

Case Study 8: Staying Current

Introduction

This case study concludes the ADIT Pillar Two Professional Practice Course by applying the monitoring and governance concepts from Part 8. You will analyse new regulatory guidance, update governance documentation, and prepare Board reporting—the ongoing professional skills essential for maintaining Pillar Two compliance.

Context: You are the Pillar Two compliance lead at Stratos Holdings plc. It is January 2026. The MNE Group has completed its first GloBE calculation cycle for FY 2025 (as covered in Case Study 7). The OECD has just released new Administrative Guidance that may affect Stratos's compliance position.

Time estimate: 90-120 minutes

Background: Stratos's Current Position — January 2026

FY 2025 Compliance Summary

Stratos has completed its first Pillar Two compliance cycle:

Metric	FY 2025 Result
Total Top-Up Tax liability	€1,242,558
IIR component (UK collected)	€807,518
QDMTT component (Ireland)	€435,040

Metric	FY 2025 Result
Jurisdictions in scope	7
Safe Harbour jurisdictions	5 of 7
GIR filing deadline	30 June 2027 (transitional)

Jurisdictional Status — FY 2025

Jurisdiction	ETR	Status	Top-Up Tax (€)	Notes
UK	25.00%	Above minimum	—	Compliant
Germany	23.00%	Safe Harbour	—	Routine Profits test passed
Singapore	9.81%	Below minimum	529,408	IIR applies; QDMTT from 2025
Ireland	11.80%	QDMTT	435,040	Qualified QDMTT collected
Luxembourg	25.00%	De Minimis	—	Below €10M/€1M thresholds
USA	15.49%	Safe Harbour	—	Simplified ETR test passed
Cayman	1.00%	Below minimum	278,110	IIR applies; no QDMTT

Corporate Structure

```
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
    |
    |   └── 80% – TechStart IP LLC (Delaware) – Flow-through
    |
    └── 100% – TechStart Ventures Fund (Cayman)
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Key Stakeholders

Role	Name	Responsibilities
Group CFO	Margaret Chen	Board reporting, financial statement impact, resource allocation
Group Tax Director	James Wilson	Technical compliance, risk mitigation, process efficiency
	Priya Sharma	

Role	Name	Responsibilities
Head of Tax Technology		System updates, data quality, automation
UK Tax Manager	David Roberts	UK entity compliance, HMRC liaison
US Tax Manager	Sarah Mitchell	US entity compliance, IRS matters
External Auditor Partner	Michael Thompson (Ernst & Co.)	Audit trail, documentation, controls

Data Package: Administrative Guidance 6 (AG6)

The OECD/G20 Inclusive Framework on BEPS released Administrative Guidance on the GloBE Model Rules in December 2025. The following extracts are relevant to Stratos's compliance position.

AG6 Extract 1: Partial-Year Acquisitions and QDMTT Safe Harbour

AG6 Paragraph 12.1 — Application of QDMTT Safe Harbour to Acquired Entities

Where a Constituent Entity joins an MNE Group partway through a Fiscal Year due to an acquisition, the QDMTT Safe Harbour may be applied on a proportionate basis for the partial period during which the entity was a member of the Group.

AG6 Paragraph 12.2 — Proportionate Period Calculation

The proportionate period shall be calculated as the number of days from the acquisition date to the Fiscal Year end, divided by 365 (or 366 for a leap year). This fraction applies to both the revenue and profit thresholds for De Minimis Test purposes.

AG6 Paragraph 12.3 — Data Requirements

For partial-year entities, the acquiring MNE Group shall use the acquired entity's financial data from the acquisition date. Where the acquired entity has a different fiscal year-end, adjustments shall be made to align reporting periods. The acquiring group is not required to include pre-acquisition data in its GloBE calculations but must document the cut-off date and any allocation methodology applied.

AG6 Paragraph 12.4 — Election to Apply Full-Year Treatment

An MNE Group may elect to apply full-year treatment to acquired entities where: (a) the acquisition occurs within the first quarter of the Fiscal Year; or (b) the acquired entity's ETR for the pre-acquisition period was at or above 15%.

