

# ADIT Pillar Two Professional Practice Course

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## Development Plan and Guidance

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## Course Overview

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**Course Title:** ADIT Pillar Two Professional Practice Course: Implementation Guide for Tax Professionals

**Target Audience:** Tax advisors, in-house tax professionals, and compliance specialists at MNE groups who need to implement Pillar Two/GloBE rules in practice.

**Course Duration:** 20-25 hours of core content (structured as self-paced learning)

**Prerequisites:** - Working knowledge of international tax concepts - Familiarity with consolidated financial statements - Basic understanding of the Pillar Two framework (definitions assumed known)

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## Course Philosophy

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This Professional Practice Course transforms the ADIT Pillar Two Award syllabus into an **implementation-focused training programme**.

**What this course is:** - A step-by-step implementation guide for Pillar Two compliance - A practical resource with tools, templates, and worked examples - A hands-on training programme with progressive case studies

**What this course is NOT:** - A textbook explaining what Pillar Two is or its history - An academic analysis of policy rationale - A definitions and concepts primer

**Core Principle:** Practitioners taking this course already know WHAT Pillar Two is. This course teaches them HOW to implement it.

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## Course Structure

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The course is organised into **8 Parts**, aligned with the ADIT syllabus sections but restructured around practitioner workflows. Case studies appear **at the end of each Part** where hands-on practice adds genuine value—they are not included merely for the sake of having them.

### Progressive Storyline: Stratos Group

Throughout this course, learners follow **Stratos Group**, a fictional multinational enterprise, through its first Pillar Two compliance cycle. The scenario evolves across Parts, building complexity as learners develop skills.

**Stratos Profile:** - UK-headquartered technology company - €950 million consolidated revenue (approaching threshold) - Operations in 12 jurisdictions - Mix of high-tax and low-tax jurisdictions - Recent acquisition activity - Various entity types (operating companies, IP holding company, regional HQ, JV)

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## Part 1: Scope Determination and Entity Classification

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*Syllabus Coverage: Section I (10%)*

### Learning Objectives

After completing Part 1, practitioners will be able to: 1. Determine whether an MNE group meets the €750 million revenue threshold 2. Identify the Ultimate Parent Entity and all Constituent Entities 3. Apply exclusion tests for government entities,

international organisations, NPOs, pension funds, and investment funds 4. Map group structures for Pillar Two purposes

## Chapter Structure

**Chapter 1.1: Revenue Threshold Assessment** - Step-by-step process for calculating consolidated revenue - Handling different accounting standards (IFRS vs local GAAP) - Treatment of recently acquired entities - Currency conversion methodology - **Worked Example:** Revenue calculation with mid-year acquisition

**Chapter 1.2: Identifying Constituent Entities** - Mapping the consolidation perimeter - Treatment of partially owned entities - Permanent establishment identification - Flow-through entity classification - **Process Flowchart:** CE identification decision tree

**Chapter 1.3: Ultimate Parent Entity Determination** - UPE identification rules - Multi-parented group considerations - Intermediate parent entity roles - **Worked Example:** Complex ownership structure analysis

**Chapter 1.4: Excluded Entity Assessment** - Government entity exclusion criteria - International organisation tests - NPO and pension fund analysis - Investment fund exclusions (five-year ownership test) - **Checklist:** Excluded entity qualification verification

## Official Resources (Embedded in Content)

- OECD GloBE Model Rules Article 1: [Direct link to OECD]
- OECD Consolidated Commentary Chapter 1: [Direct link]
- OECD Illustrative Examples (Scope): [Direct link]

## Tools for Part 1

**No dedicated tools required for Part 1.**

Scope determination is a one-time analytical exercise that doesn't benefit from repeated tool-based practice. Instead, the content provides: - **Decision Flowchart:** Visual guide for scope determination - **Entity Classification Checklist:** Printable checklist for CE/Excluded Entity assessment - **Revenue Threshold Worksheet:** Inline example showing the calculation methodology

The Case Study demonstrates the complete process using Stratos's actual data.

## Case Study 1: Stratos's Scope Assessment

*Placed at end of Part 1*

**Scenario Context:** Stratos Group is preparing for its first Pillar Two assessment. The group CFO has asked the tax team to determine whether the group is in scope and identify all Constituent Entities.

**Data Provided:** - Consolidated financial statements (3 years) - Group structure chart with ownership percentages - Entity-by-entity revenue breakdown - Details of recent acquisition (TechStart Ltd, acquired July 2025)

**Tasks:** 1. Calculate consolidated revenue using the Revenue Threshold Calculator 2. Complete the MNE Scope Assessment Tool questionnaire 3. Use the Entity Classification Tool to classify each entity 4. Document scope determination with supporting analysis

**Expected Outcomes:** - Revenue calculation: €872M (Year 1), €923M (Year 2), €967M (Year 3) → In scope from Year 2 - 47 Constituent Entities identified - 3 entities classified as Excluded (pension fund subsidiary, government JV, qualifying NPO) - Scope memo documenting conclusions

**Learning Points:** - Revenue threshold is based on 2 of 4 preceding years - Partial year acquisitions require annualisation consideration - Document excluded entity analysis thoroughly for audit defence

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## Part 2: The Charging Mechanism—IIR and UTPR

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*Syllabus Coverage: Section II (15%)*

### Learning Objectives

After completing Part 2, practitioners will be able to: 1. Apply the Income Inclusion Rule (IIR) to allocate top-up tax 2. Understand when and how UTPR applies as a backstop 3. Navigate the ordering rules between IIR and UTPR 4. Calculate top-up tax allocation across ownership chains

