

## Record of Meeting

Meeting	TALC BEPS Sub-Committee		
Location	Revenue Offices, Dublin Castle	Meeting Date	24 July 2025
ITI	Anne Gunnell; David Fennell; Gareth Bryan; Kim Doyle; Paul McKenna		
CCAB_I	Enda Faughnan^; Gearóid O’Sullivan^; Paschal Comerford^		
Law Society	Andrew Quinn; Amelia O’Beirne^; Philip Tully^		
Dept. of Finance (‘DFIN’)	Gary Hynds^		
Revenue	Jeanette Doonan (Chairperson); John Quigley; Keith Noonan; Máirín Barron^; Michael Cantwell^; Irene Clancy^; Sarah Murphy^; Rory Noone (Secretary)		
^Attended remotely via Dial-in			

Minutes
<p>The Chairperson welcomed attendees.</p> <p><b>1. <u>Update on Pillar Two from DFIN following G7 Statement</u></b></p> <p>An update was provided by the Department of Finance (‘DFIN’) on the next steps following the G7 Statement on 28 June 2025 regarding the interaction of the Pillar Two Rules and the US tax system:</p> <ul style="list-style-type: none"> <li>▪ The ‘side by side’ approach in relation to the Pillar Two Rules and the US tax system is currently being negotiated at OECD Working Party 11 and will ultimately require sign-off by the entire Inclusive Framework.</li> <li>▪ The approach is to be split into three phases: <ul style="list-style-type: none"> <li>○ Phase 1 – to understand the totality of the US tax system, the recent US tax Bill and when the US minimum tax rules apply.</li> <li>○ Phase 2 – discussion amongst Inclusive Framework members regarding the application or non-application of the GloBE Rules in respect of US parented and US located entities.</li> <li>○ Phase 3 – determining the policy options i.e. how the ‘side by side’ system would work in practice.</li> </ul> </li> <li>▪ The initial timeline is for completion of this process by the end of the year with discussions also expected on transitional measures over the coming months.</li> <li>▪ As things stand, the Inclusive Framework does not contemplate the GloBE rules being completely disappplied for US groups, for example jurisdictions may still be able to apply their QDMTT to entities located in their jurisdiction that have a US parent.</li> <li>▪ Ireland is participating at the Steering Group and Working Party meetings on this issue.</li> <li>▪ The work of Working Party 11 is focused on this issue as well as negotiations on a permanent safe harbour which will likely delay further progression other Pillar Two administrative guidance.</li> </ul>

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### **2. Minutes of the Meeting of 29 April 2025**

The Chairperson noted that the minutes had been circulated for comments and invited stakeholders to note any proposed changes.

One change was proposed by the ITI to an action point arising from the discussion of the Participation Exemption and section 5.4 of the TDM.

[Update: The suggested change was put through and the minutes of the meeting of 29 April 2025, which have since been published.]

### **3. International Tax Updates**

The following updates were provided on behalf of International Tax Division by the Secretary to the Sub-Committee:

#### **i. FASTER**

The FASTER Directive was formally adopted at ECOFIN in December 2024. The Commission has already commenced work in preparation for implementation of FASTER, where much of the detail of the operation of FASTER from a practical perspective will be worked out. To date there have been two Working Party IV meetings where the Commission has provided updates on this work and we expect further throughout 2025. Work has also continued through FISCALIS with meetings taking place in March and May for Member States to discuss issues related to implementation.

*Law Society – noted that there is no definition of beneficial ownership included in the Directive as it relates to the requirement, that may be implemented by Member States, for the registered owner to inform the financial intermediary whether it is the beneficial owner of the dividend. The Directive merely makes reference to the national rules of the source Member State or a double tax treaty, where applicable.*

#### **ii. Query – ATAD 3 (Unshell Directive)**

A further Working Party on Tax Questions (WPTQ) meeting on the Unshell proposal took place in May 2025. We understand the Commission will now consider how best to move forward with this file.

