



Pillar Two Compliance, Seamlessly Managed

BDO LUXEMBOURG

Introduction

Pillar Two rules on Global Minimum Taxation apply to entities that are part of Multinational Enterprises (MNEs) or large-scale domestic groups with an annual turnover of EUR 750m or more in at least two of the four fiscal years preceding the tested fiscal year.

The objective of Pillar Two is to ensure that MNEs and large domestic groups within its scope are subject to a minimum Effective Tax Rate of 15% in each jurisdiction where they operate.

The practical impact of the Pillar Two rules is now closer than ever. Large groups will have to make sure that they navigate the complex world of Pillar Two taxation through:

- ▶ **Local Pillar Two filings in Luxembourg**

On 6 January 2026, the Pillar Two compliance processes were officially opened by Luxembourg Tax Authorities. In-scope groups are required to comply with concrete Luxembourg Pillar Two compliance obligations.

- ▶ **Group wide assessments and readiness monitoring**

Determining in-scope entities, high-risk jurisdictions, Safe Harbour eligibility and estimated top-up tax exposure.

- ▶ **Alignment with existing reporting and regulatory obligations**

Such as reconciliation with Country-by-Country Reporting, assuring proper disclosures of the impact of Pillar Two taxation in consolidated and standalone statutory accounts of in-scope entities and monitoring the impact of domestic tax incentives in the Pillar Two context.

Pillar Two Data and Systems Challenges



Rules

- ▶ GloBE Rules 1000+ pages
- ▶ Ongoing OECD and local tax authorities' guidance
- ▶ Local law and local GAAP deviations



Data

- ▶ 400+ data points required, only 40-60% typically exists in ERP systems
- ▶ Multiple stakeholders will be involved
- ▶ Type of data differs based on Income Inclusion Rule/Qualified Domestic Minimum Top-up Tax/Safe Harbour



System for calculations

- ▶ Required adjustments are complex
- ▶ Rules are localised at country level
- ▶ Likely too complex to maintain in fully insourced Excel model



Results

- ▶ Pillar Two Top-up Tax or application exceptions
- ▶ Accuracy and confidence in results
- ▶ GIR and local tax returns
- ▶ Financial reporting requirements and audit trail

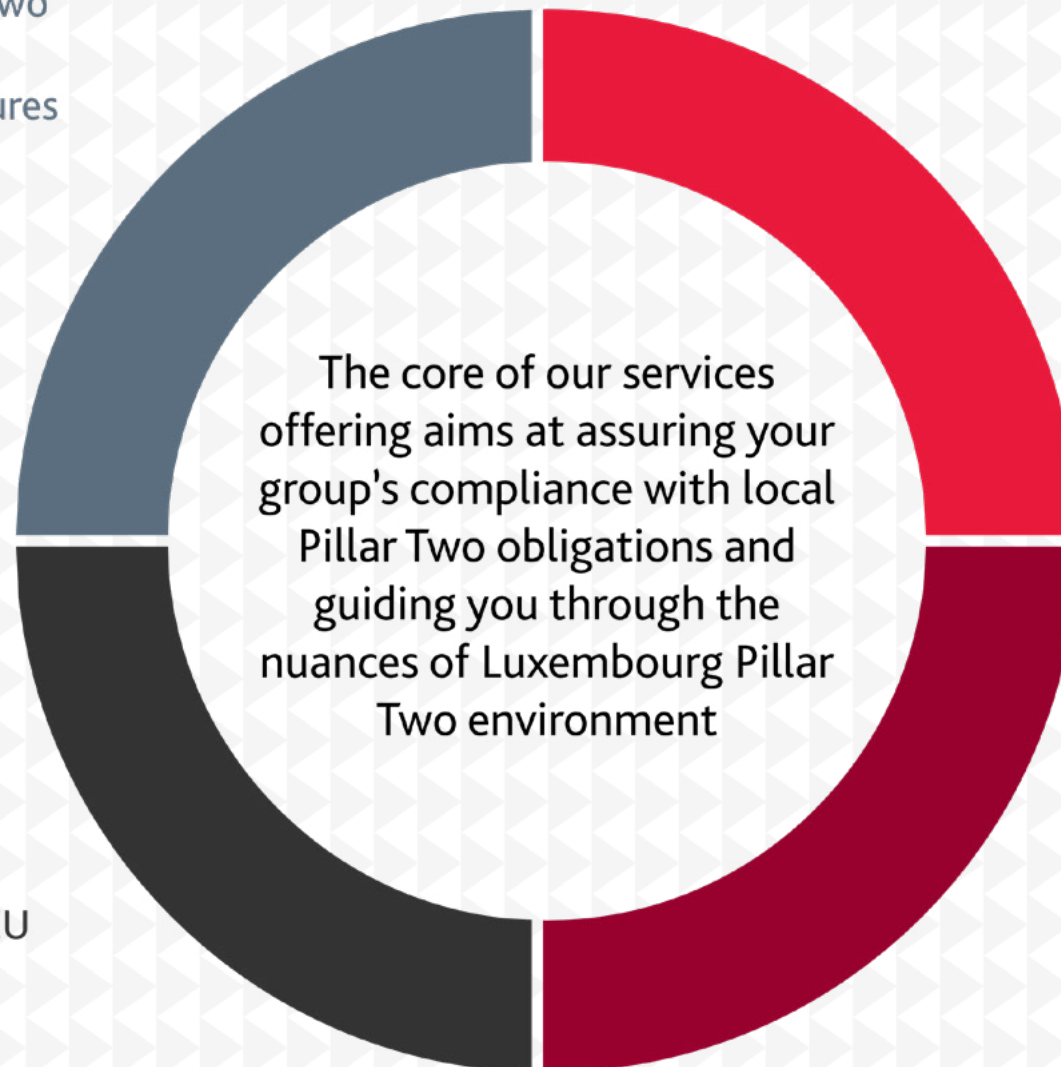
Our Pillar Two Luxembourg service offering

