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

Introduction

This case study brings together all concepts from Chapters 5.1 to 5.6. You will compute the Effective Tax Rate for each jurisdiction, apply the Substance-Based Income Exclusion (SBIE), calculate Top-Up Tax, apply the De Minimis Exclusion and QDMTT offsets, and handle a Minority-Owned Constituent Entity.

Important: Work through each task systematically. Complete the ETR calculation for all jurisdictions before proceeding to SBIE and Top-Up Tax calculations. Apply exclusions and offsets in the correct order.

Time estimate: 120-150 minutes

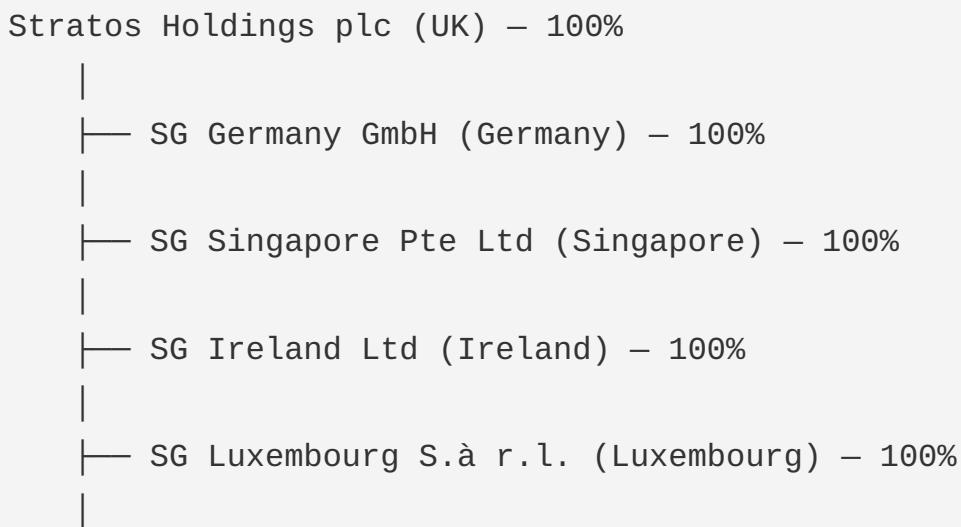## Background: Stratos Group — FY 2025 Complete Top-Up Tax Computation

Stratos Group has completed its GloBE Income calculations (Case Study 3) and Covered Tax computations (Case Study 4). The tax team must now bring these together to determine ETR, SBIE, and any Top-Up Tax liability across all jurisdictions.

Entity Overview

Entity	Jurisdiction	GloBE Income (€)	Adj. Covered Taxes (€)	Role
Stratos Holdings plc	UK	8,500,000	2,125,000	Ultimate Parent Entity
SG Germany GmbH	Germany	53,880,000	12,393,000	Operating subsidiary
SG Singapore Pte Ltd	Singapore	4,000,000	392,206	IP holding company
SG Ireland Ltd	Ireland	15,000,000	1,770,000	European HQ
SG Luxembourg S.à r.l.	Luxembourg	630,000	55,000	Treasury services
Atlas Ireland Ltd	Ireland	2,400,000	288,000	Shared services (28% MOCE)

Ownership Structure

```
Stratos Holdings plc (UK) — 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%
    |
```

```
└── Atlas Ireland Ltd (Ireland) — 28% (MOCE)
          └── Consolidated due to management contract control
```

Data Package

Substance Data by Jurisdiction

For SBIE Calculation (FY 2025 transition rates: 9.0% payroll, 7.0% tangible assets)

Jurisdiction	Eligible Payroll (€)	Tangible Assets NBV (€)
UK	4,200,000	2,800,000
Germany	12,500,000	18,000,000
Singapore	1,200,000	850,000
Ireland (Main Group)	8,400,000	12,000,000
Luxembourg	320,000	180,000
Atlas Ireland (MOCE)	1,200,000	800,000

Three-Year Revenue and Income Data (for De Minimis)

Luxembourg — SG Luxembourg S.à r.l.

