

Interpretative guidance on the GIR XML Schema and on the GIR Status Message XML Schema

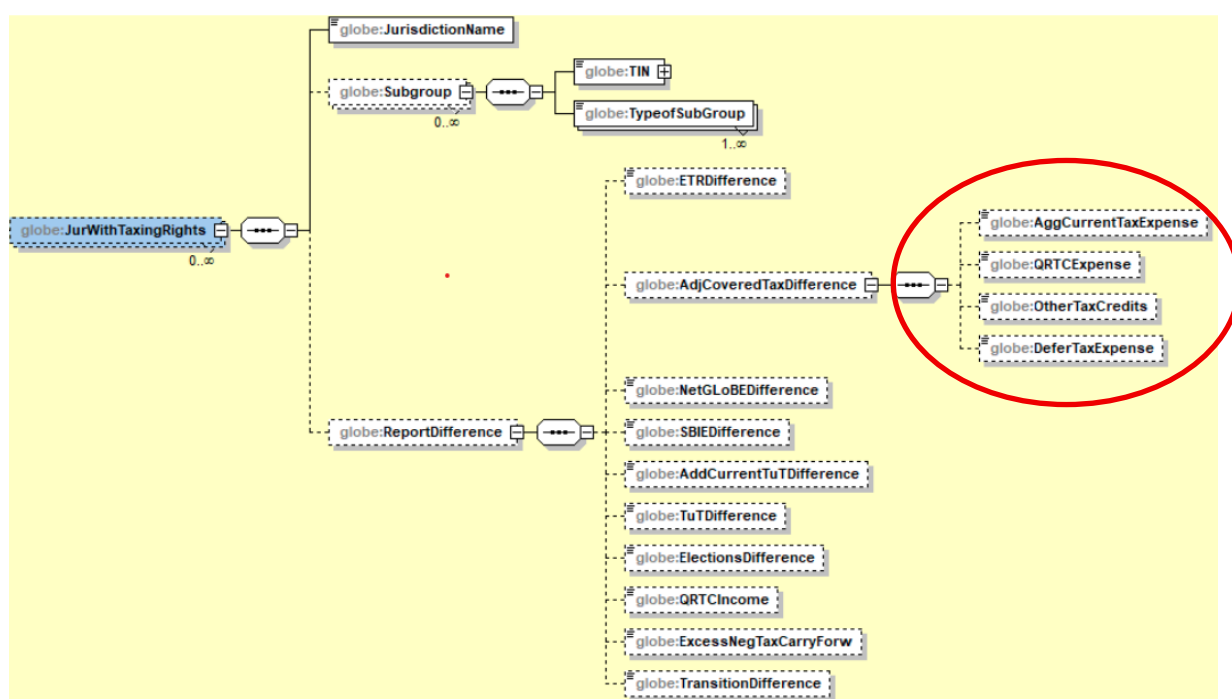
Issue 1: Point 3.1.6 "Adjusted Covered Taxes"

Description of the issue

1. In the JurWithTaxingRights section of the GIR XML Schema (GLOBEBody/JurisdictionSection/JurWithTaxingRights/ReportDifference/AdjCoveredTaxDifference), there is currently no element corresponding point 3.1.6 (i.e. "Adjusted Covered Taxes") of the GIR template, although it does contain the four sub-elements under it.

Practical instructions and guidance

2. In order to address this issue, the four sub-elements under GLOBEBody/JurisdictionSection/JurWithTaxingRights/ReportDifference/AdjCoveredTaxDifference (i.e. AggCurrentTaxExpense, QRTCExpense, OtherTaxCredits, and DeferTaxExpense) are used as the substitute for the additional reporting of the sum.



Issue 2: Absence of Article 7.1.2 GloBE Losses incurred by a UPE that is a Flow-through Entity

Description of the issue

3. Under the UPE Adjustments section of the GIR XML Schema, the Basis element indicates the basis for the adjustment, i.e. Article 7.1.1, Article 7.1.2, Article 7.2.1 or Article 7.2.2, together with the relevant subparagraph letter and number. In the enumeration, the option that corresponds to "Article 7.1.2" (i.e. GloBE Losses incurred by a UPE that is a Flow-through Entity) is currently not present in the GIR XML Schema.

