

Bray, Sean; Bunn, Daniel; Gaul, Johannes; Spengel, Christoph

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DISCUSSION PAPER

// SEAN BRAY, DANIEL BUNN, JOHANNES J. GAUL,
AND CHRISTOPH SPENGL

OECD Pillar Two Compliance Costs: A Quantitative Assessment for EU-Headquartered Groups

OECD Pillar Two Compliance Costs

A Quantitative Assessment for EU-Headquartered Groups*

Sean Bray[†], Daniel Bunn[‡], Johannes J. Gaul[§], Christoph Spengel[¶]

October 16, 2025

Abstract

This study examines the compliance costs of OECD Pillar Two, i.e., the “Global Minimum Tax,” for multinational enterprises headquartered in the European Union. Collecting data from chief financial officers and heads of finance or tax departments, we estimate compliance cost determinants and subsequently predict the overall compliance burden. Results indicate total one-off costs of about EUR 1.2 billion (up to EUR 2.0 billion) and total recurring costs of EUR 517 million EUR p.a. (up to EUR 865 million EUR p.a.). Our findings inform the public discourse by mitigating information asymmetries between policymakers and corporations. Moreover, we contribute by establishing a cost benchmark to facilitate a systematic cost-benefit evaluation of this policy.

Keywords: Global Minimum Tax, Corporate Taxation, Tax Compliance Costs, Tax Complexity, Council Directive (EU) 2022/2523

JEL classification: H25, H32, H87

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[†]Tax Foundation Europe, Brussels (sbray@taxfoundation.org)

[‡]Tax Foundation Europe, Brussels (dbunn@taxfoundation.org)

[§]ZEW, University of Mannheim, NeSt (johannes.gaul@zew.de)

[¶]University of Mannheim (christoph.spengel@uni-mannheim.de)

1 Introduction

For the better part of the last decade, the global minimum tax, or Pillar Two, has dominated international tax policy discussions. Developing out of the Base Erosion and Profit Shifting (BEPS) Project at the Organisation for Economic Co-operation and Development (OECD), Pillar Two's main objective is to ensure that multinational enterprises (MNEs) with a consolidated group revenue of over EUR 750 million pay an effective tax rate of at least 15 percent in each jurisdiction where they earn profit. The Global Anti-Base Erosion Rules (GloBE) model of Pillar Two rules ([OECD, 2021](#)) aims to achieve this goal through policies such as a Qualified Domestic Minimum Top-Up Tax (QDMTT), an Income Inclusion Rule (IIR), and an Undertaxed Profits Rule (UTPR). The rules are interlocking and are applied by different jurisdictions. A QDMTT is applied by a country on low-tax activity within its borders. An IIR is applied by a country on the foreign earnings of companies that are headquartered in its jurisdiction. The UTPR is applied to the low-tax income of a company that has some presence in a jurisdiction, but the trigger for taxation is the existence of low-tax income elsewhere in the world. Some portion of this set of rules has been adopted by several dozen countries around the world, but the United States has not adopted the OECD rules.

Countries are actively exploring changes to these rules. The potential changes include addressing concerns about differential treatment of tax credits and payable (refundable) credits, and safe harbors that could limit compliance costs with the UTPR. There are also ongoing discussions about how to accommodate differences with the US approach. During the first six months of President Trump's second term, the United States took a stick and carrot approach by threatening tariffs ([Trump, 2025a](#)) and retaliatory tax measures ([Gravelle, 2025](#)) against countries that enforced the Pillar Two rules ([Trump, 2025b](#)) against US firms while Congress moved to reform its minimum tax regime to net CFC-tested income, or NCTI (formerly GILTI), in the One Big Beautiful Bill Act (OBBBA) closer in line with Pillar Two outcomes ([Cole and Dunn, 2025](#)). After the removal of the Section 899 retaliatory tax proposal from the final OBBBA text, the US and other G7 countries signed a political agreement on a side-by-side solution ([U.S. Department of the Treasury, 2025](#)) that would exclude US-parented groups from the IIR and UTPR. Furthermore, the lack of implementation by large competitors like China and India leaves open the possibility that the EU will be the largest economy implementing the rules. European policymakers must decide how to balance the perceived benefits of the EU Directive relative to its real-world costs, knowing that the latter could impact the competitiveness of European MNEs.

The way in which the costs and benefits of adopting the GloBE rules have been analyzed in

academic and policy communities—comparing the size of increased global revenue to the size of compliance costs—is incomplete. It is true that if every jurisdiction were to indefinitely uphold a 15 percent effective corporate tax rate through a QDMTT, then overall corporate tax revenues would increase. However, if the distribution of profits remains in place, additional tax revenues would predominantly accrue to formerly low-tax jurisdictions, with high-tax jurisdictions receiving little to no increase. At the same time, it is likely that MNEs expense compliance costs in the jurisdictions where they are headquartered, often high-tax jurisdictions. There would then be a geographical discrepancy between the revenue gainers and the location of the Pillar Two compliance costs.

Furthermore, even if the goal of limiting a race to the bottom in tax rates is achieved via OECD Pillar Two, this does not necessarily result in higher disposable tax revenues, as competition for investments may be deferred to other margins. For example, if jurisdictions resort to competing for investments via lump-sum subsidies, the net revenue effect may even be negative ([Janeba and Schjelderup, 2023](#)). In addition, competitive disadvantages for EU-based MNEs arise since Pillar Two is applicable to their worldwide activities. MNEs headquartered outside the EU27 are, often, only affected by Pillar Two with regard to their within-EU exposure, given that their jurisdictions of origin do not implement similar policies.

Building on work done by [Spengel et al. \(2023\)](#) on the Pillar Two compliance costs of German MNEs, in this paper, we expand the scope to include a pan-EU sample of groups affected by the EU Directive on Pillar Two. In section 2, we outline Pillar Two’s conceptual framework and recent developments. Section 3 introduces our compliance cost survey and details survey responses. In section 4, we estimate cost determinants and predict overall compliance costs for the EU27-based MNEs we identify as affected by the policy. We conclude in section 5 by discussing how policymakers should use this data to better inform a cost-benefit analysis of continuing with the Directive. While this work does not fully complete the picture of compliance costs, additional revenues, and the location of each, it does provide new evidence on the scale and distribution of compliance costs for EU firms.

2 The Global Minimum Tax

2.1 Conceptual Framework

Since the 2021 OECD/G20 Inclusive Framework BEPS agreement on a global minimum tax, countries have negotiated model rules, legislation has been adopted at national and supranational levels, and reams of OECD administrative guidance have been offered. More than 50 countries have

adopted at least one piece of the global minimum tax.¹ As mentioned, the pieces of the model rules are the QDMTT, IIR, and UTPR. The existence of the QDMTT is meant to encourage each participating jurisdiction to implement its own minimum corporate tax top-up rule. This allows those jurisdictions to have the first tax claim on low-taxed profits earned within their borders. In instances where the local jurisdiction does not exercise its taxing authority over low-taxed income, the IIR requires the parent entity to pay a top-up tax for its foreign subsidiaries on that income. If neither jurisdiction exercises its taxing authority, the UTPR serves as a backstop that allows other jurisdictions that have adopted UTPR to reallocate that low-taxed income amongst themselves. In many countries, these rules sit alongside anti-avoidance rules intended to address similar issues as the global minimum tax (Bunn et al., 2023).