#### **iii. Transfer Pricing Proposal**

On 12 September 2023, the European Commission adopted a proposal for a Transfer Pricing Directive aimed at harmonising the implementation and application of such rules within the EU. The proposal has not received support of Member States, with many Member States proposing instead to establish a new platform to discuss practical transfer pricing matters in the EU. However, at the 29 April 2025 meeting of the High Level Working Party, Member States expressed divergent views regarding certain key design features of any such platform (including its structure, the form of its outputs, and level of political commitment to such outputs required). As such, no agreement has been reached on establishing such a platform.

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### iv. **Simplification / Decluttering**

The Council adopted Conclusions in March 2025 launching a tax decluttering and simplification agenda aimed at enhancing EU competitiveness. The focus is on reducing administrative and reporting burdens, eliminating outdated or overlapping tax rules, and improving legal certainty for both businesses and tax administrations. The Commission has been invited to prepare an action plan, with an initial roadmap expected before the end of Q3 2025 and regular progress reports to follow.

### 4. **(i) ITI Proposed Agenda Items**

In advance of the meeting the ITI had submitted a number of items for discussion at the meeting.

#### I. **Minority Owned Constituent Entities (MOCE)**

*ITI Comment: [ITI] refer to the detailed discussions that have taken place previously with regards to the application of the MOCE provisions to orphan securitisation entities. We understand that Revenue were to consider this matter further. We would welcome an update in this regard.*

**Revenue:** The issues raised previously through TALC BEPs have been raised with DFIN who are considering those issues from a policy perspective. As this is a legislative matter, we are not in a position to discuss further but we understand it is being progressed by DFIN.

#### II. **Insurance Investment Entities**

*ITI Comment: On 2 May, [ITI] submitted a number of queries in respect of Insurance Investment Entities (copy attached). We would be grateful if Revenue could provide any comments in relation to these queries.*

**Revenue:** Regarding the application of the election in section 111AU TCA97, we are aware that another jurisdiction, in draft guidance, provided an interpretation of the application of Article 7.5 of the OECD Model Rules where that indicted an opposing view to the view outlined in the ITI submission. It is important that there is a co-ordinated approach to the application of this election and therefore we are actively considering the interpretations put forward. We understand that an interpretation of Article 7.5/Section 111AU which does not include QDMTT in the assessment of the tax rate applicable to the constituent entity owner may result in double taxation.

Regarding the definition of insurance investment entity, the OECD Commentary to Article 7.5.1 states:

*“Under Article 10.1, Investment Entities are defined as Entities that meet the definition of an Investment Fund or Real Estate Investment Vehicle. Article 10.1 defines an Insurance Investment Entity as an Entity that would qualify as an Investment Fund or Real Estate Investment Vehicle but for the fact that it is wholly-owned by an insurance company and established in relation to liabilities under one or more insurance or annuity contracts. An Insurance Investment Entity may be wholly-owned by a single Entity, or by a number of Entities which are all part of the same MNE Group. The definition also requires that the owner, or owners, are subject to regulation as insurance companies. This requirement may also be met if the Insurance Investment Entity is owned by a Flow Through Entity which is subject to regulations in the same manner as an insurance company.”*

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The query raised by the ITI is whether an entity which is owned indirectly by an insurance company would also qualify for this definition. Revenue is prepared to accept that an entity which is indirectly wholly owned by an insurance company (subject to regulation in the jurisdiction where it is located as an insurance company) may meet the definition of an insurance investment entity where it would qualify as an investment fund or real estate investment vehicle but for the fact that it is indirectly wholly owned by an insurance company and has been established in relation to liabilities under one or more insurance or annuity contracts. This is on the basis that, for insurance investment entities, there is no requirement for there to be multiple unconnected investors. An insurance investment entity may be wholly owned by a single entity, or by a number of entities belonging to the same group. The TDM will be updated to reflect this.

### III. QDTT – Local Financial Accounting Standards

*ITI Comment: Please provide any update in respect of Revenue's position in respect of the issues previously raised in respect of the operation of the local financial accounting standard rule in scenarios where liquidations / mergers/ acquisitions etc have occurred. Are Revenue in a position to provide Irish specific guidance in respect of this issue?*

**Revenue:** We have been informed that DFIN have been engaging with the OECD on the existing Administrative Guidance on this issue, but due to other matters taking priority, no updated Administrative Guidance has yet been agreed and published. DFIN are currently discussing with the Minister possible approaches to dealing with this issue.