This election is binding for all acquired entities in the same transaction.

Stratos-Specific Data for AG6 Extract 1:

TechStart Inc. was acquired on **1 July 2025** (184 days remaining in calendar year).

TechStart Entity	Full Year GloBE Income (€)	Partial Year (184/365) (€)	Full Year Covered Taxes (€)	Partial Year (€)
TechStart Inc. (USA)	18,148,000	9,151,408	3,811,000	1,921,443
TechStart UK Ltd	6,050,000	3,050,356	1,512,400	762,414
TechStart GmbH	12,098,000	6,100,222	2,782,600	1,402,872
TechStart Ventures Fund (Cayman)	4,032,000	2,032,942	40,400	20,370
	6,452,800	3,253,311	0	0

TechStart Entity	Full Year GloBE Income (€)	Partial Year (184/365) (€)	Full Year Covered Taxes (€)	Partial Year (€)
TechStart IP LLC (80% share)				

TechStart pre-acquisition ETR (1 Jan – 30 June 2025): **21.0%** (USA consolidated)

AG6 Extract 2: Marketable Transferable Tax Credits — Clarifications

AG6 Paragraph 15.1 — Scope of Marketable Transferable Tax Credit Definition

A tax credit qualifies as a Marketable Transferable Tax Credit (MTTC) under Article 10.1.1 if it meets both marketability and transferability requirements at the time of recognition. The credit need not have been actually transferred; the potential for transfer to an unrelated party at fair market value is sufficient.

AG6 Paragraph 15.2 — US Inflation Reduction Act Credits

Tax credits arising under Sections 45, 45Y, 48, and 48E of the US Internal Revenue Code (as amended by the Inflation Reduction Act of 2022) meet the definition of Marketable Transferable Tax Credits where the taxpayer has made a valid election under Section 6418 to transfer the credit.

AG6 Paragraph 15.3 — Treatment Where Election Not Made

Where a taxpayer holds a credit eligible for transfer under Section 6418 but has not made the transfer election by the GIR filing date, the credit shall be treated as follows: (a) If the transfer election deadline has passed without election: the credit is treated as a Non-Qualifying Refundable Tax Credit and added to GloBE Income per Article 3.2.4; (b) If the transfer election deadline has not yet passed: the taxpayer may apply MTTC treatment prospectively upon making the election, with a corresponding adjustment in the year of election.

AG6 Paragraph 15.4 — Quantification of MTTC

The MTTC is included in Covered Taxes at its face value (gross credit amount), not at any discounted transfer value. Any discount accepted on actual transfer is disregarded for GloBE purposes.

Stratos-Specific Data for AG6 Extract 2:

TechStart Inc. holds the following US tax credits:

Credit Type	IRC Section	Amount (USD)	Amount (€)	Section 6418 Election Status
Clean Energy Production Credit	Section 45	\$850,000	€779,817	Election made 15 Nov 2025
Investment Tax Credit (Solar)	Section 48	\$320,000	€293,578	No election made
R&D Credit	Section 41	\$425,000	€389,908	Not transferable under 6418

Exchange rate: 1 USD = 0.9174 EUR

Current USA jurisdictional ETR calculation (FY 2025): - Combined GloBE Income: €12,300,400 - Combined Covered Taxes: €1,905,500 - Current ETR: **15.49%**

The Section 48 credit (\$320,000 / €293,578) was **not included** in the FY 2025 calculation as it was unclear whether MTTC treatment applied.

AG6 Extract 3: Transitional Safe Harbour Extensions

AG6 Paragraph 18.1 — Extended Application Period

The Transitional CbCR Safe Harbour under Article 9.1 shall remain available for Fiscal Years beginning on or before 31 December 2028 (previously 31 December 2026). This extension applies to all three tests (De Minimis, Simplified ETR, and Routine Profits).