4. The requirement field for this data element is validation, which means that it is a mandatory field and cannot be left blank.

Practical instructions and guidance

5. As a first step, where Article 7.1.2 is to be elected, the value GIR1910 – Article 7.2.2 should be used under the Basis element (corresponding to the path `GloBEBody/JurisdictionSection/GloBETax/ETR/ETRStatus/ETRComputation/CEComputation/AdjustedFANIL/Adjustment/UPEAdjustments/Basis`) as a substitute, as this would ensure that none of the validation rules activate. Additionally, the Reduction elements (corresponding to the path `GloBEBody/JurisdictionSection/GloBETax/ETR/ETRStatus/ETRComputation/CEComputation/AdjustedFANIL/Adjustment/UPEAdjustments/Reduction`) should be completed, following the same procedure as for other adjustments.

Element	Attribute	Size	Input Type	Requirement
Basis			<code>globe:UPEAdjustmentsBasis_EnumType</code>	Validation

The Basis element indicates the basis for the adjustment, i.e. Article 7.1.1, Article 7.1.2, Article 7.2.1 or Article 7.2.2, together with the relevant subparagraph letter and number.

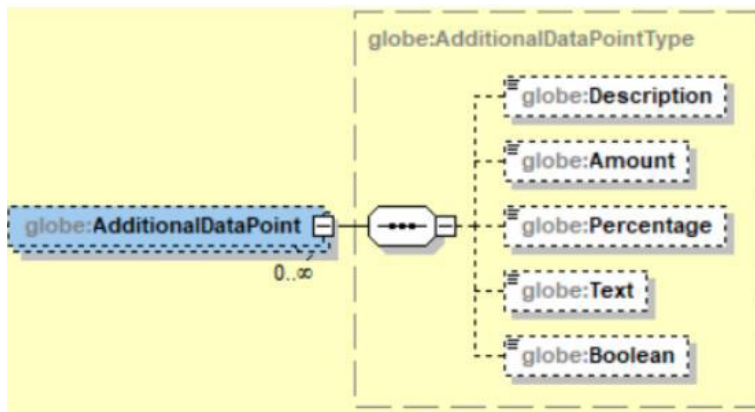
- GIR1901 – Article 7.1.1 (a) (i)
- GIR1902 – Article 7.1.1 (a) (ii)
- GIR1903 – Article 7.1.1 (b)
- GIR1904 – Article 7.1.1 (c)
- GIR1905 – Article 7.2.1 (a) (i)
- GIR1906 – Article 7.2.1 (a) (ii)
- GIR1907 – Article 7.2.1 (a) (iii)
- GIR1908 – Article 7.2.1 (b)
- GIR1909 – Article 7.2.1 (c)
- GIR 1910 – Article 7.2.2

6. As a second step, an Additional data point under the path `GloBEBody/JurisdictionSection/AdditionalDataPoint` should be completed.

7. In this case, only the items listed below should be entered into AdditionalDatapoint:

- The Description element should include "ADT1 Basis";
- The Amount element should include the same amount which reported on the Reduction/Amount element as above; and
- The Text element should include "Article 7.1.2". In cases where Reduction/ Exception element is reported, the Text element should include "Article 7.1.2, Exception" instead, as well as the path to which the Additional Data Point relates.

8. In the instance where GIR1910 should be selected as the Basis that Article 7.2.2 is an Adjustment, this element should be repeated and be used twice.



Issue 3: Absence of Jurisdiction element in UTPRAtribution

Description of the issue

9. The UTPR Attribution in the GIR is part of Section 3 which should be completed on a jurisdictional basis. In the GIR XML Schema, under the UTPRAtribution element, there is presently no Jurisdiction element. In practice this means that the GIR XML Schema does allow to indicate to which jurisdictions UTPR taxing rights are allocated, but it does not allow to indicate in respect of which low-tax jurisdictions a top-up tax under the UTPR was generated. This information is, however, available in the jurisdictional section containing the top-up tax calculations.

