



# GloBE – Income Inclusion Rule applies as of 2025

On 4 September 2024, the Federal Council decided to introduce the GloBE Income Inclusion Rule as of 1 January 2025 that supplements the OECD/G20 minimum taxation as in force since 2024.

The OECD/G20 minimum taxation applies to corporate groups with a worldwide annual turnover of at least EUR 750 million. The OECD minimum taxation mechanism is based on three measures:

- **Top-up tax:** With the national top-up tax, a state covers companies domiciled in that state that are taxed at less than 15 percent. Implemented since 2024.
- **Income Inclusion Rule (IIR):** With the IIR, a state covers companies domiciled in its territory for their under-taxed subsidiaries abroad. Implemented from 2025.
- **Undertaxed Payments Rule (UTPR):** With the UTPR, a state covers companies domiciled in that state for other undertaxed foreign group companies. Implementation uncertain.

The Federal Council refrained from introducing the IIR as of January 1, 2024. The waiver of minimum taxation abroad created an incentive for Swiss corporate groups to transfer profits and activities to low-taxed foreign subsidiaries. The introduction of the UTPR planned for 2025 by the vast majority of EU member states and a few other industrialised nations will change the backdrop compared to 2024, in that the Swiss IIR will also appear both appropriate and necessary from that time onwards in order to prevent substantial base erosion. Consequently, the Federal Council decided early September 2024 to introduce the international supplementary tax under the IIR as of 1 January 2025. It shields Swiss corporate groups and their intermediate holding companies from countries that have not introduced IIR from the use of a

foreign UTPR. Furthermore, when the IIR comes into force in Switzerland, Swiss corporate groups should be protected from additional tax proceedings abroad.

For the time being it is not planned to introduce the UTPR in Switzerland. While it is true that, if the UTPR came into force in 2025, Switzerland would earn receipts that would otherwise be siphoned off by other countries, it is likely that the revenue potential of a UTPR would be significantly smaller than that of the IIR. The date of introduction of the Undertaxed Payments Rule is currently unknown.

Grant Thornton Switzerland/Liechtenstein will be pleased to support your company as a competent partner in all matters relating to OECD/G20 minimum taxation.



**Dr. Stephan Baumann**

Partner, Tax  
Grant Thornton AG  
T +41 43 960 71 71  
E [stephan.baumann@ch.gt.com](mailto:stephan.baumann@ch.gt.com)



**Philippe Ruggli**

Senior Manager, Tax  
Grant Thornton AG  
T +41 43 960 72 23  
E [philippe.ruggli@ch.gt.com](mailto:philippe.ruggli@ch.gt.com)

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