## Chapter Structure

**Chapter 2.1: Income Inclusion Rule Mechanics** - IIR application requirements - Ownership chain analysis - Allocation of top-up tax to parent entities - IIR offset mechanism for lower-tier parents - **Process Flowchart:** IIR application decision tree - **Worked Example:** Multi-tier ownership allocation

**Chapter 2.2: Undertaxed Profits Rule Application** - When UTPR applies (no qualified IIR) - UTPR top-up tax amount calculation - Allocation formula (employees + tangible assets) - Substance-based allocation methodology - **Worked Example:** UTPR allocation across 5 jurisdictions

**Chapter 2.3: Ordering Rules and Interaction** - IIR priority over UTPR - Split ownership scenarios - Timing considerations - Qualified IIR determination - **Decision Matrix:** Which rule applies when

**Chapter 2.4: Top-Up Tax Allocation Calculations** - Attributable share calculations - Minority interest adjustments - POPE adjustments - **Calculation Template:** Top-up tax allocation workbook

## Official Resources (Embedded in Content)

- OECD GloBE Model Rules Article 2: [Direct link]
- OECD Commentary on Charging Provisions: [Direct link]
- Administrative Guidance on IIR/UTPR interaction: [Direct link]

## Tools for Part 2

**Reuse existing tool:** - **GIR-001 GloBE Calculator** (Step 3) - Calculates the top-up tax amount that feeds into IIR/UTPR allocation

Allocation calculations (ownership %  $\times$  top-up tax) are straightforward arithmetic that don't require dedicated tools. The content provides: - **IIR Allocation Formula:** With worked examples showing ownership chain calculations - **UTPR Allocation Formula:** With employee/asset weighting examples - **Ordering Rules Decision Matrix:** Visual guide for determining which rule applies

## Case Study 2: Stratos's First Top-Up Tax Allocation

*Placed at end of Part 2*

**Scenario Context:** Stratos has completed its ETR calculations (previewed from Part 5) and identified two low-taxed jurisdictions: Singapore (ETR 12.3%) and Ireland (ETR 14.1%). The tax team must now determine how to allocate the resulting top-up tax.

**Data Provided:** - Ownership structure showing UK parent → various intermediate holding companies → operating entities - ETR and top-up tax amounts by jurisdiction (Singapore: €2.1M; Ireland: €0.8M) - Employee headcount and tangible asset values by jurisdiction - List of jurisdictions with qualified IIR legislation

**Tasks:** 1. Use the Charging Rule Navigator to determine applicable rules 2. Calculate IIR allocation for Singapore top-up tax (direct ownership) 3. Calculate IIR allocation for Ireland top-up tax (through Dutch intermediate) 4. Verify if any UTPR allocation required

**Expected Outcomes:** - Singapore top-up tax: 100% allocated to UK parent under IIR - Ireland top-up tax: Split allocation (60% UK, 40% Netherlands intermediate) - No UTPR allocation required (qualified IIR in all relevant jurisdictions) - Allocation memo with supporting calculations

**Learning Points:** - IIR follows ownership chains—intermediate parents may have obligations - Check qualified IIR status of each jurisdiction in the chain - Document allocation methodology for GIR reporting

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## Part 3: Computing GloBE Income or Loss

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*Syllabus Coverage: Section III (15%)*

### Learning Objectives

After completing Part 3, practitioners will be able to: 1. Identify the correct starting point (financial accounting net income) 2. Apply the required adjustments to arrive at GloBE Income or Loss 3. Handle special situations (shipping income, PE allocation, flow-throughs) 4. Document adjustments for audit and compliance purposes

## Chapter Structure

**Chapter 3.1: Starting Point—Financial Accounts** - Acceptable accounting standards - Consolidation adjustments - Elimination of intra-group transactions - Authorised accounting standard elections - **Decision Tree:** Which financial accounts to use

**Chapter 3.2: Mandatory Adjustments** - Net taxes expense add-back - Dividend exclusion (portfolio vs substantial shareholding) - Equity gain/loss exclusions - Asymmetric foreign currency adjustments - Policy disallowed expenses - **Adjustment Checklist:** 25+ items with treatment guidance - **Worked Example:** Full adjustment calculation

**Chapter 3.3: Stock-Based Compensation Election** - Election mechanics and irrevocability - Timing differences between accounting and tax - When the election is beneficial - **Analysis Framework:** Should you elect?

**Chapter 3.4: International Shipping Exclusion** - Qualifying shipping income definition - Ancillary activities treatment - Documentation requirements - **Worked Example:** Shipping group exclusion calculation

**Chapter 3.5: PE and Flow-Through Allocations** - Main entity/PE income allocation - Flow-through entity treatment - Reverse hybrid considerations - **Allocation Methodology:** Step-by-step PE income split

## Official Resources (Embedded in Content)

- OECD GloBE Model Rules Article 3: [Direct link]
- OECD Commentary Chapter 3: [Direct link]
- Administrative Guidance on specific adjustments: [Direct link]

## Tools for Part 3

No dedicated tool required for Part 3.

GloBE Income adjustments are primarily classification decisions (include/exclude) rather than complex calculations. The content provides: - **Comprehensive Adjustment Checklist:** 25+ items with clear criteria - **Worked Example:** Each

adjustment type shown with actual numbers - **Case Study Walkthrough:** Complete process from financial accounts to GloBE Income

**Integration with GIR-001:** Learners derive GloBE Income through the content, then enter it into GIR-001 GloBE Calculator to practice the ETR → SBIE → Top-Up Tax workflow.