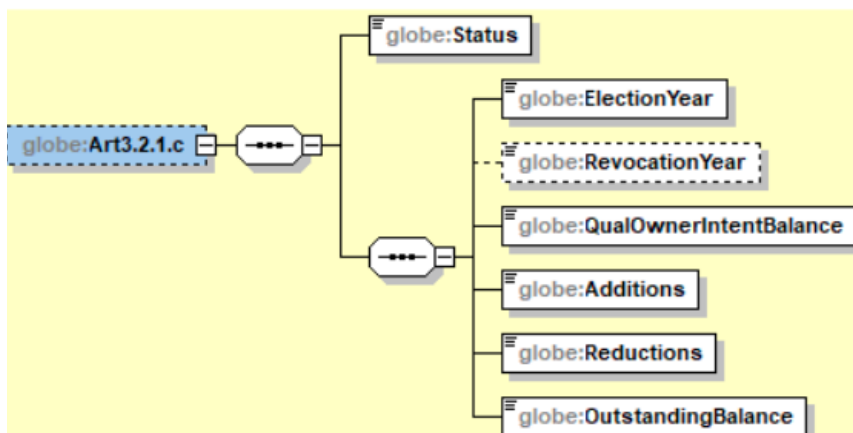
Practical instructions and guidance

10. This element should not be used for filings in 2026. No jurisdiction has a UTPR applying in 2024, so when the first returns are due in 2026, there will be no UTPR to report and therefore this element will not be used for returns filed in 2026. This issue will be fixed in the Schema as soon as an opportunity arises.

Issue 4: Absence of element corresponding to GIR 3.2.3.1.b.1

Description of the issue

11. An element that corresponds to 3.2.3.1.b.1 of the GIR is currently not present in the GIR XML Schema (i.e. inclusion of equity gain or loss with respect to an Equity Investment Inclusion election) under GloBEBody/JurisdictionSection/GloBETax/ETR/Election/Art3.2.1.c.

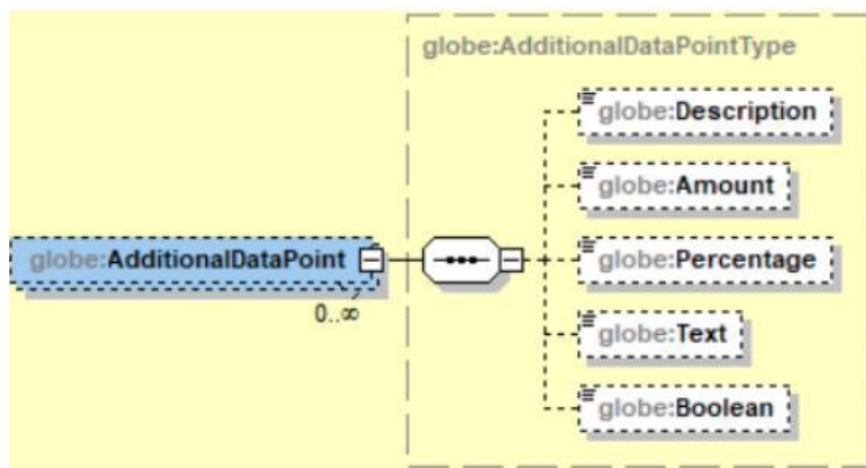


Practical instructions and guidance

12. Where such information is to be filed, it should be reported as an Additional data point under the path GloBEBody/JurisdictionSection/AdditionalDataPoint.

13. The Description element should include "ADT2 EquityGain" and the relevant equity gain or loss that is included in the GloBE Income or Loss when the Equity Investment Inclusion Election is made should be reported in the Amount element. The text should include the path to which the Additional Data Point relates.

