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BEPS 2.0 Practical Guide

for Nigerian Enterprises

The Two-Pillar Solution, the Global Minimum Tax, and what it means for Nigerian companies, CFOs, tax managers, multinational groups, and businesses with cross-border transactions

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Context: OECD/G20 Inclusive Framework on BEPS · Nigeria Tax Act 2025 · Nigeria Revenue Service (NRS)

 *BEPS 2.0 rules and Nigerian implementation guidance should be confirmed against OECD publications, Nigeria Revenue Service guidance, and professional tax advice before action.*

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1. Executive Summary

BEPS 2.0 is the OECD/G20 Inclusive Framework's two-pillar response to the tax challenges of a digitalised, globalised economy. Pillar One reallocates a share of taxing rights toward the markets where customers and users are located. Pillar Two introduces a global minimum effective tax rate of 15% for large multinational groups, so that profit earned anywhere is taxed at least at that floor.

For Nigerian enterprises the practical impact concentrates in Pillar Two. A Nigerian operation that is part of a large multinational group, or a large domestic group brought into Nigeria's minimum-tax net under the Nigeria Tax Act 2025, may face a “top-up” where its effective tax rate falls below 15%. This reframes the value of tax incentives, sharpens the importance of accurate transfer pricing and data, and adds new computation and reporting obligations.

This guide explains the rules in plain language from a Nigerian perspective and gives CFOs and tax managers the checklists, risk indicators, calendars and worked examples needed to scope exposure, get ready, and brief the board. It is an orientation resource, not a substitute for specialist advice.

Who should read this: CFOs, finance directors, heads of tax and group tax of (a) Nigerian members of multinational groups, (b) large Nigerian domestic groups, and (c) companies with significant cross-border related-party transactions.

Key takeaways at a glance

Theme	What it means for a Nigerian enterprise
Scope	Pillar Two generally targets MNE groups with consolidated revenue at or above €750m; Nigeria additionally addresses large domestic companies under the NTA 2025 (indicative turnover threshold — verify).
The 15% floor	If the effective tax rate in Nigeria falls below 15%, a top-up may arise — collected locally if Nigeria operates a domestic minimum top-up, otherwise abroad.
Incentives	Tax holidays and incentives that push the effective rate below 15% may simply move revenue to another country via top-up — re-evaluate their real value.
Data	Group consolidation, tax, payroll and asset data become compliance-critical; build the pipeline early.
Action	Screen exposure now, confirm Nigeria's position with advisors, and integrate new deadlines into the tax calendar.

2. What BEPS 2.0 Means

BEPS stands for Base Erosion and Profit Shifting — the strategies by which profits are shifted, often artificially, to low- or no-tax locations. The first BEPS project (concluded 2015) delivered a set of actions to curb such practices. BEPS 2.0 is the next phase, agreed through the OECD/G20 Inclusive Framework, of which Nigeria is a member.

It addresses two questions the original project left open: where should profits be taxed when value is created remotely (for example, digitally), and how can a minimum level of tax be guaranteed regardless of where profit is booked? The answers are the two pillars.

Pillar	Question it answers	Core mechanism
Pillar One	WHERE should large multinationals be taxed?	Reallocates a portion of taxing rights to market jurisdictions (Amount A) and standardises baseline distribution returns (Amount B).
Pillar Two	HOW MUCH minimum tax must they pay?	A 15% global minimum effective tax rate enforced through the GloBE rules.

Plain-language framing: *Pillar One is about dividing the pie of taxing rights; Pillar Two is about ensuring a minimum slice of tax is paid on that pie everywhere.*

3. Pillar One Overview

Pillar One reallocates taxing rights toward the jurisdictions where an MNE's customers or users are located, even without a physical presence there. It has two components:

- Amount A — a formula-based reallocation of part of the residual (above-routine) profit of the very largest and most profitable MNE groups to market jurisdictions, delivered through a multilateral framework.
- Amount B — a simplified and standardised approach to pricing baseline marketing and distribution activities, intended to reduce disputes for in-country distributors.

In practice, Amount A is designed to apply only to a small number of the world's largest groups. For most Nigerian enterprises it will not apply directly, but it changes the global allocation of tax and the treatment of cross-border distribution. Amount B may be more broadly relevant to companies performing routine distribution functions.