### Case Study 3: Stratos's GloBE Income Calculation

*Placed at end of Part 3*

**Scenario Context:** Stratos's finance team has provided entity-level financial data for the German operating subsidiary. The tax team must calculate GloBE Income for this entity.

**Data Provided:** - Financial accounting net income: €45.2 million - Tax expense per accounts: €12.8 million - Intra-group dividends received: €3.1 million (from 100% subsidiary) - Stock-based compensation (accounting): €2.4 million; (tax deduction): €1.8 million - Foreign currency gains: €0.9 million (on intercompany loan) - Fines and penalties: €0.3 million - Prior year adjustment: €(0.5) million

**Tasks:** 1. Use the GloBE Income Calculator to compute adjusted GloBE Income 2. Document each adjustment in the Adjustment Tracker 3. Analyse whether stock-based compensation election is beneficial 4. Prepare adjustment summary memo

**Expected Outcomes:** - Starting point: €45.2M - Add back: Tax expense €12.8M - Exclude: Dividends €3.1M - Adjust: FX gain €0.9M, Fines €0.3M - GloBE Income: €54.7M - Stock-based compensation election analysis (not beneficial in this case)

**Learning Points:** - Adjustments are cumulative—track each one separately - Dividend exclusion applies only to qualifying dividends - Document elections and their rationale

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## Part 4: Determining Adjusted Covered Taxes

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*Syllabus Coverage: Section IV (15%)*

## Learning Objectives

After completing Part 4, practitioners will be able to: 1. Identify which taxes qualify as "Covered Taxes" 2. Allocate covered taxes between entities where required 3. Apply the deferred tax adjustment mechanism 4. Handle post-filing adjustments and rate changes

## Chapter Structure

**Chapter 4.1: Covered Tax Identification** - Definition of Covered Taxes - Taxes recorded in financial accounts - Qualified refundable tax credits - Non-qualifying taxes (indirect, payroll, etc.) - **Checklist:** Covered Tax qualification criteria

**Chapter 4.2: Current Tax Expense Adjustments** - Taxes paid in lieu of covered taxes - CFC tax regime allocations - Uncertain tax positions - **Worked Example:** CFC tax allocation to subsidiary

**Chapter 4.3: Deferred Tax Adjustments** - Total deferred tax adjustment amount - Timing difference recapture - Deferred tax assets—GloBE loss carryforward vs accounting loss carryforward - Rate cap at 15% - **Process Flowchart:** DTA/DTL adjustment methodology - **Worked Example:** Multi-year DTA tracking

**Chapter 4.4: GloBE Loss Election** - When to make the GloBE loss election - Mechanics of the election - Comparison with standard DTA approach - **Analysis Framework:** GloBE loss election decision

**Chapter 4.5: Tax Allocation Between Entities** - PE tax allocation - CFC regime tax push-down - Hybrid entity allocations - **Allocation Methodology:** Step-by-step guidance

**Chapter 4.6: Post-Filing Adjustments** - Amended return treatment - Tax rate changes - Audit adjustments - Restatement provisions - **Timeline:** When adjustments affect which year

## Official Resources (Embedded in Content)

- OECD GloBE Model Rules Article 4: [Direct link]
- OECD Commentary Chapter 4: [Direct link]
- Administrative Guidance on DTA mechanisms: [Direct link]

## Tools for Part 4

**Reuse existing tool:** - **GIR-001 GloBE Calculator** (Step 1) - Takes Adjusted Covered Taxes as an input for ETR calculation

**No additional tools required.** Covered tax identification is primarily a classification exercise (which taxes qualify?) rather than a calculation. The content provides: -

**Covered Tax Classification Checklist:** Yes/no criteria for each tax type - **DTA**

**Adjustment Methodology:** Step-by-step process shown inline with worked examples - **Tax Allocation Rules:** Clear formulas for PE, CFC, and hybrid

allocations

**Integration:** Learners derive Adjusted Covered Taxes through the content, then enter into GIR-001 alongside GloBE Income for calculation practice.

### Case Study 4: Stratos's Covered Tax Computation

*Placed at end of Part 4*

**Scenario Context:** Continuing with Stratos's German subsidiary, the tax team must now calculate Adjusted Covered Taxes to determine the jurisdiction's ETR.

**Data Provided:** - Current tax expense per accounts: €11.2 million - Deferred tax expense per accounts: €1.6 million - Uncertain tax position reserve: €0.8 million - Deferred tax liability on intangibles (temporary difference): €2.1 million at 30% rate - Non-creditable withholding taxes: €0.4 million - UK CFC charge relating to German IP income: €0.3 million

**Tasks:** 1. Use the Covered Tax Calculator to identify qualifying taxes 2. Apply deferred tax adjustments (including 15% rate cap) 3. Allocate CFC tax from UK parent to German entity 4. Calculate total Adjusted Covered Taxes

**Expected Outcomes:** - Current tax starting point: €11.2M - Add: CFC tax allocation €0.3M - Adjust: UTP reserve (exclude €0.8M) - DTA adjustment:  $\text{€2.1M} \times (15\%/30\%) = \text{€1.05M}$  recaptured at capped rate - Total Adjusted Covered Taxes: €11.75M