Fiscal Year	GloBE Revenue (€)	GloBE Income (€)
FY 2023	7,900,000	580,000
FY 2024	8,400,000	650,000
FY 2025	9,200,000	630,000

QDMTT Implementation Status

Jurisdiction	Has QDMTT?	Effective Date
UK	Yes	1 Jan 2024
Germany	Yes	1 Jan 2024
Singapore	No	—
Ireland	Yes	1 Jan 2024
Luxembourg	Yes	1 Jan 2024

MOCE Data — Atlas Ireland Ltd

Item	Data
UPE ownership	28% (direct)
Basis for consolidation	Management contract control
Part of Minority-Owned Sub-Group?	No
Classification	Stand-alone MOCE

Task 1: ETR Calculation for All Jurisdictions

Your Task

Calculate the Effective Tax Rate for each jurisdiction using the formula:

```
ETR = Adjusted Covered Taxes ÷ Jurisdictional Net GloBE Income
```

For the MOCE (Atlas Ireland Ltd), calculate ETR separately as required by Article 5.6.2.

Expected Deliverable

ETR Calculation Worksheet

#	Jurisdiction	GloBE Income (€)	Adj. Covered Taxes (€)	ETR	Low-taxed?
1	UK				
2	Germany				
3	Singapore				
4	Ireland (Main Group)				
5	Luxembourg				
6	Atlas Ireland (MOCE)				

Note: A jurisdiction is "low-taxed" if ETR < 15%.

Summary:

```
 Total jurisdictions assessed:          _____
Jurisdictions with ETR ≥ 15%:          _____
Jurisdictions with ETR < 15%:          _____
```

Task 2: Apply De Minimis Exclusion Assessment

Your Task

Assess whether Luxembourg qualifies for the De Minimis Exclusion under Article 5.5.1 using the three-year average thresholds: - Average GloBE Revenue < €10 million - Average GloBE Income < €1 million

Expected Deliverable

De Minimis Assessment — Luxembourg

Step 1: Calculate Three-Year Averages

Fiscal Year	GloBE Revenue (€)	GloBE Income (€)
FY 2023		
FY 2024		
FY 2025		
Total		
Average (÷ 3)		

Step 2: Apply Thresholds

Test	Average	Threshold	Pass?
Revenue Test	€_____	< €10 million	
Income Test	€_____	< €1 million	

Step 3: Conclusion

```
 Does Luxembourg qualify for De Minimis Exclusion?   YES / NO


If YES:
→ No ETR calculation required for Luxembourg
→ GloBE Income deemed €0
→ Top-Up Tax deemed €0
→ Election made: YES


If NO:
→ Proceed with full ETR and Top-Up Tax calculation
```

Task 3: SBIE Calculation for Low-Taxed Jurisdictions

Your Task

For each jurisdiction with ETR < 15% (excluding any qualifying for De Minimis), calculate the Substance-Based Income Exclusion using FY 2025 transition rates: - Payroll carve-out: 9.0% - Tangible asset carve-out: 7.0%

Expected Deliverable

SBIE Calculation — Singapore

Component	Eligible Amount (€)	Rate (2025)	Carve-out (€)
Payroll		9.0%	
Tangible Assets (NBV)		7.0%	
Total SBIE			

Excess Profit Calculation

```
 Net GloBE Income:                    €_____
Less: SBIE:                         (€_____)
                                     _____

 Excess Profit:                      €_____
```

SBIE Calculation — Ireland (Main Group)

Component	Eligible Amount (€)	Rate (2025)	Carve-out (€)
Payroll		9.0%	
Tangible Assets (NBV)		7.0%	
Total SBIE			

