data must be reported for each Constituent Entity?
3. What jurisdictional data must be aggregated?
4. What elections and safe harbour claims must be disclosed?

Expected Deliverable

GIR Section 1: MNE Group Information

Field	Value
MNE Group Name	
Ultimate Parent Entity Name	

Field	Value
UPE Jurisdiction	
UPE Tax ID	
Fiscal Year End	
Filing Entity (DFE)	
DFE Jurisdiction	
Reporting Currency	
Accounting Standard	
Consolidated Revenue (€)	
In Scope ($\geq €750M$ in 2 of 4 years)?	

GIR Section 2: Constituent Entity List

Entity Name	Jurisdiction	Entity Type	Ownership %	Excluded?

(Complete for all entities)

GIR Section 3: Jurisdictional Summary

Jurisdiction	# of CEs	Safe Harbour Claimed?	Test Passed	Full Calc Required?

GIR Section 4: ETR Computation (Full Calculation Jurisdictions Only)

Complete for each jurisdiction requiring full calculation

Data Point	Singapore	Cayman
Total GloBE Income		
Total Covered Taxes		
ETR		
Minimum Rate	15%	15%
Top-Up Tax %		

GIR Section 5: Top-Up Tax Allocation

Jurisdiction	Top-Up Tax (€)	IIR Amount (€)	UTPR Amount (€)	QDMTT Amount (€)
Singapore				
Ireland				
Cayman				
Total				

GIR Section 6: Elections Register

Election	Jurisdiction	FY Effective	Irrevocable?

Task 6: Filing Process and Documentation

Your Task

Determine the filing requirements, prepare the compliance calendar, and document supporting materials.

Questions

1. What is the GIR filing deadline for FY 2025?
2. Where will Stratos file the GIR?
3. What local filings are required in addition to the central GIR?
4. What documentation should be retained in the audit file?

Expected Deliverable

Filing Timeline

Milestone	Date	Responsible
Fiscal year end		
Financial close		
Data extraction complete		
Safe Harbour assessment		
Full calculations complete		
GIR draft prepared		
Internal review complete		
Management sign-off		
GIR filing		

Milestone	Date	Responsible
Local QDMTT filings		

Filing Jurisdiction Matrix

Filing	Jurisdiction	Portal/Authority	Deadline
Central GIR			
UK DMT Return			
Ireland QDMTT			
Germany QDMTT			
Luxembourg QDMTT			

Audit File Checklist

- Scope determination memo
- Entity classification schedule
- Safe Harbour analysis (all jurisdictions)
- GloBE Income calculations (full calc jurisdictions)
- Covered Taxes calculations
- SBIE workings
- Top-Up Tax calculations
- Allocation schedules (IIR/UTPR)
- Election documentation
- Filed GIR (XML and confirmation)
- Local filings (confirmations)
- Sign-off matrix

Model Answers

Answer 1: Transitional Safe Harbour Assessment

- The Three Tests:**
- 1. De Minimis Test:** Revenue < €10 million AND PBT < €1 million
 - 2. Simplified ETR Test:** CbCR Tax/CbCR PBT ≥ Transition Rate (16% for FY 2025)
 - 3. Routine Profits Test:** CbCR PBT ≤ SBIE

FY 2025 Transition Rate: 16% (second transition year: 15% → 16% → 17%)

Safe Harbour Test Results

Jurisdiction	Revenue (€)	PBT (€)	De Minimis?	Simplified ETR	Routine Profits?	Qualifies?
UK	125,000,000	12,000,000	No	24.58% ≥ 16% ✓	No	Yes (ETR)
Germany	285,000,000	58,000,000	No	23.28% ≥ 16% ✓	No	Yes (ETR)
Singapore	45,000,000	4,200,000	No	9.52% < 16% ✗	No	No
Ireland	95,000,000	16,000,000	No	11.88% < 16% ✗	No	No*
Luxembourg	8,500,000	900,000	Yes ✓	25.00% ≥ 16% ✓	Yes	Yes (De Minimis)
USA	78,000,000	13,500,000	No	21.11% ≥ 16% ✓	No	Yes (ETR)
Cayman	12,000,000	2,100,000	No	1.00% < 16% ✗	No	No

*Note: Ireland has QDMTT Safe Harbour instead.

