Answer-to-Question-7
-1 No benefit rule refers to where a country cannot grant special tax advantages,credits,refunds,deductions,exemptions,and other tax benefits that are linked to the operation of the GloBE rules in a way that reduces or neutralizes the minimum tax. Key to note is that the QDMTT is aimed at ensuring that multinational enterprises pay atleast a 15% minimum tax rate in the jurisdiction where the profits arise and looks unfair if a country imposed a QDMTT then gave back the tax through incentives relates to QDMTT as the minimum tax will become ineffective.
2.Below are the possible consequences of violation of the no benefit rule with regard to the top up tax calculations

-Top-up tax may be collected elsewheresince a QDMTT allows the source country to collect the top-up tax first. Hence in instances where the QDMTT fails the no benefits rule, QDMTT may be disregarded or adjusted in GloBE calculations and top tax collected by the other jurisdiction applying the IIR, UTPR
-Recalculation of the Effective Tax Rate where a prohibited benefit reduces the real tax burden then the benefit may be treated as reducing the covered taxes for GloBE purposes which leads to lowering of the jurisdictional ETR and increase in the amount of top-up tax due
-Loss of QDMTT Qualified Status under GloBE framework if the tax is not qualified , other countries would refuse to recognize it when calculating top-up taxes under Pillar Two.
-Risk of Double Taxation Effect even when GlOBE rules avoid true double taxation, an invalid QDMTT can create situations where a domestic jurisdiction collects tax unders its law, another jurisdiction may impose top-up tax because the domestic tax is not recognised as a qualified QDMTT
-Increased compliance and audit risks in form of additional reporting requirements, reviews by multiple tax authorities,recalculation of GloBE liabilities
In conclusion, no benefit rules exists to ensure a QDMTT genuinely produces 15% minimum tax outcome rather than creating the appearance of one from a policy outlook.

Answer-to-Question-__8_
1.The purpose of the QDMTT Safe Harbour is to avoid duplicative top-up

tax calculations as well as reduction of compliance costs for multinational enterprise groups operating in jurisdictions that have a QDMT.
Under Normal Pillar Two framework, Multinationals ought to calculate their domestic top-up tax under the country's QDMTT rules then separately calculate its GlOBE top-up taxes under the OECD rules
Rationale for safe harbours is to ensure that where a jurisdiction has a robust and OECD compliant regime, the jurisdiction's domestic tax calculation is trusted.

-The jurisdiction's GlOBE top-up tax is treated as zero for pillar two purposes
-Other countries dont need to perform additional top up tax calculations
QDMTT are beneficial in a way that they
-reduce administrative and compliance costs,
-eliminate duplicate calculations,
Provide greater certainty for taxpayers
simplify global reporting
-reinforces the principle that source country should collect the minimum tax before the foreign jurisdiction apply IIR and UTPR
QDMTT Safe harbours exist to simplify the Pillar Two compliance by allowing an OECD approved domestic minimum tax to stand in place of a separate GlOBE top-up tax calculation thereby avoiding duplication and ensuring that top-up tax is primarily collected by the local jurisdictions.
2. MNE would be ineligible for the QDMTT safe harbour unless the domestic QDMTT satisfies the OECD qualification standards including the treatment of the substance-based income exclusion and investment entities.
The decision is based on whether the deviations from the GloBE rules are permitted under the OECD's QDMTT standards.e.g
-Consistency with the outcomes required by the GloBE rules
-Meeting the OECD qualification requirements
-Satisfies the agreed accounting, consistency and administrative standards.
Absence of the substance based income exclusion under Article 5.3 which generally excludes a portion of income attributable to payroll and tangible assets from the top-up tax calculation and sometimes a Country's QDMTT may be stricter than the GloBE rules and impose tax on income that would benefit from the SBIE and as a result, this does not make the MNE ineligible for the QDMTT safe harbour