**Learning Points:** - CFC taxes are pushed down to the entity generating the income - Deferred taxes are capped at 15% rate for ETR purposes - Uncertain tax positions require careful treatment

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# Part 5: ETR Calculation and Top-Up Tax Determination

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*Syllabus Coverage: Section V (15%)*

## Learning Objectives

After completing Part 5, practitioners will be able to:

1. Calculate the Effective Tax Rate for each jurisdiction
2. Apply the Substance-Based Income Exclusion (SBIE)
3. Compute top-up tax and understand QDMTT interaction
4. Apply de minimis and minority ownership rules

## Chapter Structure

**Chapter 5.1: ETR Calculation Mechanics** - Jurisdictional blending - ETR formula application - Handling losses (negative denominators) - **Calculation Template:** ETR worksheet

**Chapter 5.2: Substance-Based Income Exclusion** - Payroll carve-out calculation - Tangible asset carve-out calculation - Transition period percentages (2024-2032) - Eligible employees and assets - **SBIE Calculator Walkthrough:** Step-by-step - **Worked Example:** Full SBIE calculation

**Chapter 5.3: Top-Up Tax Computation** - Top-up tax percentage calculation - Jurisdictional top-up tax - Additional current top-up tax - **Calculation Template:** Top-up tax worksheet

**Chapter 5.4: Qualified Domestic Minimum Top-Up Tax (QDMTT)** - QDMTT priority rule - Qualifying QDMTT criteria - QDMTT safe harbour - **Jurisdiction List:** Countries with QDMTT (embedded link to OECD tracker)

**Chapter 5.5: De Minimis Exclusion** - Revenue threshold (€10 million) - Income threshold (€1 million) - Applying the exclusion - **Quick Assessment Tool:** De minimis qualification check

**Chapter 5.6: Minority-Owned Constituent Entities** - MOCE definition ( $\leq 30\%$  ownership) - Separate ETR calculation - Top-up tax allocation for MOCEs - **Worked Example:** MOCE separate calculation

## Official Resources (Embedded in Content)

- OECD GloBE Model Rules Article 5: [Direct link]
- OECD Commentary Chapter 5: [Direct link]
- SBIE Transition Rates Table: [Embedded in content]
- QDMTT Jurisdiction Tracker: [Direct link to OECD]

## Tools for Part 5

**Reuse existing tool:** - **GIR-001 GloBE Calculator** - Complete integrated 3-step workflow: - **Step 1:** ETR calculation from GloBE Income and Covered Taxes - **Step 2:** SBIE calculation with current transition rates - **Step 3:** Top-Up Tax computation

This single tool provides complete coverage for all Part 5 calculations.

**De minimis check:** Simple threshold comparison (revenue < €10M AND income < €1M) shown inline—no tool needed.

## Case Study 5: Stratos's Complete ETR and Top-Up Tax Calculation

*Placed at end of Part 5*

**Scenario Context:** Stratos must now bring together the GloBE Income (Part 3) and Covered Taxes (Part 4) calculations to determine ETR and any top-up tax liability for all jurisdictions.

**Data Provided:** - GloBE Income and Covered Taxes for all 12 jurisdictions - Employee costs and headcount by jurisdiction - Tangible asset values (net book value) by jurisdiction - QDMTT status for each jurisdiction

**Tasks:** 1. Calculate ETR for each jurisdiction using the ETR Calculator 2. Apply SBIE using current year transition rates 3. Calculate top-up tax for low-taxed jurisdictions 4. Apply de minimis exclusion where applicable 5. Account for QDMTT in qualifying jurisdictions

**Expected Outcomes:** - 3 jurisdictions below 15% ETR: Singapore (12.3%), Ireland (14.1%), Luxembourg (8.7%) - SBIE reduces top-up tax base by €4.2M (Singapore), €1.8M (Ireland), €0.9M (Luxembourg) - De minimis applies to Luxembourg (revenue

€8.5M) - Ireland QDMTT eliminates €0.8M of potential top-up tax - Net top-up tax liability: €2.1M (Singapore only)

**Learning Points:** - SBIE provides significant relief for jurisdictions with real substance - QDMTT in a jurisdiction eliminates IIR/UTPR top-up tax for that jurisdiction - De minimis exclusion is valuable for small operations - Document all calculations jurisdiction-by-jurisdiction

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## Part 6: Special Structures, Restructurings, and Tax Regimes

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*Syllabus Coverage: Section VI.A and VI.B (approximately 8%)*

### Learning Objectives

After completing Part 6, practitioners will be able to: 1. Apply Pillar Two rules to M&A transactions (mergers, demergers, acquisitions) 2. Handle joint venture structures and multi-parented groups 3. Navigate tax neutrality rules for flow-throughs and special regimes 4. Apply investment entity rules and elections

### Chapter Structure

**Chapter 6.1: Mergers and Demergers** - Revenue threshold impact of group combinations - Treatment of assets and liabilities in mergers - Demerger allocation rules - **Process Flowchart:** M&A impact assessment

**Chapter 6.2: Acquisitions and Disposals** - Entry into MNE group (partial year treatment) - Exit from MNE group - Asset vs share deals - Basis step-up elections - **Timeline:** Acquisition year calculations

**Chapter 6.3: Joint Ventures** - JV definition for Pillar Two purposes - Separate ETR calculation for JVs - Top-up tax allocation from JVs - **Worked Example:** JV top-up tax treatment