**Action Point:** Stakeholders to consider the approach taken by the recently issued guidance from the Dutch tax authorities and provide observations to DFIN on the merits of a similar approach being adopted in the Irish implementation of the Minimum Tax Directive.

### IV. Pay and filing obligations in the event of a merger, winding-up or dissolution

*ITI Comment: This item was raised at the April TALC BEPS meeting and it was noted that OECD guidance may be required. We would welcome an update on this matter.*

**Revenue:** This matter, as it relates to mergers, has been addressed in the proposed TDM updates shared in advance of the meeting. In respect of winding-up and dissolutions, this was addressed at the last meeting with a proposed approach that issues would be dealt with on a case-by-case basis.

*ITI: While acknowledging that a case-by-case approach would be adopted by Revenue, further detail is required as to what process should be followed and how the obligations of an entity which is to be dissolved/liquidated with regard to return filing and payment of top-up tax can be met. A number of liquidations of in-scope entities have already taken place. How or should they register for top-up taxes? Similarly there will be cases of companies who will register for Pillar Two taxes that will go into liquidation in the future - how will they be dealt with?*

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**Revenue:** Are stakeholders aware of how this issue is being dealt with in other jurisdictions?

*ITI: No, not aware of other jurisdictions providing guidance on this issue yet.*

**Action Point:** Revenue to consider if any further guidance can be given with regard to in scope entities that have been dissolved/liquidated or will be dissolved/liquidated during a fiscal year.

### V. Loss-making branches and double deduction rules (hybrid rules)

*ITI Comment: The interaction of loss-making branches and double deduction rules was discussed previously. We understand that Revenue were to consider this matter further. We would welcome an update in this regard.*

**Revenue:** This query relates to the application of an example in TDM 35C-00-01 (Hybrid Mismatches). Revenue's understanding was that stakeholders were to send in further examples/context for consideration.

**Action Point:** Stakeholders to provide further details on this issue.

### VI. Administrative issues

- *ITI Comment: [ITI] would welcome an update in respect of the launch of the registration process.*

**Revenue:** Revenue is planning to release the updates to ROS to include functionality to register for the Pillar Two taxheads, and create the necessary filing or local entity relationships, in mid-August. The updates will be supported by guidance material (in addition to the help text, etc. in the ROS screens).

- *ITI Comment: Will Irish Revenue leverage the OECD GIR XML schema?*

**Revenue:** Yes.

*ITI Comment: If not, will Irish Revenue develop their own XML schema or will the EU release an XML schema to accompany the top-up tax information return released as part of DAC 9?*

**Revenue:** The OECD XML schema will be used, which will be mirrored in the DAC9/EU schema.

- *ITI Comment: Assuming that the QDTT return will have a separate XML schema, what additional data (if any) will be required in the QDTT schema that is not in the GIR schema?*

**Revenue:** The QDTT returns will not have a separate XML schema. Work has started on designing the screens for the ROS filing. Given that it is planned that the domestic returns will be very short returns, the filing of the 'domestic returns' will be done online on the screen with no upload or API. The 'domestic tax' return is not finalised yet and Revenue is currently reviewing the need for one or two additional data points on the QDTT return in addition to the amount of tax payable.

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*ITI: Would it be possible to build in functionality so that screen shots can be taken as it will make it easier for client approval?*

**Action Point:** LCD – Pillar Two Team to consider.

- *ITI Comment: Will Irish Revenue build out their own validations on the XML transmission platform? If so, what will the XML transmission platform be and will be the same for the QDTT and GIR?*

**Revenue:** For the GIR, we are awaiting a validation module from the EU Commission. The validations have been signed off at OECD WP10 Expert SubGroup. The transmission platform will be CCN for EU and CTS for OECD only.