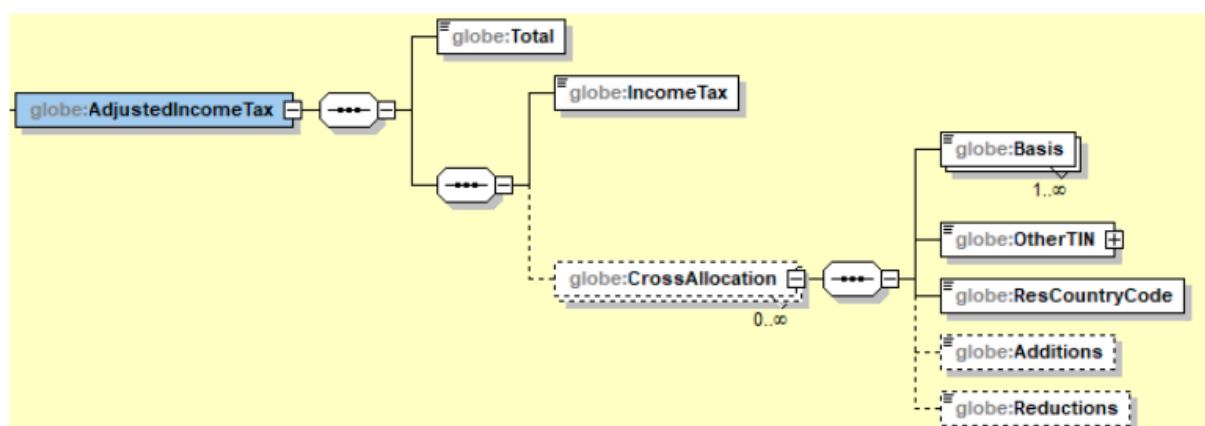
14. The other elements under the Additional Data Point should not be completed.



Issue 5: Covered Taxes of the CE

Description of the issue

15. Under the AdjustedIncomeTax section, GIR element 3.2.4.2.b.8 (corresponding to the Covered Taxes of the CE (or member of JV Group) after the adjustment) is currently not present, and element 3.2.4.2.a.2 (current tax expense at the CE level) is currently dislocated within the GIR XML Schema. In its current version, the GIR XML Schema User Guide provides that the Total element indicates the current tax expense with respect to Covered Taxes after the cross-allocation. However, the total amount of taxes after cross allocation should indeed include current and deferred tax expense.



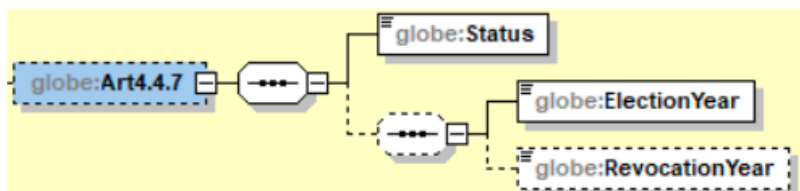
Practical instructions and guidance

16. In order to properly report the information, it should be understood that the Total element under AdjustedIncomeTax equals the total amount after cross allocation adjustment (i.e. to ensure that the Total corresponds to 3.2.4.2.b.8).

Issue 6: absence of element corresponding to 3.2.4.3.2.c

Description of the issue

17. Under the path `GloBEBody/JurisdictionSection/GloBETax/ETR/ETRStatus/ETRComputation/CEComputation/Elections/Art4.4.7`, an element that corresponds to the row 3.2.4.3.2.c of GIR Template (Unclaimed Accrual Annual Election) is currently not present in the GIR XML Schema. There are two elections under Article 4.4.7 (Unclaimed Accrual Annual Election and Unclaimed Accrual Five-Year Election). However, only the element corresponding to Unclaimed Accrual Five-Year Election is contained in the schema.