The ordering of these rules matters because they incentivize Pillar Two-adopting jurisdictions to implement a QDMTT to exercise a taxing authority over low-taxed profits within their own jurisdictions. If all jurisdictions follow this incentive, it would accomplish the stated goal of forcing MNEs to pay at least a 15 percent effective tax rate in all jurisdictions in which they operate. However, the success of the policy could also lead to a geographical discrepancy in revenue winners and losers as former low-tax jurisdictions increase revenue through a QDMTT, leaving little revenue for high-tax jurisdictions to lay claim to through the IIR or UTPR.

Europe is at the most advanced stage of adoption among major geographic regions, as Member States transferred the [Council Directive \(EU\) 2022/2523 \(2022\)](#) into national law. The United Kingdom has also developed its own legislation to implement the global minimum tax, and Switzerland has moved substantially in that direction, following a national referendum on the issue in 2023. However, the process has not been stable. Pillar Two can be explained as a tax cartel, with jurisdictions agreeing on a floor of 15 percent taxation of corporate profits. But once there is a cartel, there is an incentive to leave it. This is why major jurisdictions (e.g., the United States, China, and India) diverted from implementing. The lack of adoption of the model rules in major jurisdictions has raised questions about the competitive standing of MNEs based in countries with the rules versus those without the rules.

These ongoing discussions have created uncertainty for companies that must make multi-year investment plans, many of which are required to inform their shareholders of the impact of the tax policy changes in public disclosures. In recent months, the United States has challenged the applicability of the Pillar Two rules to US firms that face domestic rules that result in similar tax

¹It is worth noting that while it shows the wide reach of the OECD's project to have more than 50 countries implementing at least some portion of the model rules, heterogeneous implementation will likely lead to more complexity, more tax disputes, and a greater compliance burden.

outcomes to the minimum tax regime, despite those rules differing substantially from the structure of the GloBE model rules. Against the backdrop of major US tax legislation and a retaliatory threat from the US Congress, the G7 agreed to develop a side-by-side approach. In principle, this approach is intended to keep countries that have adopted the minimum tax rules from applying those rules to a country that has a sufficiently robust minimum tax system. At the time of writing, the future of this agreement politically and substantively is uncertain. However, the G7 agreement has raised questions within the EU about the future viability of the rules ([dpa, 2025](#)). At the same time, other stakeholders call for a delay in implementation, pointing to stalled international negotiations and concerns about the competitiveness of the European private sector ([CFE Tax Advisers Europe, 2025](#)).

2.2 Profit Shifting Estimates

The global minimum tax rules were developed in response to concerns about profit shifting by multinational companies. In recent decades, studies have documented the methods that multinational companies use to minimize their tax burdens and the extent of that activity ([Riedel, 2018](#)). The goal of the minimum tax was to create a sufficient floor for effective corporate tax rates across the world to increase tax revenues from corporate profits and deter future profit shifting. A 2015 study by researchers at the IMF estimated a USD 1.9 trillion global revenue loss due to corporate profit shifting, or 2.6 percent of corporate tax revenue ([Beer et al., 2020](#)). Between 2015 and 2020, dozens of policies were changed to address specific avenues of profit shifting, e.g., [Council Directive \(EU\) 2016/1164 \(2016\)](#).

The United States, in 2017, adopted a first-of-its-kind minimum tax on the foreign profits of US multinationals and a separate minimum tax connected to cross-border deductible payments. There is not yet sufficient evidence to identify the extent to which the policy changes prior to the minimum tax addressed the problem the minimum tax itself was intended to address. Limited evidence suggests that the growth in shifted profits, especially by US firms, slowed significantly prior to the adoption of the minimum tax (see [Garcia-Bernardo et al. \(2022\)](#), Figure 3). Other evidence suggests that previously shifted profitable assets were returned to the US (see [Cole \(2024\)](#), Figure 1). Still, policymakers were interested in reforms that introduce a minimum effective tax rate across the world. Recent work by [Clifford et al. \(2025\)](#) has focused on German multinationals and shown that the design and scope of the global minimum tax captures 95 percent of profits below an effective tax rate of 15 percent.

With any policy measure, lawmakers should understand both costs and benefits. While much work has focused on the revenue potential² of the policy, more work can and should be done to explore the various costs. These costs can come in different forms. Economic costs from changing investment levels and patterns are often difficult to identify and differentiate from other effects. Prior to adoption, however, researchers at [UNCTAD \(2022\)](#) mentioned risks to cross-border investment from the global minimum tax. Profit shifting may be lower, but real activities may also drop ([Beer et al., 2020](#)) with firms differentially exposed to the policy ([Gómez-Cram and Olbert, 2023](#)).

Another part of the cost equation includes administration and compliance costs. Our work focuses on compliance costs using a survey instrument. Other surveys have shown that compliance costs are not trivial. Survey evidence from 2024, reviewed by [McBride and Entin \(2024\)](#), found that foreign tax regulations are a key driver of overall compliance costs for US multinationals. [Spengel et al. \(2023\)](#) surveyed German multinational companies in 2022 and found that they would pay around EUR 319 million (about EUR 703,000 per firm on average) for implementation and EUR 100 million (about EUR 214,000 per firm) annually for ongoing compliance, with higher costs for larger firms.³ The aforementioned [Clifford et al. \(2025\)](#) compared those costs to revenues expected to be raised by Germany through the minimum tax. For firms targeted by the minimum tax, they find that revenues swamp compliance costs.

2.3 Interim Conclusion

Given the broad adoption of minimum tax rules in Europe and the ongoing review at the EU level of various rules, we attempt to provide more evidence regarding the cost of the global minimum tax. This effort includes broadening the scope of prior survey work in Europe to provide EU-wide estimates of compliance costs now that the legislation is largely implemented across Member States.

The question of whether the EU should keep the Pillar Two rules—and if so, at what cost—is on the table. Even taking the perceived benefits and revenue increases as fact, many policy discussions on the cost side of the equation focus on the extremes: either compliance costs do not matter because firms will automate the process for a low cost, or compliance costs are so large that they will be detrimental to European growth and investment. By providing quantitative results, we aim to better inform the cost-benefit debate on Pillar Two to give policymakers a more complete picture when making decisions. This is especially important as the geopolitical landscape shifts and policymakers need to decide how to proceed domestically and internationally.

²Previous revenue estimates are provided by, e.g., [Baraké et al. \(2022\)](#), [Devereux et al. \(2020\)](#) and [Fuest et al. \(2022\)](#).

³See [Gaul et al. \(2022\)](#) for an English version of the results.

3 Data

3.1 Population of Affected Groups

The exact number of EU-headquartered MNEs subject to OECD Pillar Two is unknown. As aggregate country-by-country reporting (CbCR) uses the same size-related cutoff of EUR 750 million to determine applicability of this policy, it serves as a natural benchmark for the number of MNEs prospectively subject to OECD Pillar Two. OECD statistics indicate that 427 German groups submitted CbCR in 2021 (OECD, 2024, pp. 79-80). To determine applicability of OECD Pillar Two, Clifford et al. (2025) use the administrative "Microdatabase Direct Investment" (MiDi) by the German Bundesbank and arrive at a total of 478 affected German multinationals in 2021. This is consistent with Spengel et al. (2023) and Gaul et al. (2022), who use Moody's Orbis database to identify 454 MNEs in scope of the policy and for the same reference time.

