

# Is Pillar Two about to mirror GILTI?: Examples

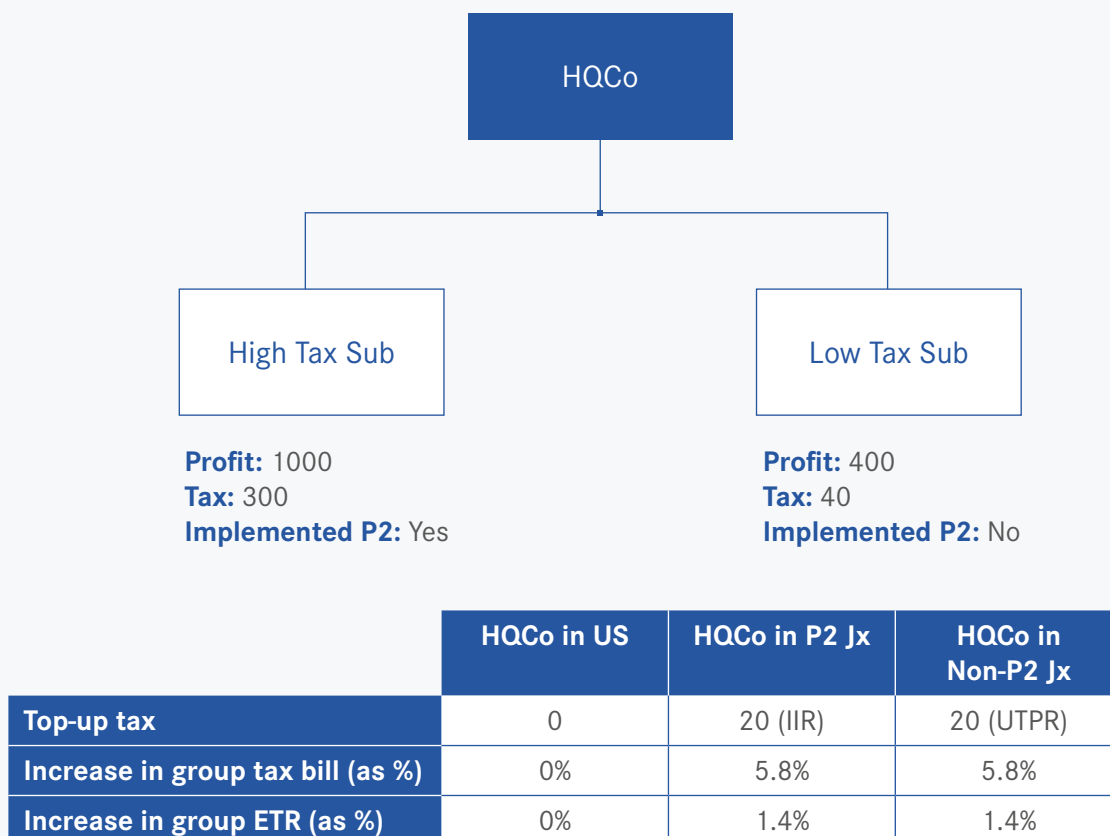
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We are not US tax experts and so cannot advise on the US tax treatment. As such, the following hypothetical scenarios are included only for the purposes of discussion based on certain assumptions as to how US tax may apply in such scenarios. We have focused the examples only on how we understand the GILTI / NCTI rules apply and compared that with how the Pillar Two rules apply and have not considered the operation of US CFC rules or CAMT.

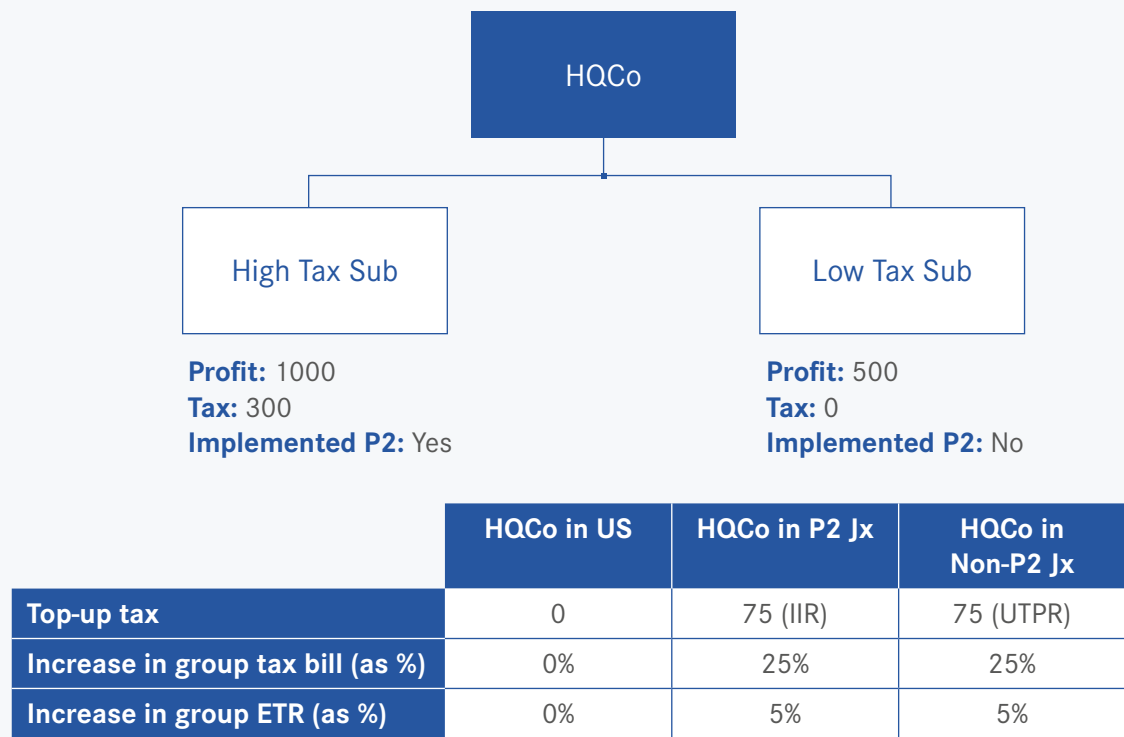
Our broad understanding is that the US GILTI / NCTI will apply to the profits of foreign subsidiaries on a blended basis. For the benefit of simplification, we have assumed that the US GILTI / NCTI rules top-up the effective tax rate paid on the profits of foreign subsidiaries to 14% and we have not allowed for differences in tax base. The low and zero tax jurisdictions included in the examples do not apply QDTTs.