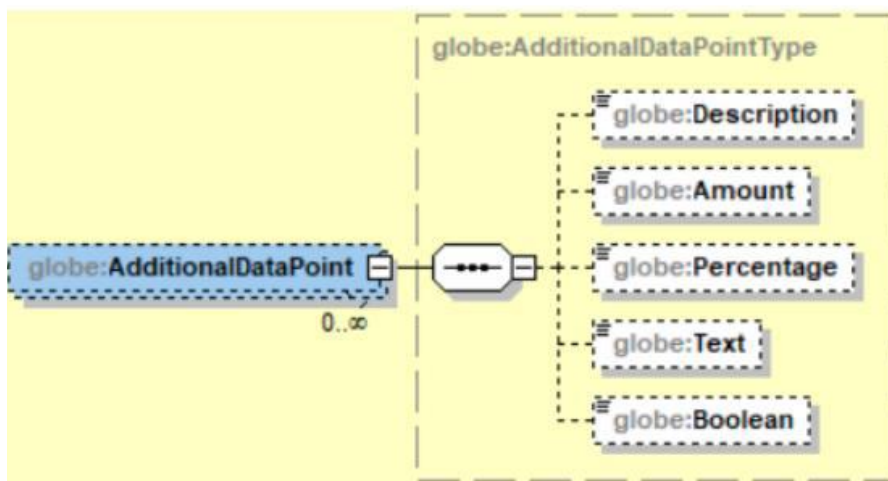


Practical instructions and guidance

18. The existing Art.4.4.7 element must only be completed when the Unclaimed Accrual Five-Year Election is being made. Where Unclaimed Accrual Annual Election is to be reported, an Additional Data Point should be filed under the path `GloBEBody/JurisdictionSection/AdditionalDataPoint`.

19. The Description element should include "ADT3 Art4.4.7" and the Text element should contain "Unclaimed Accrual Annual Election" and the relevant TIN(s) of the Constituent Entities (or members of the JV Group) for which the election is made, unless aggregate reporting applies. The text should also include the path to which the Additional Data Point relates.

20. The other elements under the Additional Data Point should not be completed.

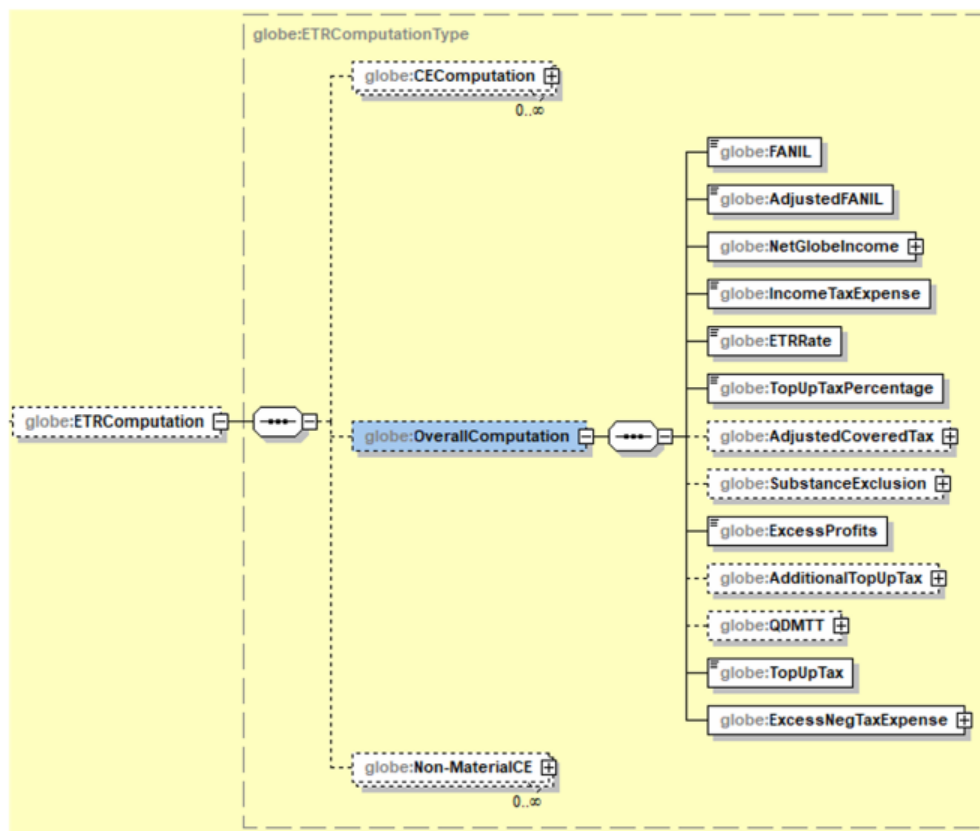


Issue 7 – Completion of additional sub-elements not required under the GIR

Description of the issue

21. According to the GIR Guidelines (Note 2.2.1), where a safe harbour reduces the top-up tax to zero, the Filing Constituent Entity is generally not required to complete Section 3 of the GIR. Nevertheless, according to the exceptions under Note 2.2.1.1.1, where certain safe harbour options apply (for example the routine profits test), the Filing Constituent Entity is generally only required to complete Section 3.3.2 (Substance-based Income Exclusion - SBIE). Within the current XML Schema structure, the SBIE corresponds to the element `GlobeBody/JurisdictionSection/GlobeTax/ETR/ETRStatus/ETRComputation`