Excess Profit Calculation

```
 Net GloBE Income:                    €_____
Less: SBIE:                         (€_____)
                                     _____

 Excess Profit:                      €_____
```

SBIE Calculation — Atlas Ireland Ltd (MOCE)

Component	Eligible Amount (€)	Rate (2025)	Carve-out (€)
Payroll		9.0%	
Tangible Assets (NBV)		7.0%	
Total SBIE			

Excess Profit Calculation

```
 Net GloBE Income:                          €_____
 Less: SBIE:                               (€_____)
                                            _____
 Excess Profit:                             €_____
```

Task 4: Top-Up Tax Computation

Your Task

For each low-taxed jurisdiction (excluding De Minimis), calculate: 1. Top-Up Tax Percentage (15% − ETR) 2. Jurisdictional Top-Up Tax (Top-Up Tax % × Excess Profit)

Expected Deliverable

Top-Up Tax Calculation — Singapore

Step	Calculation	Result
Top-Up Tax %	15% − _____%	_____%
Excess Profit	From Task 3	€_____
Jurisdictional Top-Up Tax	__% × €_____	€_____

Top-Up Tax Calculation — Ireland (Main Group)

Step	Calculation	Result
Top-Up Tax %	15% − _____%	_____%
Excess Profit	From Task 3	€_____

Step	Calculation	Result
Jurisdictional Top-Up Tax	**__% × €_____**	**€_____**

Top-Up Tax Calculation — Atlas Ireland Ltd (MOCE)

Step	Calculation	Result
Top-Up Tax %	15% − _____%	_____%
Excess Profit	From Task 3	€_____
MOCE Top-Up Tax	**__% × €_____**	**€_____**

Task 5: Apply QDMTT Offsets

Your Task

For jurisdictions with QDMTT, determine whether the QDMTT offsets the Jurisdictional Top-Up Tax. Calculate the Net Top-Up Tax (IIR/UTPR liability).

Expected Deliverable

QDMTT Offset Analysis

Jurisdiction	Jur. Top-Up Tax (€)	Has QDMTT?	QDMTT Paid (€)	Net Top-Up Tax (€)
Singapore				
Ireland (Main)				
Atlas Ireland (MOCE)				

Notes:

```
Singapore: _____

Ireland (Main): _____

Atlas Ireland (MOCE): _____
```

Task 6: Consolidated Top-Up Tax Summary

Your Task

Prepare a consolidated summary showing: 1. All jurisdictions assessed 2. ETR by jurisdiction 3. Top-Up Tax before and after exclusions/offsets 4. Final IIR liability for Stratos Holdings plc

Expected Deliverable

Jurisdiction Summary Table

Jurisdiction	GloBE Income (€)	ETR	Top-Up Tax %	Exclusion/ Offset	Final Liability (€)
UK					
Germany					
Singapore					
Ireland (Main)					
Luxembourg					
Atlas Ireland (MOCE)					

Jurisdiction	GloBE Income (€)	ETR	Top-Up Tax %	Exclusion/ Offset	Final Liability (€)
TOTAL					

IIR Liability Summary

Item	Amount (€)
Singapore Top-Up Tax (IIR)	
Ireland Top-Up Tax (QDMTT offset)	
Luxembourg (De Minimis)	
Atlas Ireland (QDMTT offset)	
Total IIR Liability	

Where Is Top-Up Tax Paid?

Amount (€)	Recipient	Mechanism
		IIR
		QDMTT
		QDMTT
Total		

Task 7: MOCE Verification and Separate Treatment

Your Task

Verify the MOCE treatment for Atlas Ireland Ltd and confirm the separate calculation was applied correctly per Article 5.6.2.

Expected Deliverable

MOCE Verification Checklist

Question	Answer	Reference
Is UPE ownership ≤ 30%?		Art. 10.1
Is entity consolidated?		
Is entity an Investment Entity?		Art. 7.4/7.5
Is entity part of a Minority-Owned Sub-Group?		
Classification		

Separate Calculation Verification

Item	Main Group Ireland	Atlas Ireland (MOCE)	Combined?
GloBE Income			NO
Covered Taxes			NO
ETR calculated separately?			
SBIE calculated separately?			