Nigeria note: *Nigeria has expressed reservations about aspects of the Pillar One package and has pursued unilateral measures to tax the digital economy (see Section 11 on Significant Economic Presence). Nigeria's current position and the interaction between Pillar One and its domestic measures should be confirmed against OECD and NRS guidance.*

4. Pillar Two Overview

Pillar Two — the Global Anti-Base Erosion (GloBE) rules — ensures that in-scope MNE groups pay a minimum effective tax rate of 15% in every jurisdiction in which they operate. Where the effective rate in a jurisdiction is below 15%, a top-up tax brings it up to the floor.

The interlocking mechanisms

Mechanism	Plain-language role	Who charges it
Income Inclusion Rule (IIR)	The parent company tops up tax on its low-taxed subsidiaries.	Parent jurisdiction
Undertaxed Profits Rule (UTPR)	A backstop where the IIR does not apply — other group jurisdictions collect the remaining top-up by denying deductions or an equivalent adjustment.	Other group jurisdictions
Qualified Domestic Minimum Top-up Tax (QDMTT)	A jurisdiction charges its own top-up first, keeping the revenue at home.	The local jurisdiction (e.g. Nigeria)
Subject to Tax Rule (STTR)	A treaty-based rule letting the source country tax certain intra-group payments taxed below a minimum rate.	Source jurisdiction (via treaty)

Order of priority: a QDMTT is collected first locally; the IIR then captures any remaining top-up at parent level; the UTPR is the final backstop. The crucial question for Nigeria is whether it operates a QDMTT so that top-up on low-taxed Nigerian profit stays with the Nigeria Revenue Service rather than being collected abroad.

5. The Global Minimum Tax — How It Is Computed

The global minimum tax operates on a jurisdictional basis: all of a group's entities in a country are blended together, and a single effective tax rate is computed for that country.

Step-by-step

1. Determine GloBE income for the jurisdiction — based on financial-accounting net income (using the group's consolidation standard) with prescribed adjustments.
2. Determine covered taxes — income-based taxes, with prescribed adjustments including deferred-tax effects.
3. Compute the jurisdictional effective tax rate (ETR) = covered taxes ÷ GloBE income.
4. If ETR is at or above 15%, no top-up. If below, compute the substance-based income exclusion (SBIE).
5. SBIE removes a routine return on real activity = (a percentage of eligible payroll) + (a percentage of eligible tangible assets).
6. Excess profit = GloBE income – SBIE.
7. Top-up tax = (15% – ETR) × excess profit, less any qualifying domestic minimum top-up already paid.

Verification: The SBIE carve-out percentages are higher during a multi-year transition and step down over time toward a steady-state level (indicatively in the region of 5%). The exact percentage depends on the year and must be confirmed against current OECD guidance.

6. The 15% Minimum Effective Tax Rate — A Worked Example

All figures are illustrative and rounded; carve-out rates are indicative and must be verified. The example tests a Nigerian jurisdiction of an in-scope group.

Line	Amount (₦)	How it is derived
GloBE income (net, Nigeria)	10,000,000,000	Accounting net income after GloBE adjustments
Covered taxes	1,200,000,000	Companies income tax (and Development Levy if it qualifies — verify)
Jurisdictional ETR	12.0%	1.2bn ÷ 10bn
Eligible payroll	2,000,000,000	Carve-out base
Eligible tangible assets	5,000,000,000	Carve-out base
SBIE (illustrative 5% + 5%)	350,000,000	(5% × 2bn) + (5% × 5bn)
Excess profit	9,650,000,000	10bn – 0.35bn
Top-up percentage	3.0%	15% – 12%
Top-up tax	289,500,000	3% × 9.65bn

Interpretation: the Nigerian operation is taxed below the 15% floor, so a top-up of about ₦289.5m arises. If Nigeria operates a qualifying domestic minimum top-up, the NRS collects it; otherwise the parent jurisdiction collects it through its Income Inclusion Rule. The group pays the same amount either way — the planning question is which country keeps the revenue, and how to manage the cash and compliance.

Practical insight: Because incentives that lower the Nigerian ETR below 15% can trigger a top-up elsewhere, an incentive may transfer revenue from Nigeria to a foreign treasury without reducing the group's total tax. Re-evaluate incentive strategy for in-scope groups.