Table 1: EU27-headquartered MNEs subject to OECD Pillar Two

Step	Description	Change	Remaining Obs.
1	Orbis download (August 23, 2025): All entities, HQ in EU27, revenue > mEUR 600 in last available year.		9,233
2	less: Consolidation codes other than C1 or C2	(4,570)	4,663
3	less: Stand-alone entities	(436)	4,227
4	less: Owner-group duplicates (keep first entry)	(326)	3,901
5	less: Purely national corporations	(218)	3,683
6	less: Consolidation (only keeping the main group)	(1,065)	2,618
7	less: Groups under mEUR 700 revenues	(300)	2,318
8	less: Groups under mEUR 750 revenues	(123)	2,195

Notes: This table presents the process to determine the groups we hold as affected by the introduction of the global minimum tax. The download from Orbis was conducted on August 23, 2025. Subsequently, the information on the latest available financial years is used. For most corporations, this is the year 2024. We delete all entity statements that are not flagged with consolidation code "C1" or "C2", stand-alone entities (because of no cross-border activity), owner-group duplicates (e.g., in some cases both the family holding and the main productive entity both occur in the dataset – we aim to only keeping the group, dropping the family holding), purely national enterprises (i.e. local utility providers or regional banks, e.g. "Stadtwerke München"). Furthermore, we make sure that if two entities of one group are included as C2 statements, only the main one is kept. We then only keep the first entry of all entities that name the same global ultimate owner (e.g. we drop a conglomerate like "Audi AG" as it is fully owned by the "Volkswagen Group"). Lastly, we restrict the initial sample to those groups that have more than EUR 700 million and then EUR 750 million in revenues.

Summing up numbers for all available EU27 countries given in their CbCR report, the OECD (2024, pp. 79-80) lists a total of 1,818 affected MNEs in 2021, with numbers for Croatia, Cyprus, Estonia, Malta, Poland, and Slovakia not available. As the application threshold of EUR 750 million

for OECD Pillar Two is defined in nominal terms, the number of groups to which the policy applies is likely to increase gradually.⁴

To be able to predict costs for EU27-based MNEs, group-level observations, including company characteristics, are required. Generally, administrative sources of data, such as the above-mentioned (national) MiDi dataset or the confidential CbCR, are best suited to determine the set of groups affected by the policy. However, both datasets also suffer from shortcomings, e.g., coverage for all countries across Europe, providing access to individual company information (without anonymization), and timeliness of access. We therefore turn to Moody’s Orbis (formerly Bureau van Dijk Orbis) to obtain the set of prospectively affected EU27-headquartered MNEs. Table 1 documents the steps that determine the sample of prospectively affected groups. We arrive at 2,318 individual groups with revenues above EUR 700 million. We hold 2,195 EU27-based groups as affected by OECD Pillar Two *and* exceeding the revenue threshold of EUR 750 million in 2024. We provide descriptive statistics of these groups in section 4.2, Table 5.

3.2 Sample Frame

In an ideal world, we would be able to obtain information on compliance costs from all of the 2,195 multinational groups, and additionally, from those just below the application threshold, the latter of which likely incur some compliance costs as well. Unfortunately (and understandably so), MNEs do not generally make this information broadly accessible. Even if the piece of information in question is comparatively non-sensitive, the person in charge might not feel authorized to share cost data with outsiders.⁵ This makes it difficult to receive responses on survey inquiries targeting businesses or corporations, even for researchers (Gaul et al., 2025).

To alleviate participation concerns by corporations, we take two measures. First, we make handling of the data and its protection transparent and confirm that the individual group will be kept anonymous and unrecognizable from the display of results.⁶ Second, we partner with BusinessEurope and the International Chamber of Commerce to distribute access to the survey.⁷ Both are the main umbrella organizations representing business interests at the European and

⁴The annual average rate of change of the harmonised index of consumer prices (HICP) in the EU27 was 9.2 percent in 2022, 6.4 percent in 2023, and 2.6 percent in 2024. Compound inflation is therefore at around 19.2 percent with respect to the baseline year 2021 (Eurostat, 2025). As the OECD Pillar Two threshold is based on an MNE’s revenue, we would expect otherwise unaffected groups with around EUR 625 million revenues in 2021 to be subject to the policy by 2025, due to changes in nominal prices.

⁵In line with most companies’ policy, the divulgence of internal matters to the outside world is strictly prohibited and there are constant warnings of scam and phishing attacks—principles that are thoroughly instilled in employees through a myriad of e-trainings.

⁶See Appendix B for the data protection statement.

⁷In addition, the Federation of German Industries (BDI) provided a letter to BusinessEurope to endorse participation in the survey in front of its members. The endorsement letter is available in Appendix C.

international levels, respectively. They distribute survey access to their members, i.e., national organizations representing business interests in the respective countries, which in turn pass it on to their members — the MNEs. This procedure serves two purposes. One, it legitimizes access to the survey ("no scam"), via endorsement by a credible source. Two, it enhances the quality of responses, because the survey is passed on to the right addressees, i.e., decision-makers authorized to hand out otherwise confidential information. Our sample frame is then equivalent to the group members in those organizations that are again members in the umbrella organizations. Unfortunately, we cannot obtain a precise list of corporations that were reached by our invitation to participate from the International Chamber of Commerce and BusinessEurope. However, we expect a large portion of the groups in question were reached by the request to participate.⁸

As we are working with a convenience sample of responses, we acknowledge that groups may have idiosyncratic incentives to participate in the survey, e.g., to articulate high compliance burdens. Furthermore, we are aware that BusinessEurope and the International Chamber of Commerce are special interest organizations that generally aim to influence public policy in favor of their members (although some might argue this is in the best interest of society as well). However, there are also incentives that play in the other direction. Decision-makers inside the MNE (e.g., CFOs, heads of finance and tax departments) may, for instance, not want to overstate cost estimates because this can signal operational inefficiency both internally (to their immediate superiors) and externally (to policymakers) or simply because they exhibit a preference to be honest. Nevertheless, we check for the plausibility of responses by considering the MNE's business model and size, and by comparing the stated costs to hourly wages of tax advisors and the costs of employing additional tax professionals.⁹ We do not detect discrepant or implausible responses by the groups in our final sample.

3.3 Survey and Survey Respondent Characteristics

We distributed our compliance cost survey on May 23, 2025, and closed collection of answers on June 30, 2025. The exact wording of the survey questions can be found in Appendix A. In total, the survey contains a short introduction (item 1) and nine questions (items 2-10), and the median time to answer the questionnaire was around 11 minutes. Table 2 details the sample selection process. Appendix D, Figure D.1 shows the response timing.

⁸E.g., the International Chamber of Commerce has around 300 members, some of which are umbrella organizations inside different countries. We cannot verify that they forwarded the surveys to their members respectively, but can clarify that we received responses from all major EU economies and from outside of the EU.

⁹This is consistent with tax reforms increasing the demand for tax professionals ([Giese et al., 2025](#)).

Table 2: Summary of sample selection process

Step	Description	Change	Remaining Obs.
1	Survey responses (data downloaded on July 18, 2025)		173
2	less: incomplete information / responses	(77)	96
3	less: anonymous groups	(9)	87
4	less: duplicates	(4)	83

Notes: This table shows the sample selection process for the received survey responses. First, we download the dataset for the respective time period. Second, we drop all responses with incomplete information. Third, we drop observations where respondents did not identify their group, e.g. answering for "a German car manufacturer", instead of entering the clear name. Fourth, we drop two groups that took part in the survey twice. (Likely to correct a former answer, but without explicitly stating so – in this case we drop all four observations.)

Of the 173 responses we received, 77 contained incomplete information, e.g., respondents clicking through the survey or not entering required information. In nine cases, respondents did not specifically state for which corporation they answered the questionnaire, and therefore, we cannot match the corporation to externally available sources of data, e.g., financial statements. As we cannot use these observations for the cost estimation, we exclude them from our sample entirely. Two groups participated in the survey twice — likely to update their previous entry — and we exclude both pairs of observations. In total, we collected 83 valid responses by group representatives.

