

GET READY FOR PILLAR TWO – REGISTRATION AND FILING WITH SWISS TAX AUTHORITIES

Switzerland is one of the Pillar Two implementing jurisdictions. Like many of the implementing jurisdictions, it follows a staggered implementation. As of 1 January 2024, the Swiss Federal Council has enacted a Domestic Minimum Top-up Tax (DMTT) of 15% on profits of multinational enterprises with Swiss nexus. The Income Inclusion Rule (IIR) is applicable as of 1 January 2025. The introduction of the Undertaxed Payments Rule (UTPR) has been postponed until further notice.

With the deadline for the first Pillar Two tax returns approaching (30 June 2026), this outline discusses key issues in the Swiss Pillar Two compliance process.

REGISTRATION FOR DMTT PURPOSES

As a first step, multinational enterprises in scope of the Pillar Two rules must register themselves via the platform www.omt-admin.ch. Registration is possible since the beginning of 2025 and not subject to a specific deadline. As the registration is a condition to be able to file Pillar Two tax returns, which must be submitted until 30 June 2026 for the first time for the Fiscal

Year 2024, the registration process should be initiated timely (we recommend at least one month before 30 June 2026).

The registration duty lies with the Swiss Constituent Entity subject to DMTT, which is generally the Ultimate Parent Entity, if such Ultimate Parent Entity is domiciled in Switzerland. Otherwise, the entity with the highest average balance sheet sum for the last three financial years is generally subject to DMTT. The registration process can be handled by any authorised person (power of attorney necessary).

Note that a separate registration could be necessary (still under discussion) for IIR and (in case implemented) UTPR purposes. Such registration is not yet possible but should follow the same procedures as for DMTT purposes.

The individual steps of the **registration process** can be summarized as follows:

- Creation of personal user account on the OMTax portal (www.omt-admin.ch).
- Verification and validation of registration by the responsible canton. After completing the OMTax registration, the registration and competence will be verified by the canton, in which the Constituent Entity applying for

registration is domiciled. The competent canton is the canton, in which the Constituent Entity subject to DMTT is domiciled.

- Entry of the activation code to complete the registration.

PILLAR TWO TAX RETURNS

Once the registration process is completed, the Pillar Two tax returns can be uploaded to the OMTax platform. Two separate, annual tax returns per Fiscal Year need to be filed: (1) the Local Information Return (LIR); and (2) the GloBE Information Return (GIR).

Note that both the LIR and GIR are separate tax returns and do not replace the regular annual corporate income tax return.

Local Information Return

The LIR is to be filed with the competent cantonal tax authority, for the first time until 30 June 2026 regarding the Fiscal Year 2024. The deadline to file the LIR for any following Fiscal Year is 15 months after the end of the Fiscal Year.

Switzerland follows a "one-stop shop" approach, i.e. one Constituent Entity files the LIR and pays any Top-up Taxes due for all Swiss domiciled Constituent Entities of the

multinational group. The competent canton assesses the LIR, levies and collects top-up taxes.

The taxpayer (or its proxy) can complete and submit the LIR electronically via the OMTax platform, along with the necessary attachments. Following submission, the LIR is subject to a 14-day waiting period before transmission. During this time, corrections can be made, and the LIR can be resubmitted if needed. Essential entries are automatically available the following year to simplify the declaration process.

The final tax assessment will be issued electronically via the OMTax platform, with the possibility to file an objection within 30 days. Note that separate assessments will be issued for DMTT, IIR and UTPR purposes.

GloBE Information Return

The obligation to file an annual GIR is based on art. 8.1 GloBE Model Rules. On 15 January 2025, the OECD/G20 Inclusive Framework has issued the Multilateral Competent Authority Agreement (MCAA), which shall constitute – once ratified by the Pillar Two implementing countries – the multilateral basis for the exchange of the GIR between jurisdictions. The MCAA aims at simplifying compliance duties of multinational enterprises subject to Pillar Two.

Switzerland has started the legislative procedure to adopt the MCAA. Furthermore, a draft of an amendment to the Swiss minimum taxation ordinance (*Verordnung über die Mindestbesteuerung grosser Unternehmensgruppen vom 22. Dezember 2023, SR 642.161*) has been published, which shall constitute the domestic legal basis regarding the filing of the GIR and its automatic exchange. The amended minimum taxation ordinance shall enter into force as of 1 January 2026.

The draft legislation foresees that – different from the LIR – the SFTA will be the competent authority for filings and exchange of the GIR. However, the obligation to file the GIR is again allocated to the (Swiss) Ultimate Parent Entity (or, if the Ultimate Parent Entity is not Swiss, the Swiss entity with the highest average balance sheet sum for the last three financial years), the same approach as for the LIR. For GIR purposes, the multinational enterprise can, congruent with art. 8.1.2 GloBE Model Rules,

designate a filing Constituent Entity. For administrative simplification purposes, a Swiss filing of the GIR is not necessary in cases where the GIR is filed in a foreign jurisdiction which has implemented the MCAA. Vice versa, a multinational enterprise can designate a Swiss Constituent Entity to file the GIR on behalf of the group.

During the consultation on the draft legislation, concerns were raised regarding the double registration requirement for LIR and GIR. Stakeholders recommended implementing a single registration process to cover both returns. Registration for GIR purposes is not yet possible. It remains to be seen whether in the final legislation one registration will suffice.

FINES FOR NON-COMPLIANCE

If the filing deadline is missed, or an incomplete return is submitted, the responsible cantonal tax authority will request the responsible Constituent Entity to complete the return within a reasonable period. Based on experience, the responsible tax authorities will set an additional deadline of at least 10 to 20 days, which may serve as a reminder containing a potential warning of legal penalties.

If the filing duties regarding the LIR are violated, a fine of up to CHF 10'000 can be imposed. Based on current draft legislation, fines of CHF 200 per day and a max. of CHF 50'000 for late submission of the GIR can be imposed.

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