AG6 Paragraph 18.2 — Simplified ETR Threshold Adjustments

The Simplified ETR test thresholds are adjusted as follows:

Fiscal Year Beginning	Threshold Rate
2024	15%
2025	16%
2026	17%
2027	17%
2028	17%

AG6 Paragraph 18.3 — Documentation Requirements

MNE Groups applying the Transitional Safe Harbour for extended years (2027-2028) must maintain documentation demonstrating: (a) Consistency of CbCR data preparation methodology across all application years; (b) Reconciliation between CbCR data and Qualified Financial Statements; and (c) No material restatements affecting prior-year safe harbour determinations.

Stratos-Specific Data for AG6 Extract 3:

Stratos's Safe Harbour status by jurisdiction:

Jurisdiction	FY 2025 Status	Test Passed	CbCR ETR	Margin to 16% Threshold
Germany	Qualified	Routine Profits	23.28%	+7.28pp
Luxembourg	Qualified	De Minimis	N/A	N/A
USA	Qualified	Simplified ETR	21.11%	+5.11pp
UK	Above 15%	N/A	24.58%	N/A

Jurisdiction	FY 2025 Status	Test Passed	CbCR ETR	Margin to 16% Threshold
Ireland	QDMTT applies	N/A	11.88%	N/A
Singapore	Below 15%	Failed all	9.52%	-6.48pp
Cayman	Below 15%	Failed all	1.00%	-15.00pp

Projected FY 2026 CbCR ETRs (based on current forecasts):

Jurisdiction	Projected CbCR ETR	17% Threshold (FY 2026)	Status
Germany	22.5%	Pass	Safe Harbour likely
USA	19.8%	Pass	Safe Harbour likely
Luxembourg	De Minimis	N/A	Safe Harbour likely

AG6 Extract 4: STTR Interaction with Domestic Law

AG6 Paragraph 22.1 — Domestic Implementation of STTR

Source jurisdictions implementing the STTR through domestic legislation (rather than treaty modification) shall ensure that: (a) The STTR applies only to Covered Income as defined in the STTR Model Provision; (b) The 9% nominal tax rate threshold is applied at the payee jurisdiction level; and (c) Credits are available for any underlying tax imposed by the residence jurisdiction on the same income.

AG6 Paragraph 22.2 — Interaction with Existing Treaties

Where an existing treaty contains a withholding tax rate below the STTR rate that would otherwise apply, the STTR takes precedence only if: (a) Both contracting states have signed the STTR MLI; or (b) The treaty has been bilaterally modified to incorporate STTR provisions.

AG6 Paragraph 22.3 — Timing of STTR Application

The STTR applies to payments made on or after the later of: (a) The date both jurisdictions have ratified the STTR MLI or bilateral modification; and (b) The first day of the calendar year following the deposit of ratification instruments.

Stratos-Specific Data for AG6 Extract 4:

Stratos has the following cross-border payments potentially subject to STTR:

Payment Type	From Entity	To Entity	Annual Amount (€)	Current WHT Rate	Payee Jurisdiction Tax Rate
Royalties	SG Ireland Ltd	SG Luxembourg S.à r.l.	2,400,000	0% (EU directive)	25%
Interest	SG Singapore Pte Ltd	Stratos Holdings plc (UK)	1,800,000	0% (treaty)	25%
Management fees	TechStart Inc. (USA)	SG Singapore Pte Ltd	950,000	0% (no WHT on services)	9.81%
Royalties	TechStart Inc. (USA)	TechStart IP LLC	3,200,000	0% (domestic)	0% (flow-through)

STTR MLI status (as of January 2026):

Jurisdiction	STTR MLI Signed	Ratified	Effective Date
UK	Yes	Yes	1 January 2026
Ireland	Yes	Pending	Expected 2027
Singapore	Yes	Pending	Expected 2027
Germany	Yes	Yes	1 January 2026
Luxembourg	Yes	Pending	Expected 2027
USA	No	N/A	N/A
Cayman	No	N/A	N/A

Data Package: Existing Governance Documents

Stratos Tax Risk Management Policy — Current Version (Excerpts)

Document: Tax Risk Management Policy **Version:** 3.2 **Effective Date:** 1 March 2023 **Last Reviewed:** 15 December 2024 **Owner:** Group Tax Director **Approved by:** Audit Committee

Section 1: Purpose and Scope

1.1 This Policy establishes the framework for managing tax risks across the Stratos Holdings plc group of companies.

1.2 This Policy applies to all entities within the consolidated group and covers all taxes including corporate income tax, VAT/GST, employment taxes, and customs duties.