- *ITI Comment: Assuming that XMLs will be released for both GIR and QDTT return, will a style sheet be released for the XMLs to aid review?*

**Revenue:** It is not intended to have a style sheet. Note that Ireland is working with other tax administrations and bodies on Pillar Two implementation, including consideration of IT tools and supports. Revenue is involved in work under the SG Reform/TSI project (with 14 member states) which includes an ask to develop a human readable rendering of the GIR/TIR. There is also work being done by the OECD under the Amsterdam Dialogue on additional IT tools to aid filers. This work is at an early stage. Revenue asked the practitioner bodies to provide additional information about the need for, or benefit of, a style sheet.

*ITI Comment: It was noted that the style sheet is beneficial as it provides a human readable format of the GIR XML Schema which can then be compared with the 'written' version of the GIR.*

- *ITI Comment: Are draft XML schemas currently available? If not, please provide details on when you expect these to be available.*

**Revenue:** The final GIR schema is available on the OECD website  
[https://www.oecd.org/en/publications/globe-information-return-pillar-two-xml-schema\\_c594935a-en/support-materials.html](https://www.oecd.org/en/publications/globe-information-return-pillar-two-xml-schema_c594935a-en/support-materials.html)

- *ITI Comment: Does Revenue intend to share information with non-EU jurisdictions and if so, how will this process work?*

**Revenue:** Yes, on the understanding that Ireland will be a signatory to the OECD MCAA, information will be exchanged through CTS exchanges with relevant implementing jurisdictions.

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### Questions from Stakeholders:

*Law Society – is it still planned to write out to taxpayers who Revenue believe might be within the scope of the Pillar Two rules?*

*ITI – it would be very helpful if the stakeholder bodies could be notified in advance or see a copy of the draft letter so that they are in a position to field questions from taxpayers when the letter arrives.*

**Revenue:** It is understood that the intention is still to write out to certain taxpayers. This will be confirmed with the Pillar Two implementation team.

**Action Point:** LCD – Pillar Two Team to clarify.

### VII. Regulated entities

*ITI Comment: When forming a group for Irish QDTT purposes, there is a requirement that all Irish entities elect to join the QDTT group. This seems to be causing an issue for taxpayers that have regulated entities within their group structure. Ideally, it would be possible to form a QDTT group with all “normal” Irish entities but to exclude the regulated entities (and to file separate QDTT returns for the regulated entities). A similar issue arises for MOCEs with scenarios have being encountered where there are orphans / MOCEs and the MOCEs would need to join the main QDTT group which may not be possible from a commercial point of view. The request again here would be an ability to form two separate QDTT groups, one for the main group and one for the Irish MOCE entities.*

*In previous discussions at TALC, Revenue noted that the QDTT group allows Ireland to fit within the Transitional Simplified Jurisdiction Reporting Framework for the GIR, but that Revenue believe that all Irish entities need to be in the same QDTT group for Ireland to be able to avail of simplified reporting. The Transitional Simplified Jurisdictional Reporting Framework allows Section 3 of the GIR to be completed for Ireland as a jurisdiction only (rather than entity-by-entity) where:*

- (i) there is no top-up tax due for a jurisdiction; or*
- (ii) where there is top-up tax, there is no need to allocate the top-up tax across entities in the jurisdiction (this is what the QDTT group is intended to capture).*

*We can understand how, in a scenario where a regulated entity is excluded from an Irish QDTT group, the Transitional Simplified Jurisdictional Reporting Framework would not be available. However, we do not believe that this should prevent a group from forming two QDTT groups (e.g., regulated and non-regulated entities). The MNE would still benefit from reduced local filings (two QDTT returns as opposed to multiple returns) but would lose out on the GIR simplification.*

*In a MOCE context, we believe that the Transitional Simplified Jurisdictional Reporting Framework would still be available if two QDTT groups were formed, as the MOCE ETR and top-up tax liability is calculated separately from the main group in any event. As such, having two separate QDTT groups would still allow the MNE group to assert that top-up tax did not need to be allocated between entities in the jurisdiction, as the MOCE is collecting the correct QDTT due for entities in its QDTT group and the main group is doing likewise.*



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**Revenue:** The QDTT group is an administrative simplification. Where it cannot be availed of, the group may file separate QDTT returns for each entity. Legislation has dealt with QDTT allocation such that the QDTT of other group members is not allocated to securitisation entities except for limited circumstances. This additional point would require legislative amendment and therefore is a matter that would need to be brought by stakeholders to DFIN.