We match the 83 MNE observations to their group’s annual reports and present descriptive statistics in Table 3. The average MNE has revenues of around EUR 28 billion, roughly 55 thousand employees, and 464 subsidiaries. Two-thirds of our survey participants are headquartered in EU27 countries, and the remainder are mostly Swiss and UK MNEs, with some exceptions from the Americas or Asia. On average, one-off costs reported by sample companies amount to EUR 1.3 million. The average reported ongoing costs are EUR 0.6 million per annum. On average, the corporations spend 41 percent of the stated one-off costs on internal efforts, 37 percent on external service providers (e.g., tax consulting services), 20 percent on technical solutions, and 2 percent on other categories. For the ongoing costs, the overall picture looks similar. On average, 44 percent is spent on internal compliance efforts, 34 percent on external services, and 21 percent on technical solutions, with the "other" category capturing 1 percent of the costs. Overall, the survey responses signal that firms approach compliance in different ways that may reflect their overall technical capabilities and management systems’ readiness.¹⁰

¹⁰We would not expect a group that is already highly digitized to spend a large share of its compliance costs on a technical solution. If it is possible in the existing management control system of a group to aggregate accounting profits and taxes paid over all subsidiaries and legal entities within a jurisdiction (jurisdictional blending) already,

Table 3: Descriptive statistics of survey participants

	N	Mean	StDev	25%	Median	75%	Source
One-off C. [EUR]	83	1,332,998	1,675,795	250,000	600,000	1,500,000	Survey
One-off Internal [%]	83	41	20	26	41	50	Survey
One-off External [%]	83	37	20	25	35	48	Survey
One-off Tech. [%]	83	20	16	10	20	30	Survey
One-off Other [%]	83	2	6	0	0	0	Survey
Ongoing C. [EUR]	83	604,810	923,517	100,000	250,000	600,000	Survey
Ongoing Internal [%]	83	44	23	25	40	63	Survey
Ongoing External [%]	83	34	22	18	30	46	Survey
Ongoing Tech. [%]	83	21	18	8	16	30	Survey
Ongoing Other [%]	83	1	3	0	0	0	Survey
Revenue [kEUR]	83	28,163,520	42,615,293	–	–	–	Orbis
Employees [N]	83	55,079	87,180	–	–	–	Orbis
Subsidiaries [N]	71	464	747	–	–	–	Orbis
EU HQ [0/1]	83	0.67	0.47	–	–	–	Orbis

Notes: This table reports descriptive statistics for survey participants. Data is collected on the group level. The first ten rows summarize answers to questions four to seven of the survey (see Appendix A). The last four rows show descriptive statistics on MNE characteristics that were obtained via linking the responding groups to their publicly available reports as available in Orbis. We do not give quartiles for this data, as it would allow for ad hoc identification of particular MNEs that participated in the survey. Data for the number of subsidiaries was not available for all groups in question in Orbis. Apart from the EU HQ indicator, all numbers are rounded to integer values.

4 Global Minimum Tax Compliance Costs

4.1 Estimation

As costs increase with group size and complexity of the business model, direct extrapolation of aggregate costs from the average survey response is not informative. For example, very large groups are overrepresented in our sample in comparison to the population of groups to which OECD Pillar Two applies. Multiplying the number of groups by the average costs stated by the survey participants would lead to an overstatement of costs. We therefore turn to the estimation of different sets of determinants to subsequently predict the aggregate compliance burden of the EU27-based MNEs that are affected by OECD Pillar Two, as determined in Table 1.

the expected share of technical compliance costs is likely low.

The regression takes the following form:

$$\text{ComplianceCosts}_i \in \{\text{OneOffCosts}_i, \text{OngoingCosts}_i\} = \alpha + \beta' \mathcal{X}_i + \varepsilon_i, \quad (1)$$

where ComplianceCosts_i is either the amount of one-off, or ongoing costs, in euros, stated by the survey participant, α is the intercept and \mathcal{X}_i a vector of explanatory variables, with β' being the coefficients of interest, ε_i is the idiosyncratic error. Concerning characteristics for estimation and subsequent prediction, we are constrained by the data coverage. In particular, we need to observe characteristics both for the sample we use to estimate the cost determinants, as well as the set of groups determined to be affected by the policy (those that we want to subsequently predict the costs for). Furthermore, we test different functional form assumptions. For our main specification, we use $\ln(\text{Revenues})$ as the only explanatory variable in \mathcal{X}_i , as marginal costs are likely to diminish with the size of the MNE (economies of scale). We report results for different functional form assumptions and other sets of regressors in supplementary analysis contained in Appendix E.

Table 4 presents the results for our main specification. Using the international sample (although two-thirds of MNEs are headquartered in the EU) bases the estimation on 83 observations. The intercept is negative. This is qualitatively consistent with a group of little to no revenue not being subject to OECD Pillar Two (and hence not incurring compliance costs). Compliance costs increase with revenues. An increase of one unit in $\ln(\text{revenues})$ equals an increase of EUR 0.52 million in one-off costs and EUR 0.26 million in ongoing costs p.a. This functional form is consistent with the idea that marginal costs diminish as the group size grows, which makes a logarithmic specification a natural choice. We emphasize that we use a very straightforward estimation strategy for our main specification. We do so to generate an accessible result that may serve as a baseline finding and is broadly understood. Testing different functional form assumptions and including different sets of regressors, as shown in Appendix E, is possible in principle. The results are, in turn, subject to (different) shortcomings. In particular, a model with more polynomials may be prone to overfitting, causing poor out-of-sample performance and unstable estimates. Furthermore, interpretability of, e.g., third-order polynomials is not intuitive. By contrast, a parsimonious specification such as the linear-log form provides robustness and transparency, while still reflecting the plausible (i.e., textbook) assumption that marginal (compliance) costs diminish with a group's size (revenues).

Table 4: Estimation of compliance costs per $\ln(\text{revenues})$

	OneOffCosts	OngoingCosts	OneOffCosts EU HQ	OngoingCosts EU HQ
(1)	(2)	(3)	(4)	(5)
Intercept	-10.69*** (2.10)	-5.28*** (0.97)	-11.14*** (2.44)	-4.34*** (0.96)
$\ln(\text{Revenues})$	0.52*** (0.10)	0.26*** (0.04)	0.54*** (0.11)	0.21*** (0.04)
N	83	83	56	56
R^2	0.22	0.17	0.33	0.26
Adj. R^2	0.21	0.16	0.31	0.25
F-Stat.	29.75	32.88	22.82	21.92

Notes: This table reports regression results to equation 1 using $\ln(\text{revenues})$ as the explanatory variable. Columns 2-3 report results for regressing one-off costs and ongoing costs on $\ln(\text{revenues})$ for the whole survey sample. Columns 4-5 restrict the sample to EU27-headquartered groups. Standard errors are given in parentheses. Asterisks indicate statistical significance at conventional levels. Figure D.2 gives a visual representation of the line of best fit with respect to columns 2 and 3.

Dropping all non-EU27-headquartered MNEs from the data and repeating the estimation produces quantitatively similar results. R^2 is moderate for the estimation on the international sample. In total, we can explain 22 percent of the variation for the one-off costs and 17 percent for the ongoing costs. Goodness of fit increases to 33 percent for one-off costs and 26 percent for ongoing costs when only including EU27-headquartered groups. This is reflective of some homogeneity among EU27-headquartered groups. It is worth noting that R^2 only reports how well the model explains variation in the sample data. Even with a moderate R^2 , we capture the correct average effect if our estimates are unbiased. To be explicit: While our model may overestimate costs for some groups and underestimate them for others, what matters is that it provides an unbiased estimate, such that the line of best fit captures the central tendency of the cost-size relationship.