1.3 This Policy does not currently address specific requirements arising from the OECD Pillar Two Global Anti-Base Erosion (GloBE) rules.

Section 3: Governance Structure

3.1 Board Oversight: The Audit Committee has oversight responsibility for tax risk management. The Committee receives an annual Tax Risk Report and is notified of any material tax disputes or assessments exceeding €500,000.

3.2 Management Responsibility: The Group Tax Director is responsible for day-to-day management of tax risk and reports to the Group CFO.

3.3 Local Compliance: Local finance directors are responsible for ensuring compliance with local tax filing and payment obligations in their respective jurisdictions.

Section 5: Risk Appetite

5.1 Stratos has a **low risk appetite** for tax compliance matters. The Group aims for full compliance with the letter and spirit of tax legislation in all jurisdictions.

5.2 Tax planning structures must have clear business substance and commercial rationale.

5.3 Aggressive tax positions that rely solely on technical interpretation without supporting business purpose are not permitted.

Section 7: Monitoring and Reporting

7.1 The Group Tax function monitors legislative developments and provides quarterly updates to the Group CFO.

7.2 Material tax risks (potential exposure exceeding €250,000) must be escalated to the Group Tax Director within 5 business days of identification.

7.3 The annual Tax Risk Report to the Audit Committee includes: - Summary of compliance status across all jurisdictions - Material tax disputes and provisions - Legislative developments affecting the Group - Tax governance effectiveness review

Section 9: External Advisors

9.1 External tax advisors are engaged for: - Complex cross-border transactions - Tax authority disputes exceeding €500,000 - Legislative interpretation where internal expertise is insufficient

9.2 The Group Tax Director maintains a panel of approved advisors for each major jurisdiction.

Stratos RACI Matrix — Current Version (Tax Processes)

Process	Group Tax	Local Finance	CFO	Audit Committee	External Advisor
Annual tax provision	A	R	I	I	C
Tax return filing	A	R	I	I	C
Transfer pricing documentation	R	C	I	I	C
Tax audit response	R	C	I	I	R
Tax risk reporting	R	I	A	I	C
Legislative monitoring	R	I	I	I	C

Stratos Organisation Chart — Tax Function

Margaret Chen (Group CFO)



— James Wilson (Group Tax Director)



— David Roberts (UK Tax Manager)

— 2 Tax Analysts

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    |
    |   └── Sarah Mitchell (US Tax Manager) [Since TechStar]
    |       └── 1 Tax Analyst
    |
    |   └── Regional Tax Managers (Germany, Ireland, Singapore)
    |       └── Report to Local Finance Directors with QDMTT
    |
    |   └── Priya Sharma (Head of Tax Technology)
    |       └── 2 System Analysts

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Current Pillar Two Responsibilities (Informal):

Activity	Current Owner	Notes
GloBE calculations	David Roberts + External advisor	Manual spreadsheet process
Data gathering	Local finance teams	Ad hoc requests
GIR preparation	David Roberts	First filing in progress
Regulatory monitoring	James Wilson	Personal RSS feeds
Safe Harbour assessment	External advisor	Outsourced for FY 2025
QDMTT coordination	James Wilson + Ireland team	Direct liaison

Task 1: Administrative Guidance Impact Memo

Scenario

James Wilson (Group Tax Director) has received notification of AG6 release. He has asked you to prepare a technical memo analysing the guidance and its impact on Stratos's compliance position.

Your Task

Using the AG6 extracts provided, prepare a technical memo addressed to James Wilson analysing each relevant guidance item and recommending actions.