**Chapter 6.4: Multi-Parented Groups** - Stapled structures - Dual-listed companies - Combined group treatment - **Case Analysis:** Multi-parented group example

**Chapter 6.5: Flow-Through UPEs** - Flow-through at top of structure - FSVH election - Taxable distribution method - **Decision Matrix:** Which election to make

**Chapter 6.6: Investment Entities** - Investment entity definition - ETR computation options - Transparency election - Taxable distribution method - **Analysis Framework:** Investment entity treatment options

## Official Resources (Embedded in Content)

- OECD GloBE Model Rules Articles 6 and 7: [Direct link]
- OECD Commentary Chapters 6 and 7: [Direct link]
- Administrative Guidance on restructurings: [Direct link]

## Tools for Part 6

**Reuse existing tool for JV calculations:** - **GIR-001 GloBE Calculator** - Apply to JV entities using the same 3-step methodology with JV-specific data inputs

**No new tools required.** Special structures and restructurings are highly fact-dependent scenarios that don't benefit from generic tools. The content provides: - **M&A Impact Analysis Framework:** Decision tree for assessing transaction impacts - **JV Calculation Methodology:** How to apply GIR-001 to JV structures - **Election Checklist:** Comprehensive list of available elections with decision criteria

The Case Study demonstrates M&A implications through Stratos's acquisition of TechStart.

## Case Study 6: Stratos's Acquisition of TechStart

*Placed at end of Part 6*

**Scenario Context:** Stratos acquired TechStart Ltd (an Irish technology company) on July 1, 2025. The tax team must determine the Pillar Two implications of this acquisition.

**Data Provided:** - TechStart group structure (parent + 3 subsidiaries) - Pre-acquisition TechStart financials - Purchase price allocation and basis adjustments - Post-acquisition intercompany arrangements

**Tasks:** 1. Determine when TechStart entities become Constituent Entities 2. Calculate partial-year GloBE Income for TechStart entities 3. Assess impact on Stratos's revenue threshold 4. Evaluate basis step-up election opportunity 5. Update group structure mapping

**Expected Outcomes:** - TechStart entities become CEs from July 1, 2025 - Partial year calculations required for 6 months - Revenue threshold impact: +€45M to Stratos group - Basis step-up election beneficial for Ireland IP assets - Election documentation prepared

**Learning Points:** - Mid-year acquisitions require careful allocation - Basis elections are irrevocable—analyse carefully - Update scope documentation after acquisitions

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## Part 7: Compliance, Filing, and Transitional Rules

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*Syllabus Coverage: Section VI.C, VI.D, and VI.E (approximately 7%)*

### Learning Objectives

After completing Part 7, practitioners will be able to: 1. Prepare and file the GloBE Information Return (GIR) 2. Apply safe harbour rules (transitional and permanent) 3. Navigate transition year adjustments 4. Establish ongoing compliance processes

### Chapter Structure

**Chapter 7.1: GloBE Information Return Overview** - GIR structure and content requirements - Filing entity determination - Filing deadlines by jurisdiction - **GIR Template Walkthrough:** Section-by-section

**Chapter 7.2: GIR Data Requirements** - Entity-level data requirements - Jurisdictional data aggregation - Top-up tax allocation reporting - **Data Checklist:** 100+ data points organised by source

**Chapter 7.3: Transitional Safe Harbours** - CbCR-based ETR test - Routine profits test - De minimis test - Transition period (FY 2024-2026) - **Safe Harbour Qualification Flowchart**

**Chapter 7.4: Permanent Safe Harbours** - Simplified calculations safe harbour - QDMTT safe harbour - Ongoing qualification requirements - **Assessment Tool:** Safe harbour eligibility check

**Chapter 7.5: Transition Year Adjustments** - Opening balance sheet adjustments - Tax attribute carryforwards - SBIE transition rates - UTPR exclusion for initial phase - **Transition Checklist:** First-year compliance items

**Chapter 7.6: Ongoing Compliance Process** - Annual compliance calendar - Data gathering process - System requirements - Governance and controls - **Process Map:** Annual Pillar Two compliance cycle

## Official Resources (Embedded in Content)

- OECD GIR Template and Instructions: [Direct link]
- OECD GIR XML Schema: [Direct link]
- OECD Safe Harbours Guidance: [Direct link]
- OECD Transition Rules Guidance: [Direct link]

## Tools for Part 7

**Reuse existing tools (compliance suite from tools.mojitax.com):** - **GIR-002 Safe Harbour Qualifier** - Assesses transitional CbCR safe harbour eligibility - **GIR-003 Filing Deadline Calculator** - Calculates jurisdiction-specific filing deadlines - **GIR-004 GIR Practice Form** - Interactive practice completing the GloBE Information Return - **GIR-005 DFE Assessment Tool** - Guides Designated Filing Entity election decisions - **GIR-006 Audit File Checklist** - Audit documentation requirements

These five tools provide comprehensive coverage for Part 7 compliance and filing practice.

## Case Study 7: Stratos's First GIR Filing

*Placed at end of Part 7*

**Scenario Context:** Stratos must prepare and file its first GloBE Information Return for FY 2025. The tax team needs to gather data, assess safe harbour eligibility, and complete the filing.