Localised Pillar 2 support:

We assist you with Pillar Two Luxembourg advisory support, including disclosures in financial statements to meet Luxembourg obligations, and serve as a local point of contact to effectively liaise with tax authorities and stakeholders.

GloBE Information

Return: A GloBE Information Return must be filed either in Luxembourg, in another EU country or in another cooperating jurisdiction.



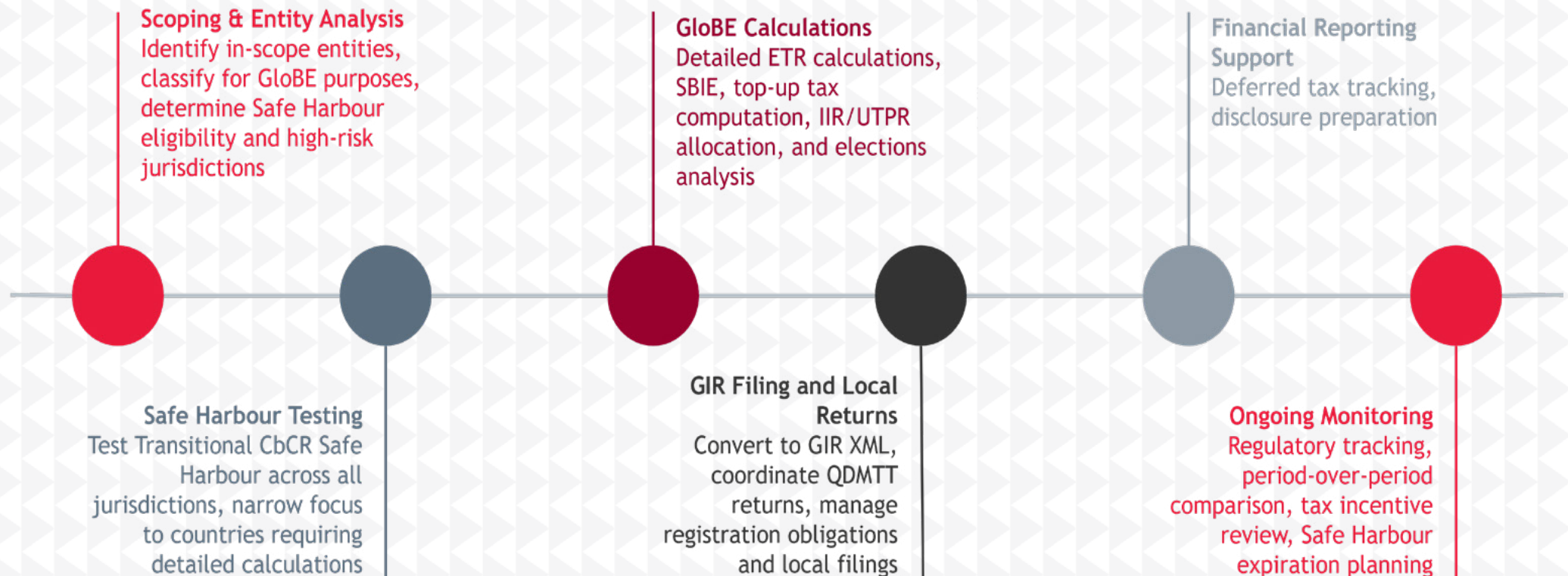
Registration: Each Luxembourg constituent entity of a group must register with the Luxembourg Tax Authorities.