Deliverable

Prepare a **Technical Memo** (2-3 pages) containing:

1. Executive Summary (Half page)

Summarise: - Number of AG6 items affecting Stratos - Highest priority item requiring immediate action - Overall timeline for implementing changes - Estimated quantitative impact (if any)

2. Detailed Analysis (1.5-2 pages)

For **each** of the four AG6 extracts, complete the following analysis:

AG6 Extract 1 — Partial-Year Acquisitions:

Element	Your Analysis
Relevant Article	[Cite GloBE Model Rules article]
Key Guidance Points	[List 2-3 key provisions from AG6 paragraphs 12.1-12.4]
Impact on Stratos	[Specific impact on TechStart acquisition treatment]
Affected Entities	[List specific entities]

Element	Your Analysis
Calculation Impact	[Quantify any change to FY 2025 numbers]
Election Available?	[Yes/No — if yes, recommendation]
Action Required	[Specific steps]
Priority	[High/Medium/Low with rationale]
Deadline	[Specific date]

AG6 Extract 2 — MTTC Clarifications:

Complete same analysis table for US tax credit treatment.

AG6 Extract 3 — Safe Harbour Extensions:

Complete same analysis table for planning implications.

AG6 Extract 4 — STTR Interaction:

Complete same analysis table for cross-border payment exposure.

3. Impact Summary

AG6 Item	Affected Jurisdictions	FY 2025 Quantitative Impact (€)	FY 2026+ Impact	Priority
Partial-year acquisitions	[List]	[Calculate]	[Describe]	[H/M/L]
MTTC clarifications	[List]	[Calculate]	[Describe]	[H/M/L]
Safe Harbour extensions	[List]	[Describe]	[Describe]	[H/M/L]

AG6 Item	Affected Jurisdictions	FY 2025 Quantitative Impact (€)	FY 2026+ Impact	Priority
STTR interaction	[List]	[Calculate]	[Describe]	[H/M/L]

4. Recommended Actions

List specific actions in three timeframes: - **Immediate** (within 30 days) - **Short-term** (within 90 days) - **Ongoing** (process changes)

For each action, specify the responsible person (use names from stakeholder list).

Assessment Criteria

- [] All four AG6 extracts analysed
 - [] Correct Article references cited
 - [] Quantitative impacts calculated where data permits
 - [] Specific action items with named owners
 - [] Professional memo format
-

Task 2: Tax Governance Policy Update

Scenario

Following the first year of Pillar Two compliance, Margaret Chen (Group CFO) has requested an update to Stratos's Tax Risk Management Policy. The current policy (Version 3.2, excerpts provided above) does not address Pillar Two requirements.

Your Task

Draft specific additions to the Tax Risk Management Policy and update the RACI matrix to incorporate Pillar Two processes.

Deliverable

Section A: Policy Amendments (1-2 pages)

Draft the following **new sections** to be inserted into the existing policy:

New Section 4: Pillar Two Compliance Governance

Draft policy text (using "shall" for mandatory requirements) covering:

4.1 Scope of Pillar Two Compliance - Definition of in-scope entities - Reference to €750 million revenue threshold - Annual confirmation process

4.2 Compliance Ownership - Designation of Pillar Two Compliance Owner - Reporting line (to whom?) - Delegation authorities

4.3 Calculation Methodology - Requirement for documented calculation methodology - Approval process for methodology changes - Version control requirements

4.4 Data Governance - Data collection responsibilities - Quality assurance requirements - Retention period (minimum [specify] years)

4.5 Materiality Thresholds

Complete the following table with appropriate thresholds for Stratos:

Matter	Threshold	Escalation To	Timeline
Calculation error affecting Top-Up Tax	€[amount]	[Role]	[Days]
New jurisdiction coming into scope	Any	[Role]	[Days]
Change in Safe Harbour eligibility	Any	[Role]	[Days]
QDMTT qualification status change	Any	[Role]	[Days]
AG impact assessment (material)	€[amount]	[Role]	[Days]

4.6 Review Cycle - Frequency of policy review - Trigger events requiring immediate review - Approval requirements for updates

New Section 4A: Three Lines of Defence — Pillar Two

Map Pillar Two activities to the three lines model. For **each activity listed**, specify: - Responsible role at Stratos (use actual names/titles from org chart) - Key deliverables - Escalation trigger