**Data Provided:** - Complete Pillar Two calculations from Parts 3-5 - CbCR data for safe harbour comparison - Entity-level financial and tax data - Filing jurisdiction requirements

**Tasks:** 1. Assess transitional safe harbour eligibility by jurisdiction 2. Complete the GIR using the GIR Preparation Tool 3. Validate data consistency with CbCR 4. Prepare supporting documentation

**Expected Outcomes:** - 8 of 12 jurisdictions qualify for transitional safe harbour - Full calculations required for Singapore, Ireland, Luxembourg, and Netherlands - GIR completed with all required data elements - Filing timeline established (15 months from year-end)

**Learning Points:** - Safe harbours significantly reduce compliance burden in transition years - GIR data requirements are extensive—start data gathering early - Align Pillar Two process with existing CbCR compliance

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## Part 8: Subject to Tax Rule and Inclusive Framework

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*Syllabus Coverage: Sections VII and VIII (15%)*

### Learning Objectives

After completing Part 8, practitioners will be able to: 1. Understand the Subject to Tax Rule (STTR) and its interaction with treaties 2. Assess STTR impact on specific payment types 3. Navigate the Inclusive Framework governance and guidance 4. Stay current with evolving QDMTT and safe harbour standards

### Chapter Structure

**Chapter 8.1: STTR Design and Mechanics** - STTR scope (covered income types) - Nominal tax rate assessment - Mark-up proxy for substantial activities - Treaty interaction - **STTR Impact Assessment Framework**

**Chapter 8.2: STTR Implementation** - Multilateral Convention approach - Bilateral treaty modification - Jurisdiction adoption status - **Jurisdiction Tracker:** STTR adoption (embedded link)

**Chapter 8.3: Inclusive Framework Structure** - Membership and governance - Role in issuing guidance - Peer review process - **Official Resources:** IF communications channels

**Chapter 8.4: QDMTT Qualification Standards** - Qualified status criteria - Peer review outcomes - Ongoing qualification monitoring - **QDMTT Jurisdiction List:** Qualified jurisdictions (embedded link)

**Chapter 8.5: Administrative Guidance Updates** - How to track new guidance - Incorporating guidance into compliance - Monitoring for changes - **Resource List:** Official guidance sources

## Official Resources (Embedded in Content)

- OECD STTR Multilateral Convention: [Direct link]
- OECD STTR Commentary: [Direct link]
- Inclusive Framework membership list: [Direct link]
- QDMTT qualified jurisdiction tracker: [Direct link]

## Tools for Part 8

### No tools required for Part 8.

This Part is policy and framework-focused with limited calculation content. STTR calculations are treaty-specific and rarely performed. Instead: - **External Resource Links:** Direct links to OECD's official jurisdiction status trackers - **Worked STTR Example:** Single comprehensive example shown inline in content - **Practical Exercise:** Staying current with administrative guidance (replaces case study)

## Case Study Consideration for Part 8

**Note:** Part 8 is primarily policy and framework-focused. A full case study is **not included** here as the content does not lend itself to hands-on calculation practice in the same way as Parts 1-7.

Instead, Part 8 concludes with a **practical exercise**:

**Practical Exercise 8: Staying Current** - Task: Using the official OECD resources, identify any administrative guidance issued in the past 6 months relevant to Stratos's

Pillar Two compliance - Deliverable: Summary memo of guidance updates and their impact on Stratos's calculations or elections

This exercise reinforces the practitioner's ability to monitor and incorporate evolving guidance without forcing a case study where one doesn't naturally fit.

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## Tool Requirements: Critical Analysis

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### The Gate Question

Before proposing any tool, we must answer: "**If this tool didn't exist, what would the learner miss?**"

If the answer is vague or the skill can be adequately learned through worked examples in the content, **no tool is needed**.

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### Existing Tools to Reuse

The GloBE Information Return course has 6 tools already built on tools.mojitax.com.

**These should be reused across this course** rather than creating duplicates:

Tool ID	Tool Name	Reuse In Parts	What It Does
GIR-001	GloBE Calculator	Parts 2, 4, 5	<b>Integrated 3-step tool:</b> ETR calculation → SBIE calculation → Top-Up Tax computation. Takes GloBE Income and Covered Taxes as inputs.
GIR-002	Safe Harbour Qualifier	Part 7	Assesses Transitional CbCR Safe Harbour (De Minimis, Simplified ETR, Routine Profits tests)
GIR-003	Filing Deadline Calculator	Part 7	Calculates GIR filing deadlines (15-month standard, 18-month transitional)

Tool ID	Tool Name	Reuse In Parts	What It Does
GIR-004	GIR Practice Form	Part 7	Interactive form for practicing GIR completion
GIR-005	DFE Assessment Tool	Part 7	Guides Designated Filing Entity election decisions
GIR-006	Audit File Checklist	Part 7	Audit documentation checklist for GloBE compliance

**Key insight:** GIR-001 is a consolidated tool that handles ETR, SBIE, and Top-Up Tax in one integrated 3-step workflow. It takes GloBE Income and Adjusted Covered Taxes as inputs—the adjustment process to derive these figures is taught in content, not through a separate tool.