4.2 Prediction

We summarize characteristics of the groups included in the cost prediction, as well as the costs estimated given our baseline prediction, in Table 5. To predict the compliance costs, we generally apply the previously estimated coefficients from regression equation 1 to the characteristics of all 2,195 (2,318) groups that we identify as being affected by the policy in section 3.1. To give an explicit example, for our main specification, the predicted compliance costs of group i in mEUR are

given by:¹¹

$$\text{OneOffCosts}_i = -10.69 + 0.52 \times \ln(\text{revenues}_i), \quad (2)$$

$$\text{OngoingCosts}_i = -11.14 + 0.54 \times \ln(\text{revenues}_i). \quad (3)$$

Figure D.3 gives a visual representation of the prediction. Neither our presentations in Table 5 nor Figure D.3 show the responses we received from participants in the survey, but they visualize the predicted costs per group based on the cost estimation in section 4.1. Consequently, both the table and the figure do not contain sensitive information: they neither reveal who participated in the survey, nor what costs these groups stated in the survey.

Table 5: Cost estimates and summary statistics of affected EU27 groups

Panel A > mEUR 700	Obs.	Mean	StDev	Min.	25%	Median	75%	Max.
Revenue (mEUR)	2,318	5,371	16,043	700	984	1,607	3,722	362,291
Employees	2,103	16,147	46,530	4	2,060	4,754	11,492	774,000
Subsidiaries	2,318	114	268	2	13	35	93	4,273
One-off C. [mEUR]	2,318	0.53	0.55	-0.07	0.11	0.36	0.80	3.19
One-off C. [mEUR] (P.)	2,318	0.54	0.55	0.00	0.11	0.36	0.80	3.19
Ongoing C. [mEUR]	2,318	0.21	0.27	-0.08	0.00	0.13	0.34	1.51
Ongoing C. [mEUR] (P.)	2,318	0.22	0.26	0.00	0.00	0.13	0.34	1.51
Panel B > mEUR 750	Obs.	Mean	StDev	Min.	25%	Median	75%	Max.
Revenue (mEUR)	2,195	5,631	16,448	750	1,053	1,728	3,948	362,291
Employees	1,989	16,922	47,726	4	2,209	5,113	12,149	774,000
Subsidiaries	2,195	118	274	2	14	37	98	4,273
One-off C. [mEUR]	2,195	0.57	0.55	-0.03	0.14	0.40	0.83	3.19
One-off C. [mEUR] (P.)	2,195	0.57	0.55	0.00	0.14	0.40	0.83	3.19
Ongoing C. [mEUR]	2,195	0.23	0.27	-0.06	0.02	0.15	0.36	1.51
Ongoing C. [mEUR] (P.)	2,195	0.24	0.26	0.00	0.02	0.15	0.36	1.51

Notes: This table reports summary statistics on characteristics and compliance cost predictions of OECD Pillar Two affected MNEs. The table is split into two panels. For better comparison, we report the statistics for all groups above the EUR 700 million revenue cutoff in panel A and again for all groups with more than EUR 750 million in revenues in panel B. Data source for the characteristics is Orbis, data source of the compliance costs are the predicted values subject to equations 2 and 3. It is visible from the displayed summary statistics that some groups in Orbis are assigned with only a few subsidiaries or employees. Doing desk research on these observations reveals that they are holding companies or ultimate owning legal entities. As reporting obligations differ between the countries in question, a larger discrepancy (also with regard to the consolidation of figures) can be expected.

¹¹In our prediction, we use precise estimates. In our illustrative examples, we round to two decimals for better readability.

To arrive at the total costs for all EU27-headquartered groups affected by the policy, we sum up the predicted cost values over all groups. For this, we rely on additional assumptions. First, we assume that costs from the introduction of the policy can only be positive. It can be seen in Figure D.3b that our baseline prediction result suggests that groups under EUR 800 million in revenues incur no or negative costs. Our assumption rules out negative costs, such that we assign zero costs to all groups below EUR 800 million in revenues. This can qualitatively be explained by groups being able to fulfill the additional compliance burden within their existing organization (i.e., they would not hire additional employees or tax consultants to cope with the introduction of the policy). This is reflected in Table 5, rows 6, 8, 14, and 16. Rows 5, 7, 13, and 15 give summary statistics on all predicted values (including negative ones). Consequently, we determine the total costs per one-off and ongoing costs category as:

$$\text{TotalOneOffCosts} = \sum_{i=1}^N \max\{0, -10.69 + 0.52 \times \ln(\text{revenues}_i)\} \cdot \mathbf{1}\{\text{revenues}_i > 700mEUR\}, \quad (4)$$

$$\text{TotalOngoingCosts} = \sum_{i=1}^N \max\{0, -11.14 + 0.54 \times \ln(\text{revenues}_i)\} \cdot \mathbf{1}\{\text{revenues}_i > 750mEUR\}. \quad (5)$$

One might challenge that groups are able to achieve OECD Pillar Two compliance within their existing structure. We therefore provide results for a second prediction that serves as an upper bound. For this purpose, we use the upper confidence bounds of the estimates from our main specification. Furthermore, we assume that no ongoing costs are incurred for groups below EUR 750 million in revenues and that MNEs with revenues below EUR 700 million do not incur one-off costs. The rationale is that groups exceeding EUR 700 million in revenues need to put some effort into assessment of the applicability of the policy, whereas ongoing compliance costs are only incurred if the group is subject to the OECD Pillar Two policy. This second assumption is already contained in equations 4 and 5 but remains irrelevant for the main result and is only binding for the upper bound prediction.

Given our main estimation results, we predict the total one-off costs for the affected EU27-headquartered groups (see section 3.1) to amount to EUR 1.2 billion (result equation 4). Likewise, we predict total ongoing costs for the same sample of groups to be around EUR 517 million annually (result equation 5).

4.3 Qualitative Insights

In reviewing the responses to question nine, we identified three overarching themes that capture most of the qualitative comments provided by groups: (1) *compliance and administrative burden*, (2) *competitiveness and level playing field*, and (3) *legislative uncertainty*. Grouping the comments this way allows us to better understand where the main challenges lie and how they interact with one another.

Many respondents highlighted the compliance and administrative burden as the most pressing issue. They pointed to highly complex reporting requirements, duplication across different regimes, and the need for substantial staff resources to collect and process data. Several noted that compliance costs can exceed any top-up tax liability, creating bureaucracy that delivers little benefit to either businesses or tax authorities. Others stressed that the burden falls disproportionately on companies in high-tax jurisdictions, where it is already clear that no additional tax will be due.

A second major theme concerns competitiveness and the level playing field. Companies state that, with uneven implementation across major economies, EU-based groups in particular will be disadvantaged compared to their international counterparts. Respondents also warned that measures such as the UTPR risk triggering retaliatory action from trading partners, further undermining Europe’s attractiveness for investment. Some argued that, in effect, the policy goal of establishing a fair and balanced international tax system is not achieved, as those applying the rules shoulder heavier obligations while others benefit from staying out.

Closely linked to this, respondents repeatedly emphasized legislative uncertainty. Rules are still evolving, guidance is inconsistent across jurisdictions, and key elements such as UTPR safe harbors remain unsettled (for the long run). Several respondents mentioned that costs are difficult to estimate because administrative instructions continue to change, while others expressed concerns that national legislation does not always align with OECD guidance. This constant flux makes it difficult to build lasting compliance solutions and undermines long-term business planning, leaving companies exposed to future disputes and additional costs.