Activity	Line	Responsible Role	Key Deliverable	Escalation Trigger
Entity-level data collection	First	[Complete]	[Complete]	[Complete]
Jurisdictional GloBE calculation	First	[Complete]	[Complete]	[Complete]
GIR preparation and filing	First	[Complete]	[Complete]	[Complete]
Calculation methodology validation	Second	[Complete]	[Complete]	[Complete]
Safe Harbour assessment review	Second	[Complete]	[Complete]	[Complete]
Regulatory change monitoring	Second	[Complete]	[Complete]	[Complete]
Cross-jurisdictional consistency	Second	[Complete]	[Complete]	[Complete]
Annual process audit	Third	[Complete]	[Complete]	[Complete]

Activity	Line	Responsible Role	Key Deliverable	Escalation Trigger
External audit liaison	Third	[Complete]	[Complete]	[Complete]
Board/Audit Committee reporting	Third	[Complete]	[Complete]	[Complete]

New Section 8A: Regulatory Change Management — Pillar Two

Draft policy text covering:

8A.1 Monitoring Responsibilities - Who monitors OECD releases? - Frequency of monitoring - Sources to be monitored

8A.2 Impact Assessment Protocol - Timeline for initial assessment after AG release - Documentation requirements - Approval of assessment conclusions

8A.3 Implementation Process - Steps from identification to implementation -

Testing requirements - Sign-off process

Section B: Updated RACI Matrix (1 page)

Create an **updated RACI matrix** adding Pillar Two processes to the existing matrix.
Include all existing processes **plus** the following new processes:

RACI Definitions: - **R** = Responsible (does the work) - **A** = Accountable (final decision authority — only one per row) - **C** = Consulted (provides input before decision) - **I** = Informed (notified after decision)

Section C: Stakeholder Communication Plan (Half page)

Draft a communication plan for rolling out the policy updates:

Stakeholder	Communication Method	Key Messages	Owner	Timing
Audit Committee	[Specify]	[2-3 key points]	[Name]	[Date/ timing]
Local Finance Directors	[Specify]	[2-3 key points]	[Name]	[Date/ timing]
Tax Technology team	[Specify]	[2-3 key points]	[Name]	[Date/ timing]
External Auditors	[Specify]	[2-3 key points]	[Name]	[Date/ timing]
Regional Tax Managers	[Specify]	[2-3 key points]	[Name]	[Date/ timing]

Assessment Criteria

- [] Policy language uses appropriate mandatory terms ("shall")
 - [] Materiality thresholds are reasonable for Stratos's scale
 - [] Three Lines of Defence correctly mapped
 - [] RACI has exactly one "A" per process
 - [] Communication plan is actionable with specific owners
-

Task 3: Audit Committee Board Paper

Scenario

The Stratos Audit Committee meets quarterly. Margaret Chen has asked you to prepare the Pillar Two section of the Q1 2026 Board paper, covering FY 2025 compliance outcomes, AG6 implications, and recommended governance enhancements.

Your Task

Prepare a Board-level executive summary suitable for non-tax specialist directors.

Deliverable

Board Paper: Pillar Two Compliance Update — Q1 2026

Format: One-page executive summary + one-page data appendix (maximum 600 words for main text)

Required Sections:

1. Compliance Status Summary

Open with a clear status statement: - FY 2025 compliance: [Confirmed/Pending/Issues] - Total Pillar Two liability: €[amount] - Filing status: [On track/At risk/Complete]

2. FY 2025 Outcomes

Metric	Result
Total Top-Up Tax	€[Use data from background]
— IIR (UK)	€[amount]
— QDMTT (Ireland)	€[amount]
Jurisdictions assessed	[number]

Metric	Result
Safe Harbour applied	[number] jurisdictions
Next filing deadline	[date]

3. Significant Matters (3-4 bullets)

Highlight for the Committee: - TechStart acquisition integration (what was the compliance impact?) - Elections exercised (any significant choices made?) - Near-miss situations (any jurisdictions close to thresholds?) - First-year challenges overcome

4. Regulatory Update: AG6

Summarise for non-specialists: - When was AG6 released? - How many items affect Stratos? - What is the most significant impact? - What action is management taking?