7. Nigerian Relevance

Who in Nigeria should pay attention, and why:

Profile	Why BEPS 2.0 is relevant	Priority
Nigerian subsidiary of a foreign MNE group (group ≥ €750m)	Nigerian ETR feeds the group's GloBE computation; low ETR may be topped up.	High
Nigerian-headquartered group operating abroad	May need to apply an IIR to low-taxed foreign operations and prepare GloBE filings.	High
Large Nigerian domestic group	May fall within Nigeria's domestic	Medium

	minimum-tax provisions under the NTA 2025 (threshold — verify).	
Company enjoying tax incentives / holidays	Incentives may depress ETR below 15% and trigger top-up; real value reduced.	Medium
Company with cross-border related-party transactions	Transfer pricing accuracy and documentation become more consequential.	Medium
Purely domestic small/medium company, no group	Generally outside Pillar Two; monitor only.	Low

Nigeria & the Inclusive Framework: *Nigeria participates in the Inclusive Framework but has voiced concerns about elements of the two-pillar deal. Its signatory status, domestic adoption choices (including any domestic minimum top-up tax), and timelines should be confirmed against OECD and NRS sources.*

8. Interaction with the Nigeria Tax Act 2025

The Nigeria Tax Act 2025 reshapes domestic tax and intersects with BEPS 2.0 in several ways. The points below are framed as questions to confirm, not settled conclusions.

NTA 2025 area	Interaction with BEPS 2.0	Confirm with advisor / NRS
Minimum effective tax rate (15%)	Domestic alignment with Pillar Two outcomes for in-scope companies.	Scope, thresholds, and computation basis
Domestic minimum top-up (QDMTT-type)	Determines whether top-up stays in Nigeria or is collected abroad.	Whether implemented and the filing mechanics
Development Levy (4%)	May or may not count as a covered tax for the ETR; affects whether Nigeria is “low-taxed”.	Covered-tax treatment
Companies income tax rate	Combined with the levy, drives the effective rate.	Headline rate and any phasing
Tax incentives (pioneer, EDTI, free zones)	Can reduce ETR below 15% and trigger top-up.	Net benefit under GloBE
Transfer pricing rules	Underpin the allocation of profit and the ETR by jurisdiction.	Documentation and declaration obligations

Key uncertainty: *Whether the Development Levy and other Nigerian taxes qualify as “covered taxes” materially affects the ETR result. This is a technical determination to confirm before relying on any computation.*

9. Multinational Group Checklist

Use this to establish whether and how a group is affected.

- Confirm consolidated group revenue against the €750m threshold for at least two of the last four fiscal years.
- Identify the ultimate parent entity and the jurisdiction responsible for the GloBE filing.
- List all constituent entities and group them by jurisdiction.
- Identify any excluded entities (governmental, non-profit, pension/investment funds — verify categories).
- Determine which jurisdictions may be “low-taxed” (ETR below 15%).
- Establish whether Nigeria (and other relevant jurisdictions) operate a domestic minimum top-up.
- Attempt transitional safe harbours per jurisdiction to descope where possible.
- Identify the entity responsible for the GloBE Information Return and notifications.

- Map intra-group payments potentially affected by the Subject to Tax Rule.
- Assess incentive arrangements that could depress ETR.
- Confirm data availability for the ETR computation and SBIE.
- Engage specialist international-tax advisors for in-scope groups.

10. Transfer Pricing Implications

Transfer pricing and BEPS 2.0 are tightly linked: transfer pricing determines how much profit is recognised in each jurisdiction, which directly drives the jurisdictional ETR and any top-up. Under Pillar Two, getting transfer pricing right matters more, not less.

- Profit allocation: aggressive shifting of profit to low-tax jurisdictions may now simply trigger a top-up, reducing the benefit while increasing risk.
- Documentation: contemporaneous Master File, Local File and (where in scope) Country-by-Country reporting underpin both transfer-pricing defence and GloBE data.
- Year-end adjustments: transfer-pricing true-ups affect GloBE income and covered taxes — coordinate the two processes.
- Consistency: the profit and tax figures used for transfer pricing, CbCR and GloBE should reconcile.

Cross-reference: See the *Outliers Transfer Pricing Toolkit for the related-party mapping register, method-selection guide, and documentation pack*.

11. Permanent Establishment & Significant Economic Presence

Two nexus concepts determine when a non-resident is taxable in Nigeria:

Permanent Establishment (PE)

A PE is a fixed place of business (or a dependent agent) through which a non-resident carries on business in a country, creating a taxable presence. Cross-border staffing, project sites, and agency arrangements can inadvertently create a PE — and a PE is a constituent unit for GloBE purposes, so its profits and taxes enter the jurisdictional ETR.

Significant Economic Presence (SEP)

Nigeria has applied unilateral significant economic presence rules to create a taxable nexus for certain non-resident digital and service providers that earn income from Nigeria above defined thresholds, even without physical presence. This is Nigeria's domestic answer to the digital-economy question that Pillar One addresses multilaterally.