Item	Main Group Ireland	Atlas Ireland (MOCE)	Combined?
Top-Up Tax calculated separately?			

Why Separate Treatment?

Explanation: _____

_____

_____

Model Answers

Answer 1: ETR Calculation

ETR Calculation Worksheet

#	Jurisdiction	GloBE Income (€)	Adj. Covered Taxes (€)	ETR	Low-taxed?
1	UK	8,500,000	2,125,000	**25.00%**	No
2	Germany	53,880,000	12,393,000	**23.00%**	No
3	Singapore	4,000,000	392,206	**9.81%**	Yes
4	Ireland (Main)	15,000,000	1,770,000	**11.80%**	Yes
5	Luxembourg	630,000	55,000	**8.73%**	Yes
6		2,400,000	288,000	**12.00%**	Yes

#	Jurisdiction	GloBE Income (€)	Adj. Covered Taxes (€)	ETR	Low-taxed?
	Atlas Ireland (MOCE)				

Calculations:

- **UK:** €2,125,000 ÷ €8,500,000 = 25.00%

- **Germany:** €12,393,000 ÷ €53,880,000 = 23.00%

- **Singapore:** €392,206 ÷ €4,000,000 = 9.81%

- **Ireland (Main):** €1,770,000 ÷ €15,000,000 = 11.80%

- **Luxembourg:** €55,000 ÷ €630,000 = 8.73%

- **Atlas Ireland:** €288,000 ÷ €2,400,000 = 12.00%

Summary:

```
 Total jurisdictions assessed:          6
Jurisdictions with ETR ≥ 15%:        2 (UK, Germany)
Jurisdictions with ETR < 15%:        4 (Singapore, Ireland Main, Luxe
```

Answer 2: De Minimis Exclusion — Luxembourg

Step 1: Calculate Three-Year Averages

Fiscal Year	GloBE Revenue (€)	GloBE Income (€)
FY 2023	7,900,000	580,000
FY 2024	8,400,000	650,000
FY 2025	9,200,000	630,000
Total	**25,500,000**	**1,860,000**

Fiscal Year	GloBE Revenue (€)	GloBE Income (€)
Average (÷ 3)	**€8,500,000**	**€620,000**

Step 2: Apply Thresholds

Test	Average	Threshold	Pass?
Revenue Test	€8,500,000	< €10 million	**Yes**
Income Test	€620,000	< €1 million	**Yes**

Step 3: Conclusion

```
 Does Luxembourg qualify for De Minimis Exclusion?   YES ✓


→ No ETR calculation required for Luxembourg
→ GloBE Income deemed €0
→ Top-Up Tax deemed €0
→ Election made: YES


Luxembourg excluded from further Top-Up Tax calculation.
```

Answer 3: SBIE Calculations

SBIE Calculation — Singapore

Component	Eligible Amount (€)	Rate (2025)	Carve-out (€)
Payroll	1,200,000	9.0%	**108,000**
Tangible Assets (NBV)	850,000	7.0%	**59,500**
Total SBIE			**167,500**

Note: The chapter examples used slightly different substance figures. Using the data package values provided.

