

17 October 2024



tax + legal newsflash

German Pillar 2 Notification Requirements

Pillar 2 Notification Requirement in Germany – Head of the Minimum Tax Group

A notification of the head of a German minimum tax group must be made to the German Federal Central Tax Office until 28 February 2025

A notification of the head of the minimum tax group to the German Federal Central Tax Office must be made no later than two months after the end of the taxable period for Pillar 2 purposes. In the case of a financial year beginning on 1 January 2024, the notification should, therefore, be made until 28 February 2025 at the latest.

In detail

What is the German minimum tax group?

German constituent entities of an MNE group as well as the German joint ventures including their subsidiaries located in Germany form the German minimum tax group. If a MNE group has only one constituent entity in Germany, it is foreseen in a legislative draft, that also this constituent entity forms a German minimum tax group.

The German minimum tax group is mandatory and automatically established by law.

Under German law the head of the German minimum tax group is required to

- file the German minimum tax return, and
- pay the top-up tax (IIR, UTPR, QDMTT)

for the German minimum tax group. However, the members of the minimum tax group whose top-up tax is paid by the head of the group are jointly and severally liable for the minimum tax owed by the latter.

In return for his minimum tax payments, the head of the minimum tax group holds a compensation claim against those members of the minimum tax group. Vice versa, it has the obligation to forward to the minimum tax group members any refunds of top-up taxes it receives on their behalf.

Which entity is the minimum tax group leader?

The head of the German minimum tax group is:

1. the ultimate parent entity, if located in Germany; or
2. if the ultimate parent entity is not located in Germany but all German constituent entities of a MNE group are directly or indirectly owned by one German parent entity, this German parent entity; or
3. If 1. and 2. do not apply for a MNE group, the ultimate parent entity can choose and determine one German constituent entity as the head of the minimum tax group.
4. If, however, the MNE Group misses to determine the head of the minimum tax group in time, the economically most significant constituent entity located in Germany is the head of the minimum tax group by default.

Until when must the notification of the head of the minimum tax group be filed with the German tax authorities?

The notification of the head of the minimum tax group must be filed with the German Federal Central Tax Office no later than two months after the end of the taxable period. In the case of a financial year beginning on 1 January 2024, the notification has, therefore, to be made by 28 February 2025 at the latest.

The German Federal Ministry of Finance published the form for the notification on 17 October 2024. The form for the notification needs to be filed electronically and the filing is expected to be possible starting on 2 January 2025

A later change of the head of the German minimum tax group must also be electronically reported by both the former and the new head of the minimum tax group. In addition, the latter must inform all other German minimum tax group members of its function as the head of the minimum tax group.

Any questions?

For a deeper discussion of how this might affect your business, please reach out to your local PwC contact advisor or our following international tax experts:

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