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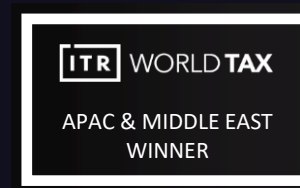
FAQ published by OECD

OECD has recently updated the FAQ on Global Minimum Tax (GMT) in April 2026. As compared to May 2025 edition, the updated FAQ majorly covers questions on substance in Global Minimum Tax (GMT), Simplified ETR Safe Harbour and Side-by-side (SbS) package



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Key Aspects

A Simplified ETR Safe Harbour

OECD is preparing guidance to simplify the reporting requirements in GloBE Information return (GIR) for MNE Groups w.r.t. Simplified ETR safe harbour. OECD expects to release the report well in advance of the election becoming available for MNE groups viz 2026.

FAQ clarifies QDMTT jurisdictions have also agreed on the use of accounts used to prepare CFS for the purpose of computing the simplified ETR safe harbour.

B Substance in GMT

In Side-by-side Package, OECD has introduced the **Substance Based Tax Incentives Safe harbour** which allows for **Qualified Tax Incentives (QTI)** to be added to the covered tax for the purpose of ETR computation.

OECD has clarified that QTI will be monitored by the Inclusive Framework (IF) but does not expect the introduction of peer review process or a central record of qualified tax Incentive.

Key Aspects (continued)

C SbS and UPE Safe harbour

If eligible jurisdiction requests for inclusion in the side-by-side safe harbour, Inclusive framework expects to assess jurisdictions with eligible tax regimes enacted prior to 1 Jan 2026 in the first half of 2026. Jurisdictions with new tax laws is expected to be assessed in 2027 or 2028.

For MNEs falling within SbS and UPE safe harbour, The IRR and UTPR are not applicable and in jurisdiction where QDMTT has not been implemented, GIR disclosure will be limited to election of the safe harbour and information about the UPE and UPE's jurisdiction.

D Others

Appeals: Though OECD does not anticipate inconsistency in application of pillar two rules regulations, in order to prevent interpretative issues and the resultant uncertainties, IF is exploring a possibility of an appeals systems for taxpayers in case of disputes.

Controlled Foreign Company Regimes: Taxes paid under CFC regimes to the UPE jurisdiction will be included as covered tax in the computation of IIR or UTPR. QDMTT paid can be credited against CFC Tax obligations. From the fiscal years commencing as from 1st January 2026, the allocation of blended CFC Taxes is to be calculated as per the methodology set out in the June 2024 guidance.

CONCLUSION

Key Takeaway

The update in FAQ providing clarifications on certain key aspects is a welcome move, which would aid MNE groups in planning their Pillar Two related compliances. However, OECD's guidance / inputs on certain areas of QTI is awaited, for example parameters used to monitor QTI as it would play an important role in how jurisdictions formulate their tax incentives and whether the jurisdiction would obtain qualified status.

For more information / clarification on Pillar Two and Transfer pricing, reach out to snithya@vstnconsultancy.com

WHO WE ARE

VSTN Consultancy — Global Transfer Pricing Firm

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VSTN Consultancy is a Global Transfer Pricing firm with extensive expertise in the field of transfer pricing having its offices in India, Singapore, UAE, USA, and the KSA. VSTN Consultancy has been awarded by [International Tax Review \(ITR\)](#) as [Best Newcomer in Asia Pacific – 2024](#) | [Middle East Transfer Pricing Practice Leader of the Year 2025](#) | [Middle East Best Newcomer of the year - 2025](#) and is ranked as one of the [Recommended Transfer Pricing Firms](#). VSTN Consultancy has been shortlisted in other awards as finalist by ITR for Tax Innovator, Tax Compliance and Reporting Firm, Transfer Pricing Leader , Transfer Pricing Rising Star in Asia Pacific – 2025 | Best Newcomer, Tax Innovator and Transfer Pricing Leader in EMEA – 2025. VSTNs senior partners have been ranked in ITR in the list of recognised Practitioners.

Our offering spans the end-to-end Transfer Pricing value chain, including design of intercompany policy, drafting of Interco agreement, ensuring effective implementation of the Transfer Pricing policy, year-end documentation and certification, Global Transfer Pricing Documentation, BEPS related compliances (including advisory, Masterfile, Country by Country report), safe harbor filing, audit defense before all forums, Pillar 2 Analysis advice and dispute prevention mechanisms such as Advance Pricing agreement.

We are structured as an inverse pyramid where leadership get involved in all client matters, enabling clients to receive the highest quality of service.

Being a specialized firm, we offer advice that is independent of an audit practice and deliver it with an uncompromising integrity.

Our expert team brings in cumulative experience of over several decades in the transfer pricing space having worked with multiple Multinational Companies across sectors/industries and have cutting edge knowledge and capabilities in handling complex TP engagements.

WHO WE ARE

VSTN Consultancy — Global Transfer Pricing Firm

VSTN Consultancy is a transfer pricing firm with a global footprint across India, UAE, Singapore, USA, and KSA. We combine deep technical expertise with a client-centric approach to deliver premium transfer pricing services.

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02

Global Reach

Serving clients across 17+ countries with local expertise.

03

Industry Recognition

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04

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11+ premium databases.

150+

Years' Experience

300+

Clients Served

17+

Countries

5

Global Offices

11+

Licensed Databases

50+

Team Members

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Global Locations Served & Licensed Databases

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- | | | |
|---|---|---|
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|  UK |  Netherlands |  Belgium |
|  Denmark |  Switzerland |  Italy |
|  Singapore |  India |  Australia |
|  Philippines |  UAE |  KSA |
|  Turkey |  Zambia | |

LICENSED DATABASES

TP Catalyst	Moody's
ORBIS	Moody's
Loan Module	Moody's
IP & Royalty Data	Moody's
EDF-X Bond Database	Moody's
EDF-X Credit Risk Analytics	Moody's
Royalty Rates	ktMINE
Services CUT	ktMINE
Loan Module	Royalty Range
TP Documenter	Ryan
Prowess	CMIE

THANK YOU

We look forward to partnering
with you on this engagement.

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