Simplified ETR Calculation: - UK: $\text{€}2,950,000 / \text{€}12,000,000 = 24.58\%$ - Germany: $\text{€}13,500,000 / \text{€}58,000,000 = 23.28\%$ - Singapore: $\text{€}400,000 / \text{€}4,200,000 = 9.52\%$ - Ireland: $\text{€}1,900,000 / \text{€}16,000,000 = 11.88\%$ - Luxembourg: $\text{€}225,000 / \text{€}900,000 = 25.00\%$ - USA: $\text{€}2,850,000 / \text{€}13,500,000 = 21.11\%$ - Cayman: $\text{€}21,000 / \text{€}2,100,000 = 1.00\%$

Summary: - Jurisdictions qualifying for CbCR Safe Harbour: **UK, Germany, Luxembourg, USA (4)** - Jurisdictions with QDMTT Safe Harbour: **Ireland (1)** - Jurisdictions requiring full calculation: **Singapore, Cayman (2)**

Answer 2: QDMTT Safe Harbour Analysis

QDMTT Safe Harbour Assessment

Jurisdiction	Has QDMTT?	Three Standards Met?	Safe Harbour Applies?	Effect on IIR
UK	Yes	Yes (Qualified)	Yes	IIR = €0
Germany	Yes	Yes (Qualified)	Yes	IIR = €0
Ireland	Yes	Yes (Qualified)	Yes	IIR = €0 (QDMTT local)
Luxembourg	Yes	Yes (Qualified)	Yes	IIR = €0

Combined Safe Harbour Strategy

Jurisdiction	CbCR SH?	QDMTT SH?	Full GloBE Calc?	Expected Outcome
UK	Yes	Yes	No	Top-Up Tax = €0
Germany	Yes	Yes	No	Top-Up Tax = €0

Jurisdiction	CbCR SH?	QDMTT SH?	Full GloBE Calc?	Expected Outcome
Singapore	No	No	Yes	IIR to UK
Ireland	No	Yes	No	QDMTT local only
Luxembourg	Yes	Yes	No	Top-Up Tax = €0 (De Minimis)
USA	Yes	No	No	Top-Up Tax = €0
Cayman	No	No	Yes	IIR to UK

Result: Only **Singapore** and **Cayman** require full GloBE calculations.

Answer 3: Transition Year Adjustments

DTA Remeasurement (Article 9.1)

Under Article 9.1.1, deferred tax assets acquired before the transition year are remeasured at the **lower of** the statutory rate or **15%**.

Jurisdiction	Opening DTA (€)	Original Rate	Underlying Timing Diff (€)	GloBE Value (15%) (€)	Adjustment (€)
Germany	3,800,000	30%	12,666,667	1,900,000	(1,900,000)
USA	1,500,000	21%	7,142,857	1,071,429	(428,571)

Calculation for Germany: - Underlying timing difference: $\text{€}3,800,000 / 30\% = \text{€}12,666,667$ - GloBE value at 15%: $\text{€}12,666,667 \times 15\% = \text{€}1,900,000$ - Reduction: $\text{€}3,800,000 - \text{€}1,900,000 = \text{€}1,900,000$

Calculation for USA: - Underlying timing difference: €1,500,000 / 21% = €7,142,857
 - GloBE value at 15%: €7,142,857 × 15% = €1,071,429 - Reduction: €1,500,000 – €1,071,429 = €428,571

Note: UK (25%) and Ireland (12.5%) — UK DTA already at rate ≥15%; Ireland DTA at rate below 15%, so no cap applies.