5. Governance Enhancements

Reference Task 2 deliverables: - Policy updates proposed - RACI clarifications - Request for Committee endorsement

6. Forward Look

Item	FY 2026 Outlook
Expected liability trend	[Increase/Decrease/Stable] — [reason]
Safe Harbour availability	[Status for FY 2026]
Key jurisdictional changes	[Singapore QDMTT, etc.]
Resource requirements	[Any changes needed?]

7. Recommendations to the Committee

List 2-3 specific recommendations requiring Committee action: 1. [First recommendation] 2. [Second recommendation] 3. [Third recommendation — if applicable]

Data Appendix

Attach a one-page supporting appendix with:

Jurisdictional Detail — FY 2025

Jurisdiction	Entities	GloBE Income (€)	ETR	Status	Top-Up Tax (€)
UK	[number]	[amount]	[%]	[status]	[amount]
Germany	[number]	[amount]	[%]	[status]	[amount]
Singapore	[number]	[amount]	[%]	[status]	[amount]
Ireland	[number]	[amount]	[%]	[status]	[amount]
Luxembourg	[number]	[amount]	[%]	[status]	[amount]
USA	[number]	[amount]	[%]	[status]	[amount]
Cayman	[number]	[amount]	[%]	[status]	[amount]
Total					€[total]

Compliance Timeline

Milestone	Date	Status
FY 2025 year-end	31 December 2025	Complete
GIR data finalisation	[Date]	[Status]
External advisor review	[Date]	[Status]

Milestone	Date	Status
GIR filing (transitional deadline)	30 June 2027	Planned

Assessment Criteria

- [] Language appropriate for non-tax specialists
 - [] Financial impact clearly quantified
 - [] AG6 implications summarised accessibly
 - [] Recommendations are specific and actionable
 - [] Appendix provides supporting detail without overwhelming
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Model Answer Guidance

Task 1: AG Impact Memo

Key Calculations:

AG6 Extract 1 — Partial-Year Acquisitions: - TechStart acquisition date: 1 July 2025
 $= 184/365 = 50.4\%$ of year - Stratos may elect full-year treatment because pre-acquisition ETR was 21% (above 15%) - If partial-year treatment applies, TechStart entities contribute proportionately to jurisdictional totals - Consider whether full-year vs. partial-year treatment is more advantageous

AG6 Extract 2 — MTTC Clarifications: - Section 45 credit (\$850,000 / €779,817): Election made — qualifies as MTTC, included in Covered Taxes at face value - Section 48 credit (\$320,000 / €293,578): No election — currently excluded - Impact: If Section 48 credit is treated as MTTC (face value), USA Covered Taxes increase by €293,578 - Revised USA ETR: $(€1,905,500 + €293,578) / €12,300,400 = 17.88\%$ (vs. current 15.49%) - This improves USA's margin above 15% minimum

AG6 Extract 3 — Safe Harbour Extensions: - Extension to 2028 provides planning certainty - Germany, Luxembourg, and USA likely to continue qualifying through 2028 - FY 2026 threshold increases to 17% — all three still comfortably above - Process impact: Must document CbCR consistency for extended years

AG6 Extract 4 — STTR: - UK-Germany effective 1 January 2026 — but Stratos has no relevant payments between these jurisdictions - Singapore payments to UK (€1,800,000 interest) — STTR not yet effective (Singapore pending ratification) - TechStart IP LLC royalties (€3,200,000) — USA not signatory, no STTR applies -

Current exposure: Nil, but monitor for Singapore ratification

Priority Assessment: - **High:** MTTC clarification (affects FY 2025 calculation, filing deadline approaching) - **Medium:** Partial-year acquisition (confirm treatment before filing) - **Low:** Safe Harbour extension (positive news, process update only) - **Low:** STTR (no current exposure)

Task 2: Governance Policy

Materiality Threshold Guidance:

Matter	Suggested Threshold	Rationale
Calculation error	€50,000	~4% of total liability
New jurisdiction	Any	Compliance impact
Safe Harbour change	Any	Process change required