/OverallComputation/SubstanceExclusion, which requires inclusion of the OverallComputation element and completion of all its sub-elements, which are not required to be completed under the GIR.



Practical instructions and guidance

22. As a temporary solution, pending the publication of the updated GIR XML Schema, the remaining sub-elements of the OverallComputation element, i.e. FANIL, AdjustedFANIL, NetGlobeIncome, IncomeTaxExpense, ETRRate, TopUpTaxPercentage, ExcessProfits, TopUpTax, and ExcessNegTaxExpense, should be reported as zero (0), in instances where the other elements are required to be reported under the applicable safe harbour.

Issue 8 – Validation rule 60025

Description of the issue

23. Under validation rule 60025, the element ETRRate must equal to the result of the following: $(AdjustedCoveredTax/Total) / (NetGlobeIncome/Total)$

24. According to the GIR XML Schema, the element ETRRate (GlobeBody/JurisdictionSection/GloBETax/ETR/ETRStatus/ETRComputation/OverallComputation/ETRRate) must be expressed as a value between 0 and 1. However, the above calculation may result in a value below 0 or above 1. As a result, the calculated value may not be permitted under the constraints applicable to the ETRRate element in the current GIR XML Schema.

Practical instructions and guidance

25. Validation rule 60025 should not be applied.

Issue 9 – Validation rule 60026

Description of the issue

26. Under validation rule 60026, the element TopUpTax must equal the result of the following calculation:
 $(\text{TopUpTaxPercentage} \times \text{ExcessProfits}) + (\text{AdditionalTopUpTax amounts}) - \text{QDMTT Amount}$

27. According to the GIR Status Message XML Schema and User Guide, calculation-based validation rules allow rounding of values (up to four decimals) with a tolerance margin of 1%. However, where the TopUpTax Percentage is very small, rounding to four decimals may lead to a result that exceeds the 1% tolerance margin.

Practical instructions and guidance

28. Validation rule 60026 should not be applied.

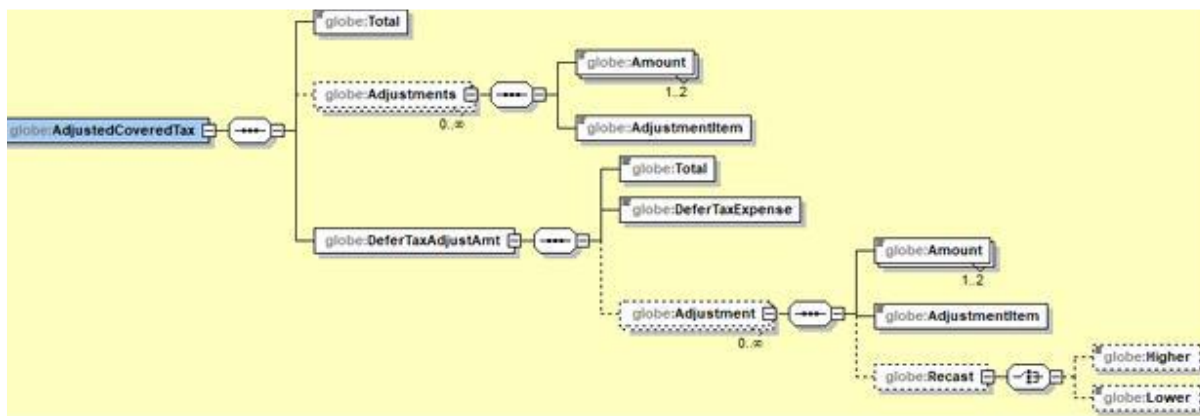
Issue 10 – Validation rule 70120

Description of the issue

29. Under validation rule 70120, the Total element (GLOBEBody/JurisdictionSection/GLOBETax/ETR/ETRStatus/ETRComputation/CEComputation/AdjustedCoveredTax/DeferTaxAdjustAmt/Total) shall equal the following calculation:

$\text{DeferTaxExpense} + \sum \text{Adjustments/Amount} + \text{Recast/Higher} + \text{Recast/Lower}$ where any missing element is treated as equal to zero (0).