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## Part-by-Part Tool Analysis

### Part 1: Scope Determination

**Proposed tools eliminated:** MNE Scope Assessment Tool, Revenue Threshold Calculator, Entity Classification Tool

**Gate Question Analysis:** - Revenue threshold calculation is a straightforward arithmetic exercise (sum revenues, compare to €750M) - Entity classification follows a decision tree that is better shown as a flowchart in content - Scope determination is a one-time analytical exercise, not a skill requiring repeated practice

**Decision: NO TOOLS NEEDED** - Use inline flowcharts and decision trees in content - Provide a comprehensive checklist learners can use with their own data - The worked example (Stratos) demonstrates the process sufficiently

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## **Part 2: Charging Mechanism (IIR/UTPR)**

**Proposed tools eliminated:** IIR Allocation Calculator, UTPR Allocation Calculator, Charging Rule Navigator

**Gate Question Analysis:** - IIR allocation follows ownership percentages - straightforward multiplication - UTPR allocation uses a formula (employees + assets) - can be shown in worked examples - Ordering rules are logic-based, not calculation-based

**Decision: REUSE GIR-001 (GloBE Calculator)** - GIR-001 Step 3 handles the top-up tax calculation that feeds into allocation - Allocation itself is arithmetic that doesn't benefit from a separate tool - Use decision matrices and flowcharts in content for ordering rules

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## **Part 3: GloBE Income Calculation**

**Proposed tools eliminated:** GloBE Income Calculator, Adjustment Tracker, PE Income Allocator

**Gate Question Analysis:** - GloBE Income calculation involves 25+ adjustment types - GIR-001 takes GloBE Income as an input—the adjustment process is preparatory - The adjustments are primarily classification decisions (include/exclude), not complex calculations - A detailed checklist with worked examples in content achieves the same learning outcome

**Decision: NO NEW TOOL NEEDED** - Provide comprehensive adjustment checklist in content (25+ items) - Show complete worked example with actual numbers for each adjustment type - Case Study 3 walks through the full process - Learners derive GloBE Income manually, then enter into GIR-001 for calculation practice

**Content provides:** Adjustment checklist + worked example + case study walkthrough

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## **Part 4: Covered Taxes**

**Proposed tools eliminated:** Covered Tax Calculator, DTA Tracker, Tax Allocation Tool

**Gate Question Analysis:** - Covered tax identification is primarily classification (yes/no for each tax type) - DTA tracking is a multi-year record-keeping exercise, not a calculation skill - Tax allocation follows defined rules that can be shown in worked examples

**Decision: REUSE GIR-001 (ETR Calculator)** - GIR-001 takes Adjusted Covered Taxes as an input - Similar to Part 3, the value is understanding HOW to derive the input - A checklist format in content is more appropriate than a tool

**If Part 3 tool is built:** Consider whether it should also include Covered Tax adjustments, creating a unified "GloBE Computation Worksheet" that feeds into GIR-001

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## Part 5: ETR and Top-Up Tax

**Proposed tools eliminated:** De Minimis Assessment Tool (simple threshold check)

**Decision: REUSE GIR-001 (GloBE Calculator)** - GIR-001 provides complete coverage with its integrated 3-step workflow: - Step 1: ETR calculation - Step 2: SBIE calculation - Step 3: Top-Up Tax computation

One tool covers all Part 5 calculation needs. No new tools needed.

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## Part 6: Special Structures and Restructurings

**Proposed tools eliminated:** M&A Impact Assessor, JV Calculator, Election Tracker

**Gate Question Analysis:** - M&A impact assessment is highly fact-dependent - each situation is different - JV calculations follow the same ETR/top-up methodology (use existing tools) - Election tracking is administrative record-keeping, not a learnable skill

**Decision: NO NEW TOOLS NEEDED** - JV scenarios can use GIR-001 (GloBE Calculator) with JV-specific data inputs - M&A impacts are better taught through detailed worked examples - Provide an election checklist in content (not a tool)

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## Part 7: Compliance and Filing

**Proposed tools eliminated:** Data Mapping Tool (reference material, not a practice tool)

**Decision: REUSE EXISTING TOOLS** - GIR-002: Safe Harbour Qualifier - pre-screening for safe harbour eligibility - GIR-003: Filing Deadline Calculator - deadline calculation - GIR-004: GIR Practice Form - interactive filing practice - GIR-005: DFE Assessment Tool - filing entity election guidance - GIR-006: Audit File Checklist - documentation requirements

These five tools provide comprehensive coverage for compliance and filing practice.

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## Part 8: STTR and Inclusive Framework

**Proposed tools eliminated:** STTR Impact Calculator, Jurisdiction Status Tracker

**Gate Question Analysis:** - STTR calculations are treaty-specific and rarely performed by most practitioners - Jurisdiction status is reference information that changes frequently - better as web links to OECD tracker - This Part is policy-focused with limited calculation content

**Decision: NO TOOLS NEEDED** - Link to OECD's official jurisdiction trackers (external resource) - STTR impact analysis is better taught through worked examples - Practical exercise (not case study) is sufficient for this Part

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## Consolidated Tool Summary

Category	Tool	Status	Used In
REUSE	GIR-001 GloBE Calculator	Existing (tools.mojitax.com)	Parts 2, 4, 5, 6
REUSE	GIR-002 Safe Harbour Qualifier	Existing (tools.mojitax.com)	Part 7
REUSE	GIR-003 Filing Deadline Calculator	Existing (tools.mojitax.com)	Part 7

Category	Tool	Status	Used In
REUSE	GIR-004 GIR Practice Form	Existing (tools.mojitax.com)	Part 7
REUSE	GIR-005 DFE Assessment Tool	Existing (tools.mojitax.com)	Part 7
REUSE	GIR-006 Audit File Checklist	Existing (tools.mojitax.com)	Part 7

### **Result: 6 existing tools reused, 0 new tools needed**

This represents a reduction from 24 originally proposed tools to 0 new tools, by: 1. Recognising that GIR-001 is an integrated 3-step calculator (ETR → SBIE → Top-Up Tax) 2. Applying the Gate Question rigorously to eliminate unnecessary tools 3. Using flowcharts, checklists, and worked examples in content where tools don't add value