SBIE Calculation (FY 2025 Transition Rates)

FY 2025 Rates: Payroll 9.0% | Tangible Assets 7.0%

Jurisdiction	Eligible Payroll (€)	Payroll SBIE (€)	Tangible Assets (€)	Asset SBIE (€)	Total SBIE (€)
Singapore	2,125,000	191,250	3,500,000	245,000	436,250
Cayman	250,000	22,500	100,000	7,000	29,500

Answer 4: Top-Up Tax Calculation

Singapore Full Calculation

Item	Amount
GloBE Income	€4,000,000
Covered Taxes	€392,206
ETR	9.81%
SBIE	€436,250
Excess Profit	€4,000,000 – €436,250 = €3,563,750
Top-Up Tax %	15% – 9.81% = 5.19%
Top-Up Tax	$€3,563,750 \times 5.19\% = \b{€184,959}$

Item	Amount
Collection mechanism	IIR to UK

Cayman Full Calculation

Item	Amount
GloBE Income	€2,016,000
Covered Taxes	€20,200
ETR	1.00%
SBIE	€29,500
Excess Profit	€2,016,000 – €29,500 = €1,986,500
Top-Up Tax %	15% – 1% = 14.00%
Top-Up Tax	€1,986,500 × 14% = €278,110
Collection mechanism	IIR to UK

Ireland QDMTT Calculation

Item	Amount
GloBE Income	€15,000,000
Covered Taxes	€1,770,000
ETR	11.80%
SBIE (9% payroll + 7% assets)	€9,000,000 × 9% + €8,500,000 × 7% = €1,405,000
Excess Profit	€15,000,000 – €1,405,000 = €13,595,000

Item	Amount
Top-Up Tax %	15% – 11.80% = 3.20%
QDMTT payable to Ireland	$\text{€}13,595,000 \times 3.20\% = \text{€}435,040$
IIR to UK	€0 (QDMTT Safe Harbour)

JV Top-Up Tax (Stratos's Share)

The TechStart JV is calculated separately. From Case Study 6: - JV Total Top-Up Tax: €626,270 - Stratos ownership (55%): **€344,449** - Collection: **IIR to UK**

Total Stratos Top-Up Tax Summary

Source	Amount (€)	Mechanism
Singapore	184,959	IIR
Cayman	278,110	IIR
JV (55% share)	344,449	IIR
Total IIR to UK	807,518	
Ireland	435,040	QDMTT (local)
Grand Total	1,242,558	

Answer 5: GIR Data Compilation

GIR Section 1: MNE Group Information

Field	Value
MNE Group Name	Stratos Group

Field	Value
Ultimate Parent Entity Name	Stratos Holdings plc
UPE Jurisdiction	United Kingdom
UPE Tax ID	GB123456789
Fiscal Year End	31 December 2025
Filing Entity (DFE)	Stratos Holdings plc
DFE Jurisdiction	United Kingdom
Reporting Currency	EUR
Accounting Standard	IFRS
Consolidated Revenue (€)	€967,000,000
In Scope (≥€750M in 2 of 4 years)?	Yes

GIR Section 2: Constituent Entity List

Entity Name	Jurisdiction	Entity Type	Ownership %	Excluded?
Stratos Holdings plc	UK	UPE	100%	No
SG Germany GmbH	Germany	CE	100%	No
SG Singapore Pte Ltd	Singapore	CE	100%	No
SG Ireland Ltd	Ireland	CE	100%	No
	Luxembourg	CE	100%	No

Entity Name	Jurisdiction	Entity Type	Ownership %	Excluded?
SG Luxembourg S.à r.l.				
TechStart Inc.	USA	CE	100%	No
TechStart UK Ltd	UK	CE	100%	No
TechStart GmbH	Germany	CE	100%	No
TechStart IP LLC	USA	TTE	80%	No
TechStart Ventures Fund	Cayman	CE	100%	No
TechStart JV Pte Ltd	Singapore	JV	55%	Separate calc
JV Operations Sdn Bhd	Malaysia	JV subsidiary	55%	Separate calc

GIR Section 3: Jurisdictional Summary

Jurisdiction	# of CEs	Safe Harbour Claimed?	Test Passed	Full Calc Required?
UK	2	Yes	CbCR ETR (24.58%)	No
Germany	2	Yes	CbCR ETR (23.28%)	No
Singapore	1	No	—	Yes
Ireland	1	Yes	QDMTT SH	No
Luxembourg	1	Yes	De Minimis	No

Jurisdiction	# of CEs	Safe Harbour Claimed?	Test Passed	Full Calc Required?
USA	2	Yes	CbCR ETR (21.11%)	No
Cayman	1	No	—	Yes

GIR Section 4: ETR Computation (Full Calculation Jurisdictions Only)