30. Under the path GLOBEBody/JurisdictionSection/GLOBETax/ETR/ETRStatus/ETRComputation/CEComputation/AdjustedCoveredTax, the current GIR XML Schema does not allow Recast Higher and Recast Lower to be defined at the CE (Constituent Entity) level. Rather, these elements can only be specified per adjustment. As a result, it is not feasible to apply validation rule 70120 as intended.



Practical instructions and guidance

31. Validation rule 70120 should not be applied.

Issue 11 – Validation rule 70092

Description of the issue

32. Under validation rule 70092, the element `AdditionalTopUpTax` is the result of the following calculation: $ExpectedAdjustedCoveredTax - AdjustedCoveredTax$ where if the result is less than 0, the `AdditionalTopUpTax` (`GLOBEBody/JurisdictionSection/GLOBETax/ETR/ETRStatus/ETRComputation/OverallComputation/AdditionalTopUpTax`) must be 0.

33. Under Article 4.1.5, an additional Top-up Tax may arise and the MNE Group may elect the negative tax expense election. This may result in no Top-up Tax. Completion of the Article 4.1.5 section may trigger validation rule 70092 and result in the communication of a record error to the filing Constituent Entity and/or the Sending Competent Authority.

Practical instructions and guidance

34. Validation rule 70092 should not be applied.

Issue 12 – Validation rule 70028

Description of the issue

35. Under validation rule 70028, the declaration of a CE (Constituent Entity) ownership percentage of 0% is not permitted.

36. In certain cases, the ownership percentage of an entity may be a very small fraction which, after rounding, results in a value of 0% (e.g. 0.001). As a result, validation rule 70028 may prevent the reporting of ownership percentages that, after rounding equal 0%.

Practical instructions and guidance

37. Validation rule 70028 should not be applied.

Issue 13 – UTPR Safe Harbour

Description of the issue

38. The `UTPRSafeHarbour` element under `LowTaxJurisdiction/UTPR/UTPRSafeHarbour` is redundant with element `JurisdictionSection/ETR/ETRStatus/ETRException/UTPRSafeHarbour`.

Practical instructions and guidance

39. Since `LowTaxJurisdiction/UTPR/UTPRSafeHarbour` is a validation element, it shall be filled only once and the duplicative optional element `JurisdictionSection/ETR/ETRStatus/ETRException/UTPRSafeHarbour` shall be left blank.

Issue 14 – Constituent Entity Deferred Taxes Recast

Description of the issue

40. The element `Recast` is wrongly located in the XML schema. It should not be included within the `DeferTaxAdjustAmt/Adjustment` element. The `Recast` element should instead be included within the `DeferTaxAdjustAmt` element. Currently, reporting `Recast` in the Constituent Entity Computation requires completing the mandatory elements within the `Adjustment` element, i.e. `AdjustmentItem` and `Amount`.

Practical instructions and guidance

41. In case the `Recast` is to be completed for a Constituent Entity, then the `AdjustmentItem` item shall include GIR2516 – Deferred tax adjustment resulting from transactions between

Constituent Entities – Article 9.1.3 as a dummy value and the Amount item shall be completed by reporting a zero (0) value.

Issue 15 – Percentages outside of the pre-established interval

Description of the issue

42. In some instances, calculated percentages may lie outside of a pre-established interval and may therefore be below 0% or above 100%.

Practical instructions and guidance

43. Where the percentage is a negative value (and the XSD does not permit negative values), the value reported should be zero (0). Where the percentage exceeds 100% (and the maximum value permitted under the XSD is 100, or 1), a value of 100 (or 1) shall be reported.