Exclusion of investment entities subject to Articles 7.4,7.6 and 7.5 as these contain more special rules governing investment entities, insurance investment entities and the allocation and taxation of their income under GloBE.
Where a domestic QDMTT entirely excludes these from its scope while the GloBE rules potentially subject them to top up tax, the domestic regime may fail to achieve the outcomes equivalent to the GloBE rules in so doing that omission creates a substantial risk that the QDMTT would fail the qualification requirements and therefore fail to support the QDMTT Safe Harbour.
Basis for eligibility is if the domestic tax has been recognized as a Qualified QDMTT under the OECD peer review and qualificaition process, Any departures from the GloBE rules are specifically permitted under the OECD administrative guidance,Domestic rules achieve outcomes that are equivalent to more taxing than the GloBE rules then the jurisdiction that satisfies the consistency standard, accounting standard and administration standard applicable to QDMTT
On the other hand, the basis for ineligibility would be where the domestic QDMTT has not obtained qualified status,

-The exclusion of investment entities causes the domestic regime to produce outcomes inconsistent with Articles 7.4 to 7.6.
-The domestic legislation creates undertaxe income that would otherwise be brought into charge under the GloBe rules.
-The OECD determines that the jurisdiction does not satisfy the QDMTT Consistency standard
In a nutshell,Absence of substance based income exclusion under Article 5.3 would not by itself normally prevent application of the QDMTT safe harbour because it generally results in a higher domestic top-up tax rather than a lower one.

Answer-to-Question-___4 Transitional Country by Country Reporting Safe Harbour is a temporary relief under the OECD Pillar Two Rules that allows an MNE group to avoid performing the full GloBE effective tax rate and top-up tax calculations for a jurisdiction if certain simplified testes are met
Its purpose is to reduce compliance burden during the initial years of Pillar Two implementation, allow MNEs to rely on existing CbCR and financial accounting data instead of undertaking complex GloBE

calculations, provide tax administration and taxpayers with a smoother transition into the GloBE regime
Transitional CbCR Safe harbour applies for fiscal years beginning after 31st December 2023 and Before 31st December 2026 and ending not later than 30th June 2028.
In case of Group Gamma whose tested fiscal year begins 1 January 2025, the group falls within the transitional period and may therefore rely on the transitional CbCR Safe harbour if the relevant conditions are met as seen below:-

-Qualified CbCR data
-Qualified Financial Statements as prescribed by the OECD safe harbour rules
-A jurisdiction qualifies if anu one of the following tests are satisfied
1.De Minimis Test,a jurisdicition passes this test where the according to its Qualified CbCR revenue is less than EUR 10million and profit/loss before income tax is less than EUR 1million and since both thresholds are met in this scenario,Jurisdiction A qualifies for the safe harbour and the top-up tax is deemed to be zero.
Simplified Effective Tax rate test=Simplified Covered Taxes/Profit Before Tax which must be atleast equal to the applicable transitional rate
In this scenario, Group Gamma's fiscal year beginning 1 January 2025, the jurisdiction must have a simplified ETR of atleast 16%.
Routine Profits Test where a jurisdiction qualifies when profit before incoe tax(Qualified CbCR is equal or less than substance based income exclusion.
This test assumes that all profits are routine returns attributable to tangible assets and payroll and therefore should not give rise to top up tax.
Since Group Gamma's fiscal year begins 1st January 2025, it may apply tyhe Transitional CbSCR Safe harbour for each jurisdiction in which it operates because any jurisdiction will qualify if it satisfies either the De minimis test or Simplified ETR test or Routine Profits Test and where one of these tests is met,the jurisdiction's GloBE top-up ta is deemed to be zero for that fiscal year avoiding the need for full GloBe calculation in that jurisdiction.

Determination of eligibility of Transitional CbCr safe harbour

Since the tested fiscal year begins 1 january 2025, the applicable simplified ETR threshold is 16% given revenue and profit before income tax in the scenario.
Jurisdiction J satisfies both conditions and therefore qualifies for the Transitional CbCR safe harbour under the De Minimis test and Top-Up Tax in J will be demed to be zero for the tested fiscal year.
For K Simplified ETR= Simplified Covered Taxes/ Profit before tax hence applicable threshold for FY2025 is 16%
K qualifies for the Transitional CbCR Safe harbour under Simplified ETR hence top up tax for K is deemed to be zero for the tested fiscal year.
Qualified CbCR Report is a CbCR that is prepared consistently with the OECD BEPS Action 13 CbCR framework and derives from reliable financial information sources and can be used by the MNE group for CbCR filing purposes then meets the prescrived OECD Safe harbour guidance
Qualified financial statements is generally a financial statement prepared under an acceptable financial accounting standard like IFRS or equivalent accepted standards or a system of accounting recognized undder the GloBe like Audited Financial Statements under IFRS
Consequences of Using Non-qualifying data