### VIII. Consolidated tax groups

*ITI Comment:*

*This issue, which was discussed at TALC BEPS previously, is summarised in the Commentary as follows:*

*Article 3.2.8 provides an election that permits consolidated accounting treatment to be applied to transactions between Constituent Entities of the same MNE Group located in the same jurisdiction. If this election is made, income, expenses, gains and losses resulting from transactions between the Constituent Entities may be eliminated from the computation of GloBE Income or Loss in the same manner as amounts relating to transactions among members of a consolidated group are eliminated as part of the consolidation adjustments under the Acceptable Financial Accounting Standard used by the UPE in preparing its Consolidated Financial Statements. This is intended to prevent unintended consequences where income, expense, gains and losses from domestic intra-group transactions are treated as tax neutral intra-group transactions under local law. The consolidated accounting should not eliminate the MNE Group's economic income from transactions with third parties nor should it result in the carrying value of any assets being adjusted to include purchase accounting adjustments held in consolidation. Assets will continue to be held at their original carrying values and the full economic gain or loss accruing during the MNE Group's ownership of those assets should be brought into account when they are sold outside of the tax consolidated group or outside of that jurisdiction. The requirement that the Constituent Entities are included in a tax consolidated group includes any rules of the local jurisdiction which enable the Constituent Entities to share current income or losses by virtue of the fact that they are related through ownership or common control.*

*The possibility of an Irish CT loss group being considered as a group for these purposes was previously discussed. Revenue offered a detailed analysis in relation to the OECD commentary on what should constitute a tax consolidation group. Revenue's conclusion was that because the existing corporation tax loss group rules do not allow for full tax neutrality between members then this would not be an appropriate measure to consider a tax consolidation group and therefore, Irish loss groups could not make the election concerned. An important part of Revenue's rationale was the text highlighted in bold above which, in Revenue's view, is not what the Irish loss rules do.*

*We would welcome further discussion with Revenue on this issue. We understand that there has been some reports that HMRC are viewing CT loss groups as qualifying.*



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**Revenue:** Can stakeholders share the source of where HMRC have expressed a view? Revenue considers that a UPE cannot make an election with respect to Irish companies under Article 16(9) of the Directive as they are not in a tax consolidation group (on the basis that domestic intra-group transactions are not in general treated as tax neutral intra-group transactions under Irish law. For example, taxable income in one Irish entity may not be deductible expense in another and vice versa).

**Action Point:** ITI to review source of HRMC view and provide same to Revenue so that it can be considered further.

### **(ii) Pillar Two – Draft TDM**

In advance of the meeting the ITI had submitted some comments and suggested changes to the draft TDM:

- **Tax Adjustments re pre-GloBE periods – Section 8.9 – Post-filing adjustments and tax rate changes**

*ITI Comment:*

*Is this position equally applicable to the calculation of the simplified covered taxes as part of section 111AJ(3) TCA 1997 such that a decrease in covered taxes reflected in the financial accounts of a constituent entity in relation to a pre transition year is not to be taken into account in the determination of whether the transitional CBCR safe harbour is met?*

*It would be helpful if the manual could be expanded upon to confirm this point.*

**Action Point:** Agreed, TDM to be updated.

*ITI Comment: (re use of 'error' in para. 2) [ITI] do not believe this would be considered an error from an accounting perspective. Perhaps it might make sense to tweak the language here in order to avoid any confusion with section 111P(2)(h) TCA 1997 which deals with prior period errors.*

**Action Point:** Agreed, wording to be updated to 'amount'.

- **Tax adjustments arising from MAP outcome (downward adjustment) – Section 8.9 – Post-filing adjustments and tax rate changes**

*ITI Comment: As per comment, above [ITI] are not sure the outcome of a MAP would be considered an 'error'.*

**Revenue:** 'Error' is the word used in Article 4.6.1 of the Commentary to the Model Rules. Revenue to clarify in the TDM that the methodology outlined in the Commentary to Article 4.6.1 in relation to errors is also applicable to an adjustment to covered taxes in a fiscal year of a constituent entity arising as an outcome of the mutual agreement procedure.