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## **Why No New Tools Are Needed**

### **Part 3 (GloBE Income Calculation) - Reconsidered:**

The original analysis suggested a GloBE Income Adjustment Calculator might be needed. On further reflection:

- GIR-001 takes GloBE Income as an input—the adjustment process is **preparatory work**
- The 25+ adjustments are classification decisions (include/exclude) more than calculations
- A detailed **adjustment checklist** in content with worked examples serves the same learning purpose
- Learners enter the final GloBE Income figure into GIR-001, which then performs the ETR/SBIE/Top-Up Tax calculations

**What content provides instead of a tool:** - Comprehensive adjustment checklist (25+ items with yes/no criteria) - Worked example showing each adjustment type

with actual numbers - Case Study 3 walks through the complete process step-by-step - The output feeds into GIR-001 for practice with the calculation workflow

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## What Replaces Tools in Each Part

For Parts where no tools are specified, the content must include robust alternatives:

Part	Instead of Tools	Content Approach
Part 1	Scope Assessment	Decision flowchart, comprehensive checklist, worked example
Part 2	Allocation Calculators	Allocation formulas with worked examples, decision matrix for ordering rules
Part 4	Covered Tax Calculator	Classification checklist, adjustment examples shown inline
Part 6	M&A/JV Tools	Detailed worked examples showing how existing tools apply to special structures
Part 8	STTR Calculator	Links to OECD trackers, worked STTR example in content

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## Official Resource Directory

### Core OECD Resources (Embed Direct Links in Content)

**Model Rules and Commentary:** - GloBE Model Rules (2021): <https://www.oecd.org/tax/beps/tax-challenges-arising-from-the-digitalisation-of-the-economy-global-anti-base-erosion-model-rules-pillar-two.htm> - Consolidated Commentary (2025): <https://www.oecd.org/tax/beps/globe-rules-commentary.htm> - Illustrative Examples: <https://www.oecd.org/tax/beps/globe-rules-examples.htm>

**Administrative Guidance:** - 1st Administrative Guidance (Feb 2023) - 2nd Administrative Guidance (July 2023) - 3rd Administrative Guidance (Dec 2023) - 4th Administrative Guidance (June 2024) - 5th Administrative Guidance (Jan 2025)

**GIR and Safe Harbours:** - GIR Template and Instructions (2025) - GIR XML Schema - Safe Harbours Guidance (2022)

**STTR:** - STTR Model Rules - STTR Multilateral Convention - STTR Commentary

## Jurisdiction-Specific Resources (Embed in Relevant Sections)

**UK:** - HMRC Pillar Two Guidance - Multinational Top-Up Tax legislation - HMRC portal for filings

**EU:** - EU Minimum Tax Directive - European Commission implementation materials

**Australia:** - ATO Global Minimum Tax guidance

**Other Major Jurisdictions:** - Links to be added for each jurisdiction with Pillar Two legislation

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## Development Process

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### Phase 1: Content Development (Parts 1-4)

1. Draft chapters following implementation-first approach
2. Create worked examples with actual numbers
3. Develop process flowcharts and decision trees
4. Build case studies with Stratos data
5. Embed official resource links

### Phase 2: Content Development (Parts 5-8)

1. Complete remaining chapters
2. Ensure progressive storyline continuity
3. Finalise case studies

4. Create practical exercises

## Phase 3: Tool Development

1. Prioritise high-priority tools
2. Develop tool specifications
3. Build and test tools on tools.mojitax.com
4. Integrate tools with case studies

## Phase 4: Quality Assurance

1. Technical accuracy review by practitioner
  2. Link verification
  3. Case study testing
  4. Tool integration testing
  5. Complete learner journey testing
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## Quality Checklist

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### Implementation Focus

- [ ] Course starts at "how to comply," not "what Pillar Two is"
- [ ] No definitions or history sections
- [ ] Every section answers "how do I do this?"
- [ ] Calculations shown with actual numbers

### Content Quality

- [ ] Examples and templates shown inline
- [ ] Visual aids (flowcharts, decision trees) included
- [ ] Common challenges addressed
- [ ] Process steps clearly numbered

## Case Studies

- [ ] Progressive storyline with Stratos
- [ ] Case studies placed at end of Parts (not appendices)
- [ ] Sample data and expected outcomes provided
- [ ] Learning points identified
- [ ] Case studies only where they add value (not forced)

## Tools and Resources

- [ ] Tools identified for each Part
- [ ] Tool specifications created
- [ ] Official resource links embedded in content
- [ ] Links verified as working

## Compliance and Deadlines

- [ ] Filing deadlines clearly stated
  - [ ] Jurisdiction-specific requirements identified
  - [ ] Process timelines documented
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## Conclusion

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This development plan transforms the ADIT Pillar Two Award syllabus into a true Professional Practice Course by:

1. **Reorganising content** around practitioner workflows rather than regulatory structure
2. **Focusing on implementation** with step-by-step processes and calculations
3. **Integrating tools** for hands-on practice throughout the course
4. **Using progressive case studies** that build skills across the Stratos storyline
5. **Embedding official resources** directly where practitioners need them

**6. Placing case studies strategically** at the end of each Part where practice adds genuine value

The result is a course that enables practitioners to **implement Pillar Two compliance immediately**, not just understand the rules theoretically.