-Loss of safe harbour eligibility
-Risk of understatement of Top-Up tax
-Consistency and Reliability concerns
In summary., J qualifies under De Minimis test then K under simplified ETR

December 2023 OECD Administrative Guidance introduced the Non-material Constituent Entities when applying the Transitional CbCr safe harbour
NMCE is a constituent entity that is included in the MNE group for consolidation purposes but is not material enough to be reported separately in the group's consolidated financial statements. These entities are often accounted for using the simplified reporting processes because their immateriality to the group as a whole.
The rationale for this guidance was to reduce compliance burden
-Facilitate the use of the safe harbour
-Avoid forcing groups to prepare full GloBE calculations for insignificant entities merely to determine safe harbour eligibility
Highlights which simplified figures may be used
-Qualified financial statements
-Management Accounts used for CbCR purposes
-Other approved accounting records meeting the guidance requirements

Whetehr Simplified figures cna be reused for Ordinary GloBe calculations guidance draws distinction between Safe Harbour calculations and Full GloBe computations and these re solely intended to determine whether a jurisdiction qualifies for Transitional CbCR Safe Harbour
However Simplified figures cant be reused as the policy rationale for safe harbour is merely screening mechanism and acceptable because they provide a reasonable indication that no material top-up tax is likely to arise and the jurisdiction will be treated as having a top up tax of zero without further analysis.
In summary, the guidance permits simplified revenue,profit and tax figures for NMCE when applying the transition period however these simplified figures are intended only for safe harbour testing.

Answer-to-Question-1__

Adjusted Covered Taxes =EUR 15Million
GloBE income= EUR 300Million
ETR= EUR 15m/300m
ETR=5%
Top-Up Tax Percentage= 15%-ETR
=15%-5%=10%
Top Up Tax, There is no QDMTT in Country C and There is no substance based income exclusion
b. Recall top up tax in Country C
Globe Income =300M
Adjusted Covered taxes=15million
ETR=5%
Top-Up tax percentage =10%
Top up tax =10%*300 =30Million
Application of the IIR Rule
ACo in Country A -Ultimate Parent entity owns 75%
Unrelated investors own 25% of BCo
BCo-Country B owns 100% of C Co.
CCo in Country C
Country A does not havwe an QIIR. because the UPE jurisdiction (Country A does not apply the pillar two rules hence the move down to the next eligible parent under the top down approach.

BCo is an intermediate parent entity and is located in a jurisdiction with QIIR. therefore Country B may apply the IIR to CCo's low taxed income
BCo owns 100% of C Co. therefore BCo's inclusion ration in respect of CCo is 100%.
Under the GloBE, the IIR is imposed on the ownership interest held by the parent entity in the low taxed constituent entity CCo not by reference to ownership interests held by the third parties in the parent itself. IIR cahrge in Country B is 100% of 30M
Country A does not have a QIIR and Country B does, B Co acts as the relevant parent entity under the top-down approach .B Co owns 100% of the low taxed entity CCo
Split ownership rules change which parent applies the QIIR first under the GloBe ordering rule where both Country A and Country B have a Qualified Income Inclusion Rule, the Ultimate Parent Entity would ordinarily have the first right to apply the IIR under the top-down approach.However the split ownership rules are an exception to the normal top-down rule and in this case

-ACo owns only 75% of BCo
The remaining 25% of BCo is owned by unrelated investors
-BCo owns 100% of CCo
Therefore, the Split Ownership rules apply
Effect on priority
BCo is a partially owned parent entity, the split ownership rules give BCo priority over ACo in applying the QIIR to the low-taxed income of CCo.
Therefore even though Aco is hte Ultimate Parent Entity,
BCO applies the QIIR first.
ACo's ordinary top-down priority is displaced.
Split Ownership rule are meant to protect the interests of the minority shareholders
Once BCo has applied its QIIR and brought the EUR 30million into charge ACO does not apply further QIIR on the s,ae low-taxed income.
Accordingly ACo's IIR is reduced to reflect the tax already charged at the BCo level.
Where both Country A and B have a QIIR, the normal top-down approach would ordinarily give priority to ACo as the ultimate parent entity.