

## Calculation GI (GloBE Income) and ACT (Adjusted Covered Taxes)

1. Start with the net income in the Annual Rep. (Fin. Account. Net Income or Loss = FANIL)
2. Allocate FANIL and taxes to PEs, hybrids, etc.



### Calculation GI and ACT

2. FANIL 1200 – PE FANIL 200 =  
Adj. FANIL 1000  
Tax – PE tax = Adj. Tax 50  
Assets – PE Assets = 100  
Payroll – PE Payroll = 100

#### Total Co

FANIL	1200
Tax	80
Assets	150
Payroll	150

#### Foreign PE

FANIL	200
Tax	30
Assets	50
Payroll	50

#### HQ only

FANIL	1000
Tax	50
Assets	100
Payroll	100

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2. Allocate FANIL and taxes to PEs, hybrids, etc.
3. Take the Adjusted FANIL and make all the adjustments of Chpt. 3
4. For every Chpt. 3 adjustment make a corresponding Chpt. 4 tax adjustment where relevant (current and deferred tax)

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3. Adjusted FANIL 1000  
Add back Tax 50  
Add back fines 10  
GloBE Income 1060
4. Adjusted Tax 50  
Tax on fines 0,5  
No Def Tax Adj.  
ACT = 49,5

### Total Co

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3. Take the Adjusted FANIL and make all the adjustments of Chpt. 3
4. For every Chpt. 3 adjustment make a corresponding Chpt. 4 tax adjustment where relevant (current and deferred tax)
5. Calculate the ETR and the Top-up Tax %
6. Calculate the Substance Based Inc. Excl.
7. Calculate Excess Profit and Top-up Tax

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5.  $ETR = 49,5/1060 = 4.7\%$   
 $TuT\% = 15\% - 4.7\% = 10.3\%$

6.  $SBIE = Adj. Assets 100 \times 8\% +$   
 $Adj. Payroll 100 \times 10\% = 18$

7.  $Excess Profit = 1060 - 18 = 1042$   
 $TuT = 1042 \times 10.3\% = 107,3$

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# 3 Computation of GloBE Income or Loss

## Operation of the rules in this chapter

Under this chapter, the amount of GloBE Income or Loss of a Constituent Entity is determined:

- by taking the Financial Accounting Net Income or Loss determined for the Constituent Entity for the Fiscal Year in accordance with Article 3.1; and then
- by adjusting this amount under Article 3.2 to Article 3.5 to arrive at that Entity's GloBE Income or Loss.



### Article 3.1. Financial Accounts

### Article 3.2. Adjustments to determine GloBE Income or Loss

### Article 3.3. International Shipping Income exclusion

### Article 3.4. Allocation of Income or Loss between a Main Entity and a Permanent Establishment

### Article 3.5. Allocation of Income or Loss from a Flow-through Entity

## Article 3.1. Financial Accounts

3.1.1. The GloBE Income or Loss of each Constituent Entity is the Financial Accounting Net Income or Loss determined for the Constituent Entity for the Fiscal Year adjusted for the items described in Article 3.2 to Article 3.5.

3.1.2. Financial Accounting Net Income or Loss is the net income or loss determined for a Constituent Entity (before any consolidation adjustments eliminating intra-group transactions) in preparing Consolidated Financial Statements of the Ultimate Parent Entity.



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3.1.2. Financial Accounting Net Income or Loss is the net income or loss determined for a Constituent Entity (before any consolidation adjustments eliminating intra-group transactions) in preparing Consolidated Financial Statements of the Ultimate Parent Entity.



### Consolidated Financial Statements means:

- (a) the financial statements prepared by an Entity in accordance with an Acceptable Financial Accounting Standard, in which the assets, liabilities, income, expenses and cash flows of that Entity and the Entities in which it has a Controlling Interest are presented as those of a single economic unit;
- (b) where an Entity meets the definition of a Group under Article 1.2.3, the financial statements of the Entity that are prepared in accordance with an Acceptable Financial Accounting Standard;
- (c) where the Ultimate Parent Entity has financial statements described in paragraph (a) or (b) that are not prepared in accordance with an Acceptable Financial Accounting Standard, the financial statements are those that have been prepared subject to adjustments to prevent any Material Competitive Distortions; and
- (d) where the Ultimate Parent Entity does not prepare financial statements described in the paragraphs above, the Consolidated Financial Statements of the Ultimate Parent Entity are those that would have been prepared if such Entity were required to prepare such statements in accordance with an Authorised Financial Accounting Standard that is either an Acceptable Financial Accounting Standard or another financial accounting standard that is adjusted to prevent any Material Competitive Distortions.

# GloBE rules – Chpt 3 – Which accounts

## Article 3.1. Financial Accounts

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3.1.2. Financial Accounting Net Income or Loss is the net income or loss determined for a Constituent Entity (before any consolidation adjustments eliminating intra-group transactions) in preparing Consolidated Financial Statements of the Ultimate Parent Entity.

10.1.1. The terms set out below have the following definitions:

**Acceptable Financial Accounting Standard** means International Financial Reporting Standards (IFRS) and the generally accepted accounting principles of Australia, Brazil, Canada, Member States of the European Union, Member States of the European Economic Area, Hong Kong (China), Japan, Mexico, New Zealand, the People's Republic of China, the Republic of India, the Republic of Korea, Russia, Singapore, Switzerland, the United Kingdom, and the United States of America.

**Authorised Financial Accounting Standard**, in respect of any Entity, means a set of generally acceptable accounting principles permitted by an Authorised Accounting Body in the jurisdiction where that Entity is located.



**Consolidated Financial Statements** means:

- (a) the financial statements prepared by an Entity in accordance with an Acceptable Financial Accounting Standard, in which the assets, liabilities, income, expenses and cash flows of that Entity and the Entities in which it has a Controlling Interest are presented as those of a single economic unit;
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# GloBE rules – Chpt 3 – Which accounts

## Article 3.1. Financial Accounts

3.1.1. The GloBE Income or Loss of each Constituent Entity is the Financial Accounting Net Income or Loss determined for the Constituent Entity for the Fiscal Year adjusted for the items described in Article 3.2 to Article 3.5.

3.1.2. Financial Accounting Net Income or Loss is the net income or loss determined for a Constituent Entity (before any consolidation adjustments eliminating intra-group transactions) in preparing Consolidated Financial Statements of the Ultimate Parent Entity.

3.1.3. If it is not reasonably practicable to determine the Financial Accounting Net Income or Loss for a Constituent Entity based on the accounting standard used in the preparation of Consolidated Financial Statements of the Ultimate Parent Entity, the Financial Accounting Net Income or Loss for the Constituent Entity for the Fiscal Year may be determined using another Acceptable Financial Accounting Standard or an Authorised Financial Accounting Standard if:

- (a) the financial accounts of the Constituent Entity are maintained based on that accounting standard;
- (b) the information contained in the financial accounts is reliable; and
- (c) permanent differences in excess of EUR 1 million that arise from the application of a particular principle or standard to items of income or expense or transactions that differs from the financial standard used in the preparation of the Consolidated Financial Statements of the Ultimate Parent Entity are conformed to the treatment required under the accounting standard used in the Consolidated Financial Statements of the Ultimate Parent Entity.

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- (c) where the Ultimate Parent Entity has financial statements described in paragraph (a) or (b) that are not prepared in accordance with an Acceptable Financial Accounting Standard, the financial statements are those that have been prepared subject to adjustments to prevent any Material Competitive Distortions; and
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