5 Conclusion

Our results are relevant for at least three reasons. The first is that it is the most comprehensive survey measuring Pillar Two compliance costs across the EU since its adoption in December 2022. This allows policymakers, academics, and the public to better evaluate the trade-offs in adopting, and maintaining, Pillar Two next to quantifiable changes in government revenue and political

considerations. Second, this benchmarking is particularly relevant for EU policymakers considering the design of a G7 side-by-side agreement or negotiating with other policymakers in jurisdictions that have not adopted the model rules by allowing them to compare private sector compliance costs of European MNEs to those in foreign jurisdictions. Third, there is an open question in the academic and policymaking communities about the extent to which profit shifting has been reduced by tax reforms in the United States post-2017 and the wide adoption of action items from BEPS 1.0. As policymakers judge whether there is a benefit from adding Pillar Two on top of these reforms, and if so, how large the benefit is, this cost quantification will play an important role in determining the cost side of that analysis.

While one could view our results and deem them insignificant relative to the firm's revenue or the revenue generated by governments in absolute terms, the implications are more nuanced. For one, investment decisions are generally made on the margin. Without conducting an equivalent study on other minimum tax structures like NCTI in the United States, it is unclear to what degree these added Pillar Two compliance costs, on top of the baseline compliance burden in the EU, affect the competitiveness of European MNEs. However, it is likely that these costs make European MNEs less competitive relative to firms headquartered in jurisdictions without any equivalent domestic system, such as China or India. Regardless of how much revenue a given firm makes in a year, an increased compliance burden could deter future investments in Europe, and subsequently, negatively impact growth.

Second, Member States and the European Commission have different incentives to maintain Pillar Two, and not all Member States adopted the rules for the same reasons. Some governments principally believed that a global minimum tax, calculated on a country-by-country basis, would eradicate tax havens and provide an international public good. Others, however, were motivated by how this eradication would increase government revenue for their own benefit. It is not clear that this will happen in practice because additional revenue and costs are unlikely to occur in the same location.

Finally, the model rules were negotiated and designed to be international. However, the EU is still the only large jurisdiction to implement this policy. By virtue of being international, the rules and continuing administrative guidance are complex and add to the compliance cost burden for European MNEs. While international pressure may have persuaded Member States that were otherwise unwilling to change their corporate tax policies, it opens the EU legislative process to an international one that could increase perceived democratic deficit concerns in the EU.

However, this does not mean that the EU cannot change course in a constructive and competitive way. While it did not create a harmonized corporate income tax rate, Pillar Two succeeded in creating a tax rate floor within the EU. This was one of the original goals of larger Member States like Germany and France vis-à-vis their smaller neighbors. It has also streamlined work on refundable tax credits and given the public a sense that policymakers are responding to their concerns. Policymakers have an opportunity to reevaluate Pillar Two through a competitiveness lens with pending simplification packages that would prioritize simplicity, reduce compliance costs, and increase transparency. Furthermore, if policymakers strive to keep the benefits of Pillar Two, but use a more tailored European approach, the Commission's decluttering project should aim to better align that policy with existing legislation such as ATAD or proposals like a streamlined BEFIT to avoid duplicate or triplicate policies with similar goals. More principled tax policy at the EU level can and should contribute to a more productive Single Market that increases economic growth for Europeans across the continent.

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Appendix

A P2 Compliance Cost Survey Questionnaire

Galley-proof qnr2 (Pillar2ComplianceCosts) 22.05.2025, 08:24

<https://sosci.sowi.uni-mannheim.de/Pillar2ComplianceCosts/?s2previe...>



Pillar2ComplianceCosts → qnr2

22.05.2025, 08:24

Page 01

1. Survey on Global Minimum Tax Compliance Costs in Europe

Following a 2022 [survey in Germany](#), the University of Mannheim has partnered with Tax Foundation Europe to conduct an EU-wide study assessing the (updated) compliance costs for affected MNE's associated with the implementation of the global minimum tax (pillar two).

While some policymakers may expect low compliance burdens due to digitization, frequent regulatory changes and ongoing uncertainty present challenges for MNEs. This survey aims to reduce information asymmetry by systematically gathering data on compliance efforts and costs across Europe.

Your participation will contribute to a clearer understanding of the actual implications for corporate groups and support informed policy decisions. The information provided will be treated confidentially and used solely for scientific purposes. Any publications do not allow any conclusions to be drawn about the information provided by individual corporate groups.

The completion time is approximately **5 minutes** (9 questions).

Page 02

2. Which of the following intervals corresponds most closely to your consolidated group's annual sales in the past calendar year?

Please select one of the following options.

- Less than EUR 750 million
- EUR 750 million to under EUR 2 billion
- EUR 2 billion to under EUR 7 billion
- EUR 7 billion to under EUR 20 billion
- above EUR 20 billion

No specification

3. Is your group affected by global minimum taxation? If yes, which grouping corresponds most closely to the jurisdictions/countries with global minimum tax rules that affect your group.

Please select multiple answers, if applicable.

EU27

United Kingdom

EFTA countries (Switzerland, Norway, Iceland, Liechtenstein)

G7 countries

Asia-Pacific (Non G7)

South America

Africa

Other

Not affected

4. What are the estimated initial project costs (one-off total costs) for your group of complying with the global minimum tax in euros? This includes: external services, internal resources and cost related to systems and other technology.

Please enter a whole number.

Costs in EUR

5. How are these one-off costs distributed?

Please distribute 100%.

	0%	100%
Internal resources/staff		
External services		
Systems and technical solutions		
Other		

6. What are the additional ongoing compliance costs per year that will arise for your group as a result of the global minimum tax?

Please enter a whole number.

Costs in EUR per
year**7. How are these ongoing compliance costs distributed?**

Please distribute 100%.

0%

100%

Internal resources/staff

External services

Systems and technical solutions

Other

8. For which group are you answering the questionnaire?

Your information will be treated confidentially by the research team of Tax Foundation Europe and the University of Mannheim. The specification of the group name is important for purposes of verification and linking publicly available information for the company.

Page 07

9. In the case that the EU's major trading partners do not adopt the global minimum tax rules, how should the EU approach the applicability of the undertaxed profits rule (UTPR)?

Please select one of the following options. You will be able to provide a free text answer in case of additional comments in the last question.

Eliminate UTPR from the Directive.

Maintain but reform the current UTPR.

Leave the current UTPR unchanged.

Not specified.

Page 08

10. Do you have any comments on the questionnaire or the global minimum tax that you would like to share with us?

Last Page

Thank you for completing this questionnaire!

We would like to thank you very much for participating in the survey. Individual responses to the questions will be kept confidential. Analyses do not allow to infer about the answers for individual corporate groups.

You may contact us at any point under: johannes.gaul@uni.mannheim.de.

Your answers were transmitted, you may close the browser window or tab now.

Sean Bray,
Director of Policy
Tax Foundation Europe

Prof. Christoph Spengel,
Chair of Business Administration and Taxation II
University of Mannheim – 2025

B Data Protection Statement



Data Protection and Processing

Protecting the confidentiality of information provided by our participants is a top priority for the research team. The survey is conducted using SoSci Survey. SoSci Survey is a software commonly used in survey research in the German speaking area, as it was originally developed by researchers in Munich and Zurich. The questionnaire is hosted on servers of the University of Mannheim, with responses and raw data only visible to the research team of the University of Mannheim and the Tax Foundation Europe.

The survey uses cookies in a limited way, to enable a convenient handling for the participant. The technical cookie allows for resuming the survey where the participant last left off, in case there is the need to pause, close the browser and return at a later point in time. We do not use it for tracking, profiling, or any form of analysis, and it does not allow us to identify the respondent.

