



# Global Anti-Base Erosion Model Rules (GloBE) Pillar 2 – Swiss top-up tax

In December 2023, the Federal Council decided to introduce the OECD/G20 minimum taxation as of January 1, 2024 and will levy a top-up tax in Switzerland.

The OECD/G20 minimum taxation applies to corporate groups with a worldwide annual turnover of at least EUR 750 million. The OECD minimum taxation mechanism is based on three measures:

- Top-up tax: With the national top-up tax, a state covers companies domiciled in that state that are taxed at less than 15 percent.
- Income Inclusion Rule (IIR): With the IIR, a state covers companies domiciled in its territory for their under-taxed subsidiaries abroad.
- Undertaxed Payments Rule (UTPR): With the UTPR, a state covers companies domiciled in that state for other undertaxed foreign group companies.

Multinational corporate groups must derive an effective tax rate per country based on individual financial statements in accordance with recognized accounting standards. The applicable top-up tax rate is generally calculated as the difference between the effective tax burden and the minimum tax rate of 15 percent. The basis is the annual financial statements of each group company in accordance with IFRS or US GAAP. Other accounting standards can also serve as the basis for the assessment, but the relevant GloBE correction rules must be taken into account.

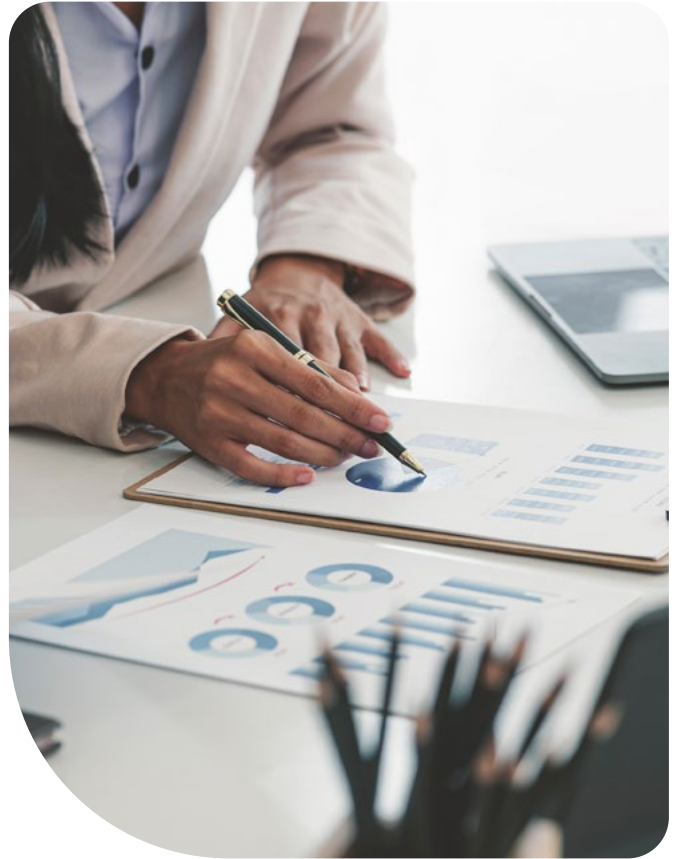
For the time being, Switzerland decided to only introduce the top-up tax. The date of introduction of the Income Inclusion Rule and Undertaxed Payments Rule is currently unknown.

The Federal Council is making the application of these measures dependent on their introduction in other countries.

In future, business units subject to the top-up tax must submit a separate top-up tax return and register in the Swiss electronic information system. The GloBE information return must be submitted to the competent cantonal authority within 15 months of the end of the financial year. The first GloBE information return following the entry of a corporate group into the scope of the GloBE model regulations must be submitted for the first time within 18 months of the end of the first financial year. For example, if the business year ends on December 31, 2024, the first GloBE information return must therefore be filed by June 30, 2026.

If more than one business unit is liable for top-up tax in Switzerland, the business unit with the highest average balance sheet total over the last three years, excluding its participations, is liable for Swiss top-up tax.

Grant Thornton Switzerland/Liechtenstein will be pleased to support your company as a competent partner in all matters relating to OECD/G20 minimum taxation.



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