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*ITI Comment: What happens if the re-determination results in Ireland (as a jurisdiction) moving from a net GloBE Income position to a net GloBE Loss position? It appears that a risk of double taxation could arise in this scenario.*

*For example, in FY29, a MAP outcome concludes that 100 of income was overstated in the Irish accounts in FY24 - FY28. Irish QDTT of 10 was paid on this income each year:  $(2.5\% \times 100 \times 4 \text{ years})$ .*

*In FY29, there is net GloBE Income of 300 before the determination is taken into account. This redetermination results in an adjustment of (400) being applied. This moves Ireland into a net GloBE Loss position of 100.*

*While relief for the overpayment of QDTT is partially obtained in FY29 (as 300 of GloBE Income has been offset), absent a carry-forward mechanism, the residual of 100 does not appear to be utilised. This effectively means that there was an unrelieved overpayment of QDTT of 2.5 as a result of the MAP outcome. This is entirely dependent on the level of the MAP adjustment versus the level of GloBE Income in the year that the MAP outcome is finalised.*

**Revenue:** A carry forward mechanism is not provided for in the Model Rules or in the Administrative Guidance. Therefore, while the point being made is understood it would not be possible to address same without agreed OECD Administrative Guidance.

- Taxing rights re mergers / cross-border mergers – Section 10.2 – Section 111AM – Constituent entities joining and leaving MNE groups or large-scale domestic group

*ITI Comment: Given that this is said to apply to cross-border mergers, is it expected that a foreign successor would need to register in Ireland and file a return for the QDTT concerned (and potentially IIR and UTPR as well)?*

*Also it would be useful to have some guidance on how the UTPR allocation key would work. For example, the Commentary talks about taking NBV of tangible assets at the start and end of the year. Initially this would be done on a jurisdiction basis and then allocated down on a similar basis to the CE.*

**Revenue:** In relation to the first question: yes, a foreign successor would need to register in Ireland and file return(s) for the relevant top-up taxes arising.

In relation to the second question, can practitioners consider whether there are other computational issues arising here?

**Action Point:** Practitioners to consider whether other computational issues arise in relation to the dissolution of entities so that a comprehensive list can be prepared which can then be addressed in guidance.

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- **Insurance investment entities – Section 5.1**

*ITI Comment: It appears that a reference to section 111A TCA 1997 is missing from this sentence.*

**Action Point:** Agreed, TDM to be updated.

- **Amendments to Section 10.4 – Joint Ventures**

*ITI Comment: Clarification would be welcome that this assumes that both parent entities are members of in-scope groups (or that the entity meets the definition of a JV when assessed by both MNE groups).*

**Action Point:** Agreed, TDM to be updated and clarified.

#### **4. (iii) Pillar Two – Article 3.2.7 Example**

ITI and Law Society made submissions in advance of the meeting on a draft example regarding the application of OCED Model Rule 3.2.7 (Minimum Tax Directive Article 16(8), Section 111P(8) TCA) and hybrid entities.

A discussion then took place on the example and the purpose of Article 3.2.7 and how it interacts with structures which include hybrid entities, in particular scenarios where an Irish company is a disregarded entity for US tax purposes.

**Action Points:**

- Revenue requested written submission from stakeholders on the issues discussed.
- Revenue to remove existing guidance from TDM until submissions have been reviewed.

#### **Any other business**

- ITI enquired as to the timing for the updates to the TDM etc.

**Revenue:** Updates will be in advance of the next meeting with matters relating to LCD – Pillar Two Team to be forwarded for response following the meeting.

- The next meeting will be held in the Autumn, date to be confirmed in due course.