Data Point	Singapore	Cayman
Total GloBE Income	€4,000,000	€2,016,000
Total Covered Taxes	€392,206	€20,200
ETR	9.81%	1.00%
Minimum Rate	15%	15%
Top-Up Tax %	5.19%	14.00%

GIR Section 5: Top-Up Tax Allocation

Jurisdiction	Top-Up Tax (€)	IIR Amount (€)	UTPR Amount (€)	QDMTT Amount (€)
Singapore	184,959	184,959	0	0
Ireland	435,040	0	0	435,040
Cayman	278,110	278,110	0	0
JV (55%)	344,449	344,449	0	0
Total	1,242,558	807,518	0	435,040

GIR Section 6: Elections Register

Election	Jurisdiction	FY Effective	Irrevocable?
Stock-based compensation (Art. 3.2.3)	All	FY 2024	Yes (5 years)
GloBE Loss election	None	—	—
QDMTT Safe Harbour	Ireland	FY 2024	No
CbCR Safe Harbour	UK, DE, LU, USA	FY 2024	Annual

Answer 6: Filing Process and Documentation

Filing Timeline (FY 2025)

Milestone	Date	Responsible
Fiscal year end	31 December 2025	—
Financial close	28 February 2026	Finance
Data extraction complete	30 April 2026	Finance / Tax
Safe Harbour assessment	31 May 2026	Tax
Full calculations complete	31 August 2026	Tax
GIR draft prepared	30 November 2026	Tax Compliance
Internal review complete	31 January 2027	Tax Director
Management sign-off	15 February 2027	CFO
GIR filing	28 February 2027	Tax Compliance

Milestone	Date	Responsible
Local QDMTT filings	31 March 2027	Local Tax Managers
Filing deadline	31 March 2027	—

Filing Jurisdiction Matrix

Filing	Jurisdiction	Portal/Authority	Deadline
Central GIR	UK	HMRC Digital Portal	31 March 2027
UK DMT Return	UK	HMRC	31 March 2027
Ireland QDMTT	Ireland	Revenue Online Service	31 March 2027
Germany QDMTT	Germany	ELSTER	31 March 2027
Luxembourg QDMTT	Luxembourg	Administration des Contributions	31 March 2027

Note: The UK, as UPE jurisdiction, acts as the central filing point. GIR data will be exchanged with other jurisdictions via the MCAA framework.

Audit File Structure

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📁 FY 2025 Stratos Pillar Two Compliance File
|
└── 📁 1. Scope and Classification
    |
    ├── Entity list with ownership %
    ├── Revenue threshold calculation
    ├── JV identification memo
    └── Flow-through entity analysis

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 - |
 - |
 - | 2. Safe Harbour Assessment
 - | CbCR data reconciliation
 - | De Minimis test (Luxembourg)
 - | Simplified ETR test (UK, Germany, USA)
 - | QDMTT Safe Harbour (Ireland)
 - | Summary matrix
 - |
 - |
 - | 3. Transition Year Adjustments
 - | Article 9.1 DTA remeasurement
 - | Article 9.2 SBIE rates
 - | Opening balance schedules
 - |
 - |
 - | 4. Full GloBE Calculations
 - | Singapore calculation workbook
 - | Cayman calculation workbook
 - | Ireland QDMTT workbook
 - |
 - |
 - | 5. JV Calculations
 - | JV Singapore calculation
 - | JV Malaysia calculation
 - | Allocation schedule (55%)
 - |
 - |
 - | 6. GIR Filing
 - | GIR XML file (filed)
 - | GIR PDF (for reference)
 - | Filing confirmation (HMRC)
 - | Validation report
 - |
 - |
 - | 7. Local Filings
 - | Ireland QDMTT return + confirmation
 - | Germany notification
 - | Luxembourg notification
 - |
 - | 8. Governance
 - | Sign-off matrix

- └─ Review comments
 - └─ CFO approval email
 - └─ Lessons learned
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Learning Points

Point 1: Safe Harbours Dramatically Reduce Compliance Burden

Of Stratos's 7 jurisdictions: - **4** qualified for CbCR Safe Harbour (UK, Germany, Luxembourg, USA) - **1** qualified for QDMTT Safe Harbour (Ireland) - **2** required full calculation (Singapore, Cayman)

Compliance savings: ~70% of jurisdictions avoided full GloBE calculations.