Alternative calculation with chapter data (€190,090): - Payroll: €1,300,000 × 9.0% = €117,000 - Assets: €1,044,143 × 7.0% = €73,090 - Total: €190,090

Using Data Package values for consistency:

Excess Profit Calculation

```
 Net GloBE Income:                      €4,000,000
 Less: SBIE:                           (€167,500)
                                 _____

 Excess Profit:                         €3,832,500
```

SBIE Calculation — Ireland (Main Group)

Component	Eligible Amount (€)	Rate (2025)	Carve-out (€)
Payroll	8,400,000	9.0%	**756,000**
Tangible Assets (NBV)	12,000,000	7.0%	**840,000**
Total SBIE			**1,596,000**

Excess Profit Calculation

```
 Net GloBE Income:                      €15,000,000
 Less: SBIE:                           (€1,596,000)
                                 _____

 Excess Profit:                         €13,404,000
```

SBIE Calculation — Atlas Ireland Ltd (MOCE)

Component	Eligible Amount (€)	Rate (2025)	Carve-out (€)
Payroll	1,200,000	9.0%	**108,000**
Tangible Assets (NBV)	800,000	7.0%	**56,000**
Total SBIE			**164,000**

Excess Profit Calculation

```
 Net GloBE Income:                    €2,400,000
Less: SBIE:                          (€164,000)
                           _____

 Excess Profit:                      €2,236,000
```

Answer 4: Top-Up Tax Computation

Top-Up Tax Calculation — Singapore

Step	Calculation	Result
Top-Up Tax %	15% − 9.81%	**5.19%**
Excess Profit	From Task 3	€3,832,500
Jurisdictional Top-Up Tax	5.19% × €3,832,500	**€198,907**

Top-Up Tax Calculation — Ireland (Main Group)

Step	Calculation	Result
Top-Up Tax %	15% − 11.80%	**3.20%**
Excess Profit	From Task 3	€13,404,000

Step	Calculation	Result
Jurisdictional Top-Up Tax	3.20% × €13,404,000	**€428,928**

Top-Up Tax Calculation — Atlas Ireland Ltd (MOCE)

Step	Calculation	Result
Top-Up Tax %	15% − 12.00%	**3.00%**
Excess Profit	From Task 3	€2,236,000
MOCE Top-Up Tax	3.00% × €2,236,000	**€67,080**

Answer 5: QDMTT Offsets

QDMTT Offset Analysis

Jurisdiction	Jur. Top-Up Tax (€)	Has QDMTT?	QDMTT Paid (€)	Net Top-Up Tax (€)
Singapore	198,907	**No**	0	**198,907**
Ireland (Main)	428,928	**Yes**	428,928	**0**
Atlas Ireland (MOCE)	67,080	**Yes**	67,080	**0**

Notes:

```
  Singapore: No QDMTT implemented. Full Top-Up Tax of €198,907 payable vi
            to Stratos Holdings plc (UK).

  Ireland (Main): Ireland has QDMTT effective 1 Jan 2024. Ireland collect
            domestically. No IIR liability for UK parent on Irish op
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Atlas Ireland (MOCE): Although a MOCE with separate calculation, Ireland
               still applies. Ireland collects €67,080 domestica
               Top-Up Tax does not flow to UK parent via IIR.
```

Answer 6: Consolidated Summary

Jurisdiction Summary Table

Jurisdiction	GloBE Income (€)	ETR	Top-Up Tax %	Exclusion/ Offset	Final Liability (€)
UK	8,500,000	25.00%	—	N/A	**0**
Germany	53,880,000	23.00%	—	N/A	**0**
Singapore	4,000,000	9.81%	5.19%	None	**198,907 (IIR)**
Ireland (Main)	15,000,000	11.80%	3.20%	QDMTT	**0 (QDMTT)**
Luxembourg	630,000	8.73%	N/A	**De Minimis**	0
Atlas Ireland (MOCE)	2,400,000	12.00%	3.00%	QDMTT	**0 (QDMTT)**
TOTAL	**84,410,000**	—	—	—	**198,907**

IIR Liability Summary

Item	Amount (€)
Singapore Top-Up Tax (IIR)	**198,907**
Ireland Top-Up Tax (QDMTT offset)	0

Item	Amount (€)
Luxembourg (De Minimis)	0
Atlas Ireland (QDMTT offset)	0
Total IIR Liability	**198,907**

Where Is Top-Up Tax Paid?