We do not collect any personal data in this survey. This means that no names, contact details, IP addresses, or other information that could identify individual participants (natural persons) are gathered. In case participants choose to state their name in open text answers, the names will be treated confidential as well.

Data is collected and stored securely on servers operated by the University of Mannheim. Only the authorized research team at the University of Mannheim and the Tax Foundation Europe have access to this raw data. These servers use modern encryption, secure access protocols, and regular backups to prevent data loss or unauthorized access. Subsequent to closing the survey, data will be exported from SoSci (University of Mannheim Server) and stored as a dataset on a University of Mannheim server for the purpose of analysis. At this point a password protected environment ensures that only the research team is able to access the data.

Results and analyses will be presented in aggregate form, ensuring that no conclusions can be drawn about individual participants or firms. The data will be stored on a server of the University Mannheim, to ensure the replicability of the findings (good scientific practice).

For more information on SoSci Survey, please visit: <https://www.soscisurvey.de/en/privacy>

If you have any further questions or concerns about data protection, we are happy to provide additional information.



Federation of German Industries · 11053 Berlin, Germany

BUSINESSEUROPE
Av. de Cortenbergh 168
1000 Brussels, Belgium

Dr. Monika Wünnemann
Head of Department Tax and
Financial Policy

Date
9 May 2025

Page
1 of 1

Subject: Endorsement Letter – EU-wide P2 Compliance Survey

Dear Sir or Madam,

We would like to draw your attention to the initiative by the research team of Professor Dr. Christoph Spengel (University of Mannheim), in cooperation with Tax Foundation Europe, to conduct a renewed and expanded survey on the compliance costs of the OECD/G20 Pillar 2 rules (global minimum tax).

In 2022, the BDI facilitated the fielding of a similar survey to German multinational enterprises through the distribution list of the BDI Tax Committee. Prior to fielding the survey, the questionnaire was made transparent to the BDI; however, BDI employees did not partake in the design of the questions or the analysis of the results. The latter was conducted solely by the research team at the University of Mannheim.

We welcome the current effort to update the findings and extend the survey's scope to multinational enterprises headquartered across the European Union. This broader approach will help provide a more comprehensive picture of compliance costs across Europe.

Based on our positive experience with the previous survey, we can only encourage your participation or support in distributing the questionnaire within your network.

Yours sincerely,

Dr. Monika Wünnemann
Head of Department Tax and Financial Policy
Federation of German Industries (BDI)

**Federation
of German Industries**
Member Association of
BUSINESSEUROPE

Address
Breite Straße 29
10178 Berlin

Postal Address
11053 Berlin
Germany

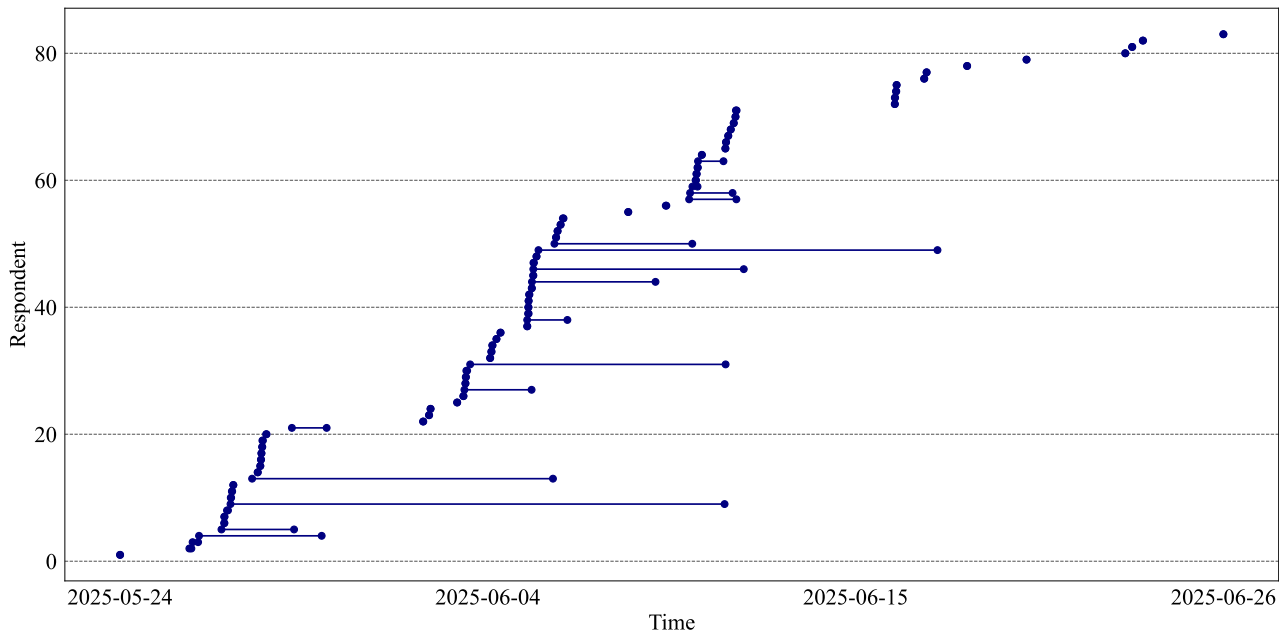
Phone Contact
F: +493020281507

Internet
www.bdi.eu

E-Mail
m.wuennemann@bdi.eu

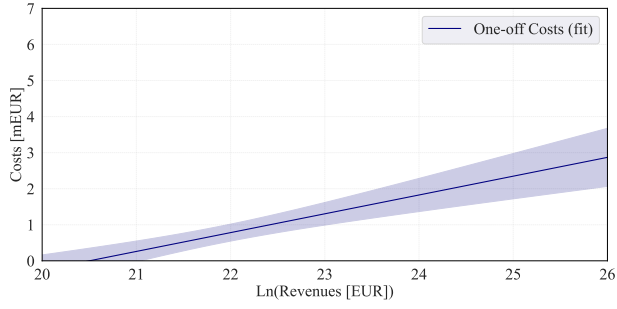
D Supplementary Figures

Figure D.1: Survey participation and response timing

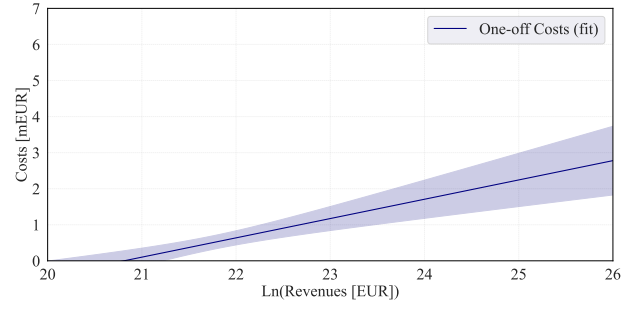


Notes: This figure displays the timing of survey participants. The start and endpoint are equivalent to the time a survey participant started and ended the questionnaire. In total, there were 83 participants that submitted valid questionnaires. The average duration was 47 minutes 49 seconds and the median time to answer 11 minutes and 53 seconds. The longer times may be consistent with a delegation of the task, while generally, we were aiming for a duration of 10 minutes to answer the survey.