Point 2: FY 2025 Uses 16% Transition Rate

The Simplified ETR Test threshold for FY 2025 is **16%**, not 15%:

Fiscal Year	Transition Rate
FY 2024	15%
FY 2025	16%
FY 2026	17%

USA passed at $21.11\% \geq 16\%$; Ireland failed at $11.88\% < 16\%$.

Point 3: QDMTT Safe Harbour Eliminates Residual IIR

Ireland's QDMTT Safe Harbour means: - **QDMTT paid locally: €435,040 - IIR to UK: €0**

Without the Safe Harbour, Stratos might face dual calculation burden and potential residual IIR.

Point 4: Transition Year DTA Adjustments Are Material

Germany DTA remeasurement: - Original DTA: €3,800,000 - GloBE value: €1,900,000 - **Reduction: €1,900,000**

This adjustment reduces the DTA available for future ETR calculations.

Point 5: Central Filing Simplifies Process

By filing through the UK as DFE: - **One GIR** filed centrally - Data exchanged to other jurisdictions via MCAA - Local QDMTT filings still required separately

Point 6: Documentation Is Critical

The audit file ensures: - Defensible Safe Harbour claims - Support for calculations - Evidence of review and sign-off - Basis for future year comparisons

Integration with GIR Tools

Tool Workflow for Case Study 7

Step	Tool	Action
1. Safe Harbour screening	GIR-002	Test all 7 jurisdictions
2. Filing deadline	GIR-003	Calculate 31 March 2027 deadline
3. DFE determination	GIR-005	Confirm UK central filing
4. Full calculations	GIR-001	Singapore, Cayman, Ireland (for QDMTT)
5. GIR preparation	GIR-004	Complete GIR template
6. Documentation	GIR-006	Audit file checklist

GIR-001 Input Summary

Singapore: - GloBE Income: €4,000,000 - Covered Taxes: €392,206 - Payroll: €2,125,000 - Tangible Assets: €3,500,000

Cayman: - GloBE Income: €2,016,000 - Covered Taxes: €20,200 - Payroll: €250,000
- Tangible Assets: €100,000

GIR-002 Safe Harbour Results

Jurisdiction	Test 1: De Minimis	Test 2: ETR (16%)	Test 3: Routine	Result
UK	Fail	Pass	Fail	Qualify
Germany	Fail	Pass	Fail	Qualify
Singapore	Fail	Fail	Fail	Full Calc
Ireland	Fail	Fail	Fail	<i>QDMTT SH</i>
Luxembourg	Pass	Pass	Pass	Qualify
USA	Fail	Pass	Fail	Qualify
Cayman	Fail	Fail	Fail	Full Calc

Key References

OECD GloBE Model Rules: - Article 8.1 — GloBE Information Return requirements
- Article 8.1.4 — Data elements - Article 9.1 — Opening deferred tax balance - Article 9.2 — SBIE transition rates

OECD Administrative Guidance: - December 2022 — Safe Harbours and Penalty Relief - July 2023 — QDMTT Safe Harbour - January 2025 — GIR simplifications, Article 9.1 clarifications

Summary

This case study demonstrated Stratos's complete first GIR filing process:

Component	Outcome
Safe Harbour assessment	5 of 7 jurisdictions qualified
Transition year adjustments	Germany DTA reduced by €1.9M
Full calculations	Singapore €184,959; Cayman €278,110
QDMTT	Ireland €435,040 (local)
JV allocation	€344,449 (55% share)
Total liability	€1,242,558
IIR to UK	€807,518
Filing deadline	31 March 2027

Key takeaways: 1. Safe Harbours significantly reduce compliance burden 2. Transition rates increase annually (16% for FY 2025) 3. QDMTT Safe Harbour eliminates residual IIR 4. Central filing via DFE simplifies process 5. Documentation is essential for audit defence

Next Step

You have completed Part 7: Compliance, Filing, and Transitional Rules. With all GIR filing, Safe Harbour, and transition concepts covered, proceed to **Part 8: Subject to Tax Rule and Inclusive Framework** to learn about STTR mechanics and staying current with evolving guidance.