Amount (€)	Recipient	Mechanism
198,907	UK (Stratos Holdings plc)	**IIR**
428,928	Ireland	**QDMTT**
67,080	Ireland	**QDMTT**
694,915	**Total Group Top-Up Tax**	

Summary: - **Total Top-Up Tax liability across group:** €694,915 - **Paid via IIR to UK:** €198,907 (Singapore) - **Retained by Ireland via QDMTT:** €496,008 (Main Group + MOCE) - **Luxembourg:** Excluded via De Minimis election

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Answer 7: MOCE Verification

MOCE Verification Checklist

Question	Answer	Reference
Is UPE ownership ≤ 30%?	**Yes** (28%)	Art. 10.1
Is entity consolidated?	**Yes** (management contract)	IFRS 10
Is entity an Investment Entity?	**No**	Art. 7.4/7.5

Question	Answer	Reference
Is entity part of a Minority-Owned Sub-Group?	**No** (no MOCE subsidiaries)	Art. 10.1
Classification	**Stand-alone MOCE**	Art. 5.6.2

Separate Calculation Verification

Item	Main Group Ireland	Atlas Ireland (MOCE)	Combined?
GloBE Income	€15,000,000	€2,400,000	**NO**
Covered Taxes	€1,770,000	€288,000	**NO**
ETR calculated separately?	11.80%	12.00%	**YES ✓**
SBIE calculated separately?	€1,596,000	€164,000	**YES ✓**
Top-Up Tax calculated separately?	€428,928	€67,080	**YES ✓**

Why Separate Treatment?

```
 Explanation: Stratos Holdings plc owns only 28% of Atlas Ireland Ltd. T
remaining 72% is owned by minority shareholders. If Atlas Ireland's inc
and taxes were blended with SG Ireland Ltd (Main Group), the minority
shareholders would effectively bear or benefit from Top-Up Tax calculat
related to income they don't own.

By calculating Atlas Ireland separately (Article 5.6.2), only the econo
substance belonging to the 28% UPE ownership is considered for the MNE
Group's Top-Up Tax liability. This prevents the 72% minority-owned port
from distorting the Group's GloBE calculations.
```

ETR and Top-Up Tax Calculation Template

Use this template for each jurisdiction:

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 COMPLETE ETR AND TOP-UP TAX WORKSHEET
Jurisdiction: _____
Fiscal Year: _____
Entity Classification: MAIN GROUP / MOCE / SUB-GROUP


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SECTION A: PRE-SCREENING
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A1  De Minimis Assessment Required?              YES / NO
A2  If YES: Average GloBE Revenue (3-year)       €_____
A3          Average GloBE Income (3-year)        €_____
A4          Revenue < €10M AND Income < €1M?     YES / NO
A5          De Minimis Election Made?            YES / NO

    If De Minimis applies: STOP. Top-Up Tax = €0


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SECTION B: ETR CALCULATION
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B1  Jurisdictional Net GloBE Income              €_____
B2  Adjusted Covered Taxes                       €_____
B3  ETR (B2 ÷ B1)                                _____%

    If ETR ≥ 15%: STOP. No Top-Up Tax.
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SECTION C: SBIE CALCULATION
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C1  Eligible Payroll Costs                        €_____

C2  Payroll Carve-out Rate (FY 2025: 9.0%)        _____%

C3  Payroll Carve-out (C1 × C2)                   €_____


C4  Tangible Assets (NBV)                         €_____

C5  Asset Carve-out Rate (FY 2025: 7.0%)          _____%

C6  Asset Carve-out (C4 × C5)                     €_____


C7  TOTAL SBIE (C3 + C6)                          €_____

C8  Excess Profit (B1 − C7)                       €_____


    If Excess Profit ≤ 0: STOP. No Top-Up Tax.