Top-Up Tax Return: A tax return to be submitted with the Tax Authorities with respect to the Pillar Two Top-up Tax due in Luxembourg.

Our Pillar Two Luxembourg service offering

Our focus is Luxembourg.

At the same time, BDO leverages on its global reach and worldwide Pillar Two expertise to deliver across the full lifecycle.



Why Choose BDO as Your Pillar Two Partner?

BDO's extensive expertise in Pillar Two

At BDO we take pride in our deep expertise with Pillar Two projects, which allows us to navigate complex challenges with confidence.

Leveraging BDO's robust international network, we collaborate closely on technical matters. Our dedicated national and international cross-service teams offer clients a comprehensive, one-stop resource for all Pillar Two accounting, tax, and strategic matters that may arise throughout the project lifecycle.

Pillar Two projects

Since Pillar Two came into effect in 2024 across many jurisdictions, our team has gained substantial experience in conducting Pillar Two analyses and calculations. We have thoroughly examined the relevant Pillar Two legislation, assessed its impact, and provided strategic recommendations to optimize our clients' tax positions, all based on their fact pattern, existing systems, data and requirements.

These engagements showcase our ability to navigate complex regulatory environments and deliver actionable Pillar Two-specific insights.

Advanced tax compliance solutions

At BDO, our expertise lies at the intersection of advanced technology and comprehensive compliance services, specifically tailored for multinational groups navigating complex regulatory landscapes. With a proven track record in tax compliance and reporting, we have harnessed innovative solutions that streamline processes, adapt to evolving legislation, and minimize risk exposure.

We have fully embraced Pillar Two tax compliance as a strategic area with investments in quality, people, processes, and technology.

INTERESTED?

Get in touch with our experts:



Bertrand Droulez

Partner



Armin Weber

Director - Top-up Tax Fillings
Registration

What's next?

- ▶ **A qualification meeting:** We offer you an initial appointment with our experts to understand your priorities and qualify your specific needs. This in-depth discussion will allow us to identify the key issues facing your organisation and better understand your expectations.
- ▶ **A tailored offer:** At the end of this meeting, you will receive a personalised proposal, adapted to your needs in terms of the topics discussed and the depth of the assistance.

BDO is an international network of public accounting firms, the BDO Member Firms, which perform professional services under the name of BDO. Each BDO Member Firm is a member of BDO International Limited, a UK company limited by guarantee that is the governing entity of the international BDO network.

Service provision within the BDO network is coordinated by Brussels Worldwide Services BVBA, a limited liability company incorporated in Belgium with its statutory seat in Brussels. Each of BDO International Limited (the governing entity of the BDO network), Brussels Worldwide Services BVBA and the member firms of the BDO network is a separate legal entity and has no liability for another such entity's acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BVBA and/or the member firms of the BDO network.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

© 2026 BDO Tax & Accounting. All rights reserved.

www.bdo.lu