Issue	Why it matters	Action
Inadvertent PE	Creates Nigerian tax exposure and a GloBE constituent unit	Review cross-border staff, projects and agents
SEP nexus	Non-residents may be taxable in Nigeria on digital/service income	Confirm SEP thresholds and obligations
Interaction with Pillar One	SEP measures may interact with or be affected by Pillar One	Monitor Nigeria's position

Verification: *SEP thresholds and the PE definition applicable to your arrangements must be confirmed against current Nigerian law and NRS guidance; treaty positions require professional review.*

12. Country-by-Country Reporting

Country-by-Country Reporting (CbCR) requires large MNE groups to report, for each jurisdiction, key figures such as revenue, profit, tax paid and accrued, employees and tangible assets. CbCR predates BEPS 2.0 but is now doubly important: it is the data backbone for the transitional safe harbours that can switch off a Pillar Two top-up for a jurisdiction.

Aspect	Practical point
Who files	Large MNE groups above the reporting threshold (group revenue level — verify).
What it contains	Per-jurisdiction revenue, profit before tax, tax paid/accrued, capital, employees, tangible assets.
Link to Pillar Two	The transitional safe harbours use CbCR and accounting data to test de minimis, simplified ETR and routine profits.
Data quality	Safe-harbour reliance requires “qualified” CbCR data — accuracy and consistency are essential.

Transitional safe harbours (a jurisdiction is relieved if it passes any one)

- De minimis — group revenue and profit in the jurisdiction are below low thresholds.
- Simplified ETR — a simplified ETR meets a transitional rate that rises over the transition years.
- Routine profits — jurisdictional profit does not exceed the substance-based carve-out amount.

Verification: *The exact CbCR threshold, safe-harbour tests and transitional rates must be confirmed against current OECD guidance and Nigerian implementation.*

13. Data Requirements

GloBE compliance is a data exercise as much as a tax exercise. Assemble the following, per jurisdiction, with clear ownership.

Data item	Source	Used for
Consolidated group revenue (4-year history)	Group consolidation	Scope test (€750m)
Financial-accounting net income by entity	Statutory / management accounts	GloBE income base
Current and deferred tax by entity	Tax provision / financial-statement notes	Covered taxes
Eligible payroll costs	Payroll / HR	SBIE carve-out
Eligible tangible assets (carrying values)	Fixed-asset register	SBIE carve-out
CbCR data set	Group tax	Transitional safe harbours
Incentives, holidays and special regimes	Tax / legal	ETR impact
Intra-group payment flows	AP / treasury / tax	STTR and transfer pricing

Risk indicator: *If you cannot readily produce entity-level tax, payroll and tangible-asset data on a jurisdictional basis, treat data-readiness as a HIGH risk and prioritise the pipeline.*

14. CFO Action Plan

Phase	Action	Owner	Indicative timing
Screen	Run the Minimum-ETR checker on the Nigerian operation; confirm group scope.	CFO / Head of Tax	Now
Confirm	Establish Nigeria's QDMTT / minimum-ETR position with advisors; confirm covered-tax treatment.	Head of Tax + Advisor	Q1
Build data	Stand up the GloBE data pipeline (income, taxes, payroll, assets, CbCR).	Tax + Finance Systems	Q1–Q2

Model	Compute jurisdictional ETR and SBIE; quantify top-up exposure; run scenarios.	Tax + FP&A	Q2
Decide	Re-evaluate incentives; decide collection strategy (QDMTT vs IIR vs UTPR).	CFO + Advisor	Q2
Comply	Map GloBE filing and any domestic return; integrate into the tax calendar.	Head of Tax	Ongoing
Govern	Add exposure to the risk register and dashboard; brief the board.	CFO	Ongoing

15. Board Questions

Questions a board or audit committee should put to management:

- Is our group within the scope of Pillar Two, and on what basis?
- What is our estimated effective tax rate in Nigeria and in each material jurisdiction?
- Where could a top-up tax arise, how much, and which country would collect it?
- Does Nigeria operate a domestic minimum top-up, and does it affect us?
- Do our tax incentives still create net value once Pillar Two is considered?
- Can we produce the data required for GloBE on time and accurately?
- What are our new filing obligations and deadlines, and who owns them?
- What is the cash-flow impact across base and downside scenarios?
- Have we engaged appropriately qualified specialist advisors?
- How is this exposure reflected in our risk register and reporting?

16. BEPS 2.0 Risk Register

A starter register; scores are illustrative (Likelihood × Impact, 1–5). Maintain on the Tax Risk Assessment Toolkit.