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SECTION D: TOP-UP TAX COMPUTATION
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D1  Minimum Rate                                     15%

D2  Jurisdictional ETR (B3)                       _____%

D3  Top-Up Tax Percentage (D1 − D2)               _____%

D4  Excess Profit (C8)                            €_____

D5  JURISDICTIONAL TOP-UP TAX (D3 × D4)           €_____


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SECTION E: QDMTT OFFSET
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E1  Does jurisdiction have Qualified QDMTT?        YES / NO


    If NO: Net Top-Up Tax = D5. Proceed to Section F.
```

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E2  QDMTT Paid                                          €_____
E3  NET TOP-UP TAX (D5 − E2)                            €_____


    If E3 ≤ 0: No IIR/UTPR liability. Jurisdiction retains via QDMTT.


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SECTION F: CHARGING MECHANISM

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F1  Net Top-Up Tax (E3 or D5)                          €_____
F2  Is UPE in IIR jurisdiction?                              YES / NO


    If YES: IIR applies → UPE pays via IIR
    If NO:  UTPR applies → Allocated to UTPR jurisdictions


F3  Allocated Top-Up Tax                               €_____
F4  Mechanism                                           IIR / UTPR / QDMTT
```

Learning Points

Point 1: De Minimis Provides Significant Compliance Relief

Luxembourg's De Minimis election eliminates: - ETR calculation requirement - SBIE calculation requirement - Top-Up Tax liability (~€39,500 if calculated) - Associated GIR reporting complexity

Cost-benefit: For small jurisdictions, the administrative burden of full GloBE calculations may exceed the potential Top-Up Tax. De Minimis provides proportionate relief.

Point 2: QDMTT Fundamentally Changes Cash Flow

Without QDMTT	With QDMTT
Singapore: €198,907 → UK	Ireland: €496,008 stays in Ireland

Without QDMTT	With QDMTT
Ireland: €428,928 → UK	
UK receives: €627,835	**UK receives: €198,907**

Ireland's QDMTT redirects ~70% of Group Top-Up Tax from UK to Ireland. This is a deliberate policy choice by source jurisdictions to retain taxing rights.

Point 3: MOCE Separation Prevents Blending Distortion

If Atlas Ireland were blended with Main Group Ireland:

Combined Ireland Calculation (hypothetical): | Item | Combined | |------|----------| | GloBE Income | €15,000,000 + €2,400,000 = €17,400,000 | | Covered Taxes | €1,770,000 + €288,000 = €2,058,000 | | Combined ETR | €2,058,000 ÷ €17,400,000 = **11.83%** |

Actual Separate Calculations: | | Main Group | MOCE | |-|------------|------| | ETR | 11.80% | 12.00% | | Top-Up Tax % | 3.20% | 3.00% |

The MOCE's slightly higher ETR (12.00% vs 11.80%) would marginally improve the blended rate, benefiting minority shareholders at the expense of accuracy. Separation ensures each calculation reflects economic reality.

Point 4: SBIE Transition Rates Are Declining

FY 2025 rates (9.0% payroll, 7.0% assets) will decline to 5.0% each by 2033. Future Top-Up Tax liabilities will increase as SBIE carve-outs shrink:

Fiscal Year	Singapore SBIE	Ireland SBIE	Impact on Excess Profit
2025 (current)	€167,500	€1,596,000	Current calculation
2033+	€93,000	€888,000	+€74,500 / +€708,000

Plan for increasing Top-Up Tax exposure as transition rates phase down.

Point 5: IIR Flows to UPE Jurisdiction

Singapore's Top-Up Tax flows to UK (Stratos Holdings plc) because: 1. Singapore has no QDMTT 2. UK has implemented IIR 3. Stratos Holdings plc is the UPE with 100% ownership

If UK had not implemented IIR, UTPR jurisdictions would collect via denied deductions.

Alternative Scenario: What If Ireland Had No QDMTT?

For additional practice, consider this alternative scenario:

Assume: Ireland has not implemented QDMTT.