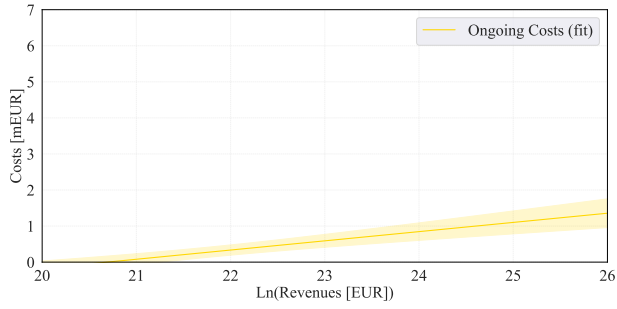
Figure D.2: Compliance costs estimation



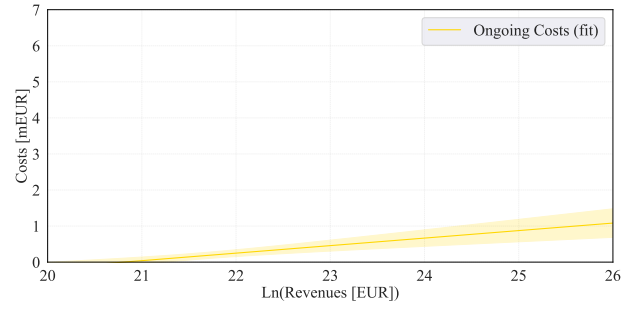
(a) One-off costs all respondents



(b) One-off costs EU27-HQ respondents



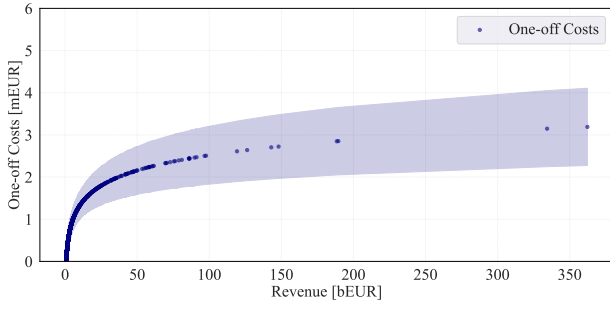
(c) Ongoing costs all respondents



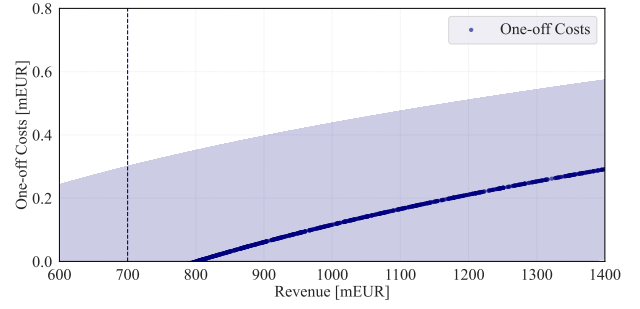
(d) Ongoing costs EU27-HQ respondents

Notes: This figure visualizes the numerical results given in table 4. It displays the best line of fit for regressing one-off / ongoing costs as stated by the MNEs in the survey on the natural logarithm of MNE group revenues in EUR. The scatter plot of points that the best line of fit is based upon was removed on purpose, as individual points would allow to identify individual survey participants.

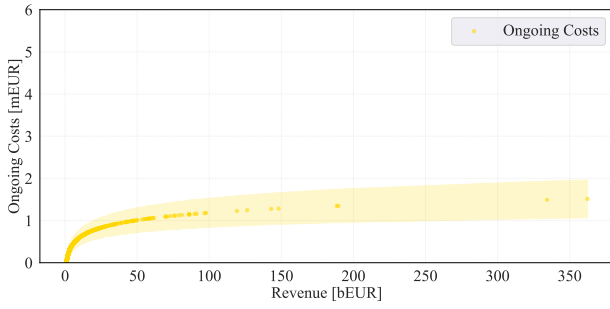
Figure D.3: Prediction of compliance costs



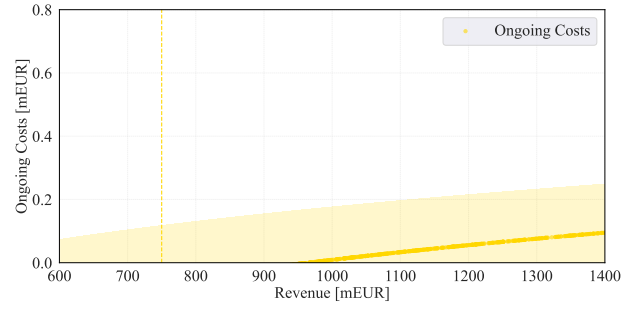
(a) Overall – one-off costs



(b) Excerpt – one-off costs



(c) Overall – ongoing costs



(d) Excerpt – ongoing costs

Notes: This figure visualizes the prediction results given in table 5 that uses the estimations contained in columns 2 and 3 of table 4 or visualized in figure D.2a and D.2c. The left hand side figures show the overall revenue range of MNEs we predict compliance costs for, the right hand side figures show an excerpt of predicted compliance costs in the range of EUR 600 million to EUR 1,400 million.

E Supplementary Tables

Table E.1: Cost estimation with alternative regressors and functional form assumptions

	One-off C.	Ongoing C.	One-off C.	Ongoing C.	One-off C.	Ongoing C.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Intercept	895.17** (377.82)	-47.54 (247.24)	-11.17*** (2.64)	-4.80*** (1.27)	-11.06*** (2.84)	-5.15*** (1.35)
ln(Revenues)	-118.85** (49.55)	5.71 (32.79)	0.55*** (0.12)	0.23*** (0.06)	0.55*** (0.12)	0.26*** (0.06)
ln(Revenues) ²	5.23** (2.16)	-0.23 (1.45)				
ln(Revenues) ³	-0.08** (0.03)	0.00 (0.02)				
Employees(N)			-1.37e-06 (3.24e-06)	-5.61e-07 (1.22e-06)		
Subsidiaries(N)			-6.96e-05 (1.67e-04)	-8.40e-05 (1.70e-04)		
Austria					-0.01 (0.60)	-0.20 (0.37)
Belgium					-0.49 (0.42)	-0.53* (0.29)
Croatia					-0.07 (0.47)	-0.17 (0.28)
Finland					-0.56 (0.49)	-0.44 (0.29)
France					-1.13** (0.53)	-0.23 (0.38)
Germany					-0.26 (0.51)	-0.45 (0.27)
Greece					-0.62 (0.42)	-0.34 (0.26)
Ireland					1.98*** (0.39)	0.66*** (0.25)
Italy					-1.14** (0.49)	-0.62** (0.28)
Netherlands					-0.12 (0.40)	-0.58** (0.25)
Spain					-0.55 (0.48)	-1.22*** (0.28)
Sweden					-0.05 (1.34)	-0.60 (0.37)
N	83	83	71	71	83	83
R ²	0.25	0.17	0.22	0.26	0.30	0.25
Adj. R ²	0.22	0.14	0.18	0.23	0.16	0.11

Notes: This table presents results to alternative variables and functional form assumptions used in place of equation \mathcal{X}_i in the estimation of 1. Standard errors are in parentheses. Column 2 and 3 use the second and third order polynomials of $\ln(revenues_i)$ in addition to the original specification. Columns 4 and 5 include the number of employees and number of subsidiaries as regressors. Columns 6 and 7 include country indicators and present countries differences, with jurisdictions that are not part of the EU27 (mostly UK and Swiss corporations) serving as a baseline. The standard errors are large for this exercise and the results should be regarded accordingly.



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**ZEW – Leibniz-Zentrum für Europäische
Wirtschaftsforschung GmbH Mannheim**

ZEW – Leibniz Centre for European
Economic Research

L 7,1 · 68161 Mannheim · Germany

Phone +49 621 1235-01

info@zew.de · zew.de

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