The examples are very simple. In each example, the levels of domestic tax paid by the group's subsidiaries outside the headquarter jurisdiction are the same and we show how top-up taxes would apply to that group if the headquarter company was located (i) in the US; (ii) in a jurisdiction that has implemented Pillar Two (a P2 Jx); and (iii) in a jurisdiction other than the US that has not implemented Pillar Two (a Non-P2 Jx). The examples consider groups with different tax profiles and ETRs.

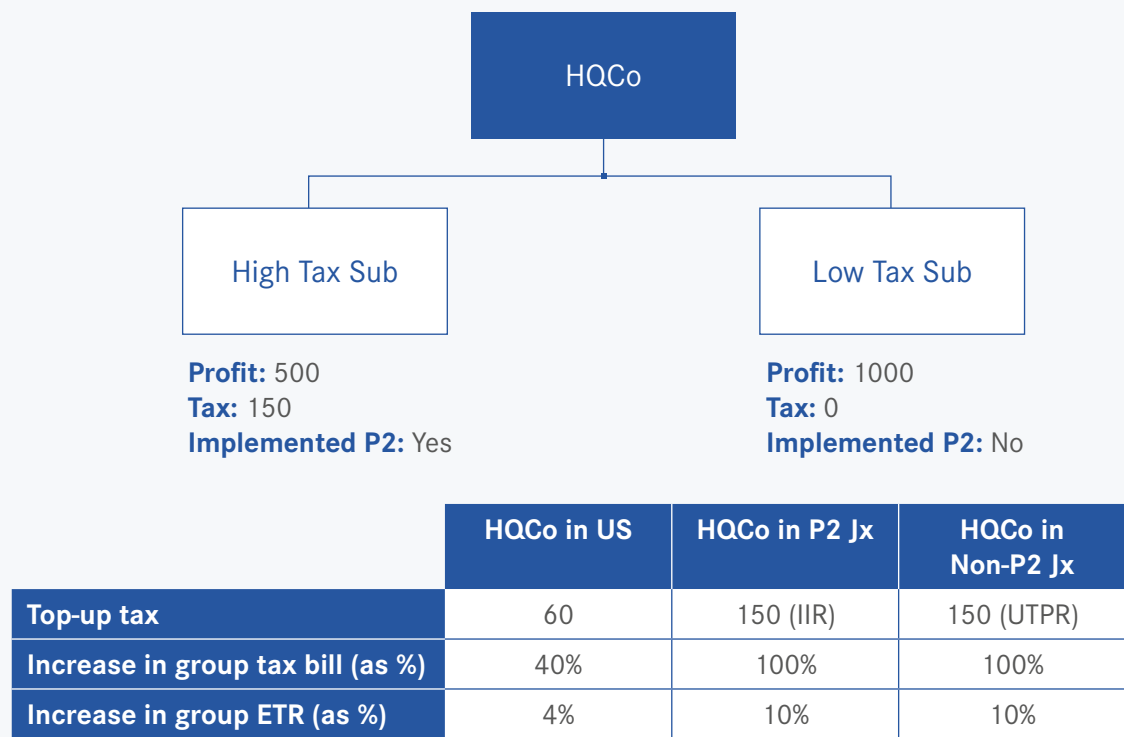
## Example 1: Group with a 24% ETR (before top-up taxes are applied)



Example 2: Group with a 20% ETR (before top-up taxes are applied)



Example 3: Group with a 10% ETR (before top-up taxes are applied)



Example 4: Group with a 13.3% ETR (before top-up taxes are applied)