Questions: 1. What would be the total IIR liability for Stratos Holdings plc? 2. How would the Group's cash flow be affected? 3. Would the MOCE treatment change?

Analysis:

Without Ireland QDMTT:

Jurisdiction	Top-Up Tax (€)	Mechanism
Singapore	198,907	IIR → UK
Ireland (Main)	428,928	IIR → UK
Atlas Ireland (MOCE)	67,080	IIR → UK
Luxembourg	0	De Minimis
Total IIR to UK	**694,915**	

With Ireland QDMTT (actual):

Jurisdiction	Top-Up Tax (€)	Mechanism
Singapore	198,907	IIR → UK
Ireland (Main)	0	QDMTT → Ireland
Atlas Ireland (MOCE)	0	QDMTT → Ireland
Luxembourg	0	De Minimis
Total IIR to UK	**198,907**	

Impact comparison:

Scenario	IIR to UK (€)	QDMTT to Ireland (€)	Total (€)
No Ireland QDMTT	694,915	0	694,915
With Ireland QDMTT	198,907	496,008	694,915
Difference	**(496,008)**	**+496,008**	**0**

Key insight: QDMTT doesn't change the total Top-Up Tax, but it changes **who collects it**. Ireland's QDMTT redirects €496,008 from UK to Ireland.

MOCE treatment: Would remain unchanged—separate calculation is required regardless of QDMTT status. Only the collection mechanism (IIR vs QDMTT) differs.

Integration with GIR Tools

Tool Workflow for Case Study 5

Step	Tool	Action
1. Pre-screening	Manual	Apply De Minimis checklist (Luxembourg)

Step	Tool	Action
2. ETR Calculation	**GIR-001 Step 1**	Enter GloBE Income + Covered Taxes
3. SBIE Calculation	**GIR-001 Step 2**	Enter Payroll + Tangible Assets
4. Top-Up Tax	**GIR-001 Step 3**	Tool calculates automatically
5. QDMTT Offset	**GIR-001 Step 3**	Enter QDMTT paid
6. MOCE Calculation	**GIR-001** (separate run)	Repeat Steps 2-5 for MOCE

GIR-001 Input Summary

Run	Jurisdiction	GloBE Income (€)	Covered Taxes (€)	Payroll (€)	Assets (€)
1	Singapore	4,000,000	392,206	1,200,000	850,000
2	Ireland (Main)	15,000,000	1,770,000	8,400,000	12,000,000
3	Atlas Ireland (MOCE)	2,400,000	288,000	1,200,000	800,000

Note: Luxembourg skipped (De Minimis applies).

Use **GIR-001 GloBE Calculator** at tools.mojitax.com to verify your calculations and practice the complete workflow.

Key References

OECD GloBE Model Rules: - Article 5.1.1 — ETR calculation formula - Article 5.2.1 — Top-Up Tax Percentage - Article 5.2.2 — Jurisdictional Top-Up Tax - Article 5.3.1

— SBIE formula - Article 5.3.3 — SBIE transition rates - Article 5.5.1 — De Minimis Exclusion criteria - Article 5.6.2 — MOCE separate calculation - Article 10.1 — QDMTT definition and criteria

Administrative Guidance: - December 2022: SBIE transition rate schedule - July 2023: QDMTT Safe Harbour - December 2023: MOCE calculation clarifications

OECD Commentary: - Chapter 5, paragraphs 1-182 — ETR, SBIE, Top-Up Tax, De Minimis, MOCE

Next Step

You have completed Part 5: ETR Calculation and Top-Up Tax Determination. With all core computations covered (GloBE Income, Covered Taxes, ETR, SBIE, Top-Up Tax, De Minimis, QDMTT, MOCE), proceed to **Part 6: Special Structures, Restructurings, and Tax Regimes** to learn how Pillar Two applies to M&A transactions, joint ventures, multi-parented groups, and investment entities.