QDMTT status change	Any	Collection mechanism change
AG material impact	€100,000	~8% of total liability

RACI Solution:

Process	Group Tax	Local Finance	Tax Technology	External Advisor	CFO	Audit Committee
GloBE data collection	A	R	C	—	I	—
	A	R	R	C	I	—

Process	Group Tax	Local Finance	Tax Technology	External Advisor	CFO	Audit Committee
Jurisdictional ETR calculation						
Top-Up Tax computation	A	C	R	C	I	—
Safe Harbour assessment	A	C	I	R	I	—
QDMTT calculation & payment	A	R	C	C	I	I
GIR preparation	A	C	R	C	I	—
GIR filing	A	—	R	C	I	I
AG impact assessment	R	I	C	C	A	I
Pillar Two Board reporting	R	—	—	C	A	I
Pillar Two external audit support	R	R	C	—	I	I

Task 3: Board Paper

Key Points for Non-Specialists:

- Lead with compliance status: "Stratos has successfully completed its first Pillar Two compliance cycle"
 - Explain Top-Up Tax simply: "Additional tax to bring low-taxed profits up to 15% minimum"
 - Quantify clearly: Total liability of €1.2M represents X% of group tax charge
 - AG6 summary: "New OECD guidance issued in December 2025 affects our calculations. Most significant item [X] will be addressed before filing"
 - Recommendations should be specific: "Approve updated Tax Risk Management Policy" not "Consider governance improvements"
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Reflection Questions

After completing this case study, consider:

1. **Prioritisation:** How did you determine which AG6 items required immediate action versus monitoring?
 2. **Quantification:** Where data was incomplete, how did you estimate impacts for the memo?
 3. **Governance Design:** What factors influenced your materiality thresholds?
 4. **Board Communication:** How did you balance technical accuracy with accessibility?
 5. **Continuous Improvement:** What would you recommend Stratos implement to streamline AG monitoring for future releases?
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Course Conclusion

Congratulations on completing the ADIT Pillar Two Professional Practice Course.

Skills Developed

Part	Core Skills
Part 1	Scope determination, entity classification, exclusion application
Part 2	IIR/UTPR mechanics, allocation calculations, ordering rules
Part 3	GloBE Income adjustments, timing differences, PE allocations
Part 4	Covered Tax identification, DTA/DTL treatment, push-down mechanics
Part 5	ETR calculation, SBIE application, Top-Up Tax computation
Part 6	Safe harbour assessment, QDMTT interaction, election strategies
Part 7	GIR preparation, filing requirements, compliance processes
Part 8	STTR awareness, regulatory monitoring, governance frameworks

The Stratos Journey

Throughout this course, you followed Stratos Holdings plc from initial scope assessment through first-year compliance and ongoing governance:

Part 1: Scope €1.2B revenue In-scope confirmed	Part 2: Charging IIR as primary mechanism	Part 3: Income 25 adjustments €105.6M GloBE Income
Part 4: Taxes €21.0M covered DTA/DTL treated	Part 5: Calculation ETR range 1%-25% → SBIE applied	Part 6: Elections 5/7 Safe Harbour QDMTT coordination
Part 7: Filing €1,242,558 total GIR prepared	Part 8: Ongoing AG monitoring Governance framework	

Continuing Professional Development

Pillar Two compliance is not a one-time exercise:

1. **Monitor OECD releases** — New AG typically issued 2-3 times per year
 2. **Track peer review outcomes** — QDMTT qualification affects safe harbour availability
 3. **Follow jurisdictional changes** — National legislation continues to evolve
 4. **Engage professional networks** — ADIT, CIOT, and other bodies provide practitioner updates
 5. **Apply learning to practice** — Each compliance cycle builds institutional knowledge
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End of Course

For questions or feedback on this course, contact the MojiTax team at admin@mojtax.com.