Risk	Description	Rating	Mitigation
Scope misjudgement	Group wrongly assessed as out of scope	High	Independent scope review; document basis
Data readiness	Cannot produce jurisdictional GloBE data on time	High	Build data pipeline; assign owners early
Covered-tax error	Misclassifying Nigerian taxes affects ETR	Medium	Confirm covered-tax treatment with advisor
Incentive value	Incentives trigger top-up elsewhere; net benefit lost	Medium	Re-model incentives under GloBE
Top-up collected abroad	Revenue ceded to foreign jurisdiction (no QDMTT)	Medium	Confirm Nigeria's domestic top-up position
Transfer-pricing mismatch	TP, CbCR and GloBE figures inconsistent	Medium	Reconcile all three; contemporaneous docs
Filing default	Missed GloBE / domestic deadlines	High	Add to compliance calendar; assign owner
Inadvertent PE/SEP	Unintended Nigerian nexus	Medium	Review cross-border arrangements

17. Compliance Calendar (Indicative)

All deadlines indicative and to be verified against OECD guidance and Nigerian law; integrate into the Nigeria Tax Compliance Calendar.

Obligation	Frequency	Indicative deadline	Owner
Scope assessment (4-year revenue test)	Annual	Start of year / on consolidation	Head of Tax
Safe-harbour testing (per jurisdiction)	Annual	With GloBE data prep	Group Tax
ETR & top-up computation	Annual	After year-end close	Tax + FP&A
GloBE Information Return (GIR)	Annual	Within 15 months of year-end (18 months for the first/transition year — verify)	Group Tax
Domestic minimum top-up return (if any)	Annual	Per Nigerian law — confirm with NRS	Head of Tax
Country-by-Country Report	Annual	Within 12 months of group year-end (verify)	Group Tax
Board / audit-committee briefing	At least annual	With year-end reporting	CFO

18. BEPS Readiness Assessment

Score each dimension 1 (absent) to 5 (embedded). Average and band the result. This mirrors the Centre's standard assessment engine and links to the Tax Assessment™.

#	Dimension	Score (1–5)
1	Scope determination is documented and reviewed	
2	Jurisdictional ETR can be computed reliably	
3	SBIE data (payroll, tangible assets) is available	
4	CbCR data is qualified and consistent	
5	Covered-tax treatment is confirmed with advisors	
6	Safe harbours are tested per jurisdiction	
7	Incentives have been re-evaluated under GloBE	
8	Filing obligations and deadlines are mapped and owned	
9	Exposure is in the risk register and dashboard	
10	The board has been briefed on exposure and cash impact	

Banding

Average score	Band	Meaning
1.0–2.0	Foundational	Material gaps; significant exposure if in scope
2.1–3.0	Developing	Awareness exists; data and process incomplete
3.1–4.0	Established	Computation and compliance largely in place
4.1–5.0	Strategic	Embedded, governed and board-assured

19. Advisory Opportunities

Where specialist support typically adds the most value:

Need	Outliers / advisor support
Scope & impact assessment	Determine in-scope status and quantify exposure
ETR & top-up modelling	Build the jurisdictional computation and scenarios
Covered-tax & QDMTT analysis	Confirm Nigerian treatment and collection strategy
Data pipeline design	Establish GloBE data sourcing and ownership
Transfer-pricing alignment	Reconcile TP, CbCR and GloBE; documentation
Incentive re-evaluation	Re-model the net value of incentives under Pillar Two
Governance & board reporting	Risk register, dashboard and board briefings

Links in the Centre: *Minimum-ETR Checker (calc_minimum_etr)* · *Tax Assessment™ (asm_tax)* · *Transfer Pricing Toolkit* · *Tax Risk Assessment Toolkit* · *Tax Dashboard™* · *Tax Strategy & Compliance advisory (svc_tax_advisory)* · *Tax Excellence Certification™*.

20. Disclaimer & Verification Note

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This guide is an educational and orientation resource prepared for the Outliers Tax Centre Resource Library. It is not legal, tax, accounting or financial advice, and it does not create an advisory relationship. Pillar One and Pillar Two / GloBE are highly technical and evolving; the OECD continues to issue Administrative Guidance, and Nigeria's domestic implementation under the Nigeria Tax Act 2025 continues to be clarified by the Nigeria Revenue Service.

Every threshold, rate, percentage, deadline and worked figure in this guide is INDICATIVE and provided for illustration only. Nothing here should be treated as a statement of the current law or of any specific OECD or NRS rule. No specific legal provisions, cases or official publications are cited; readers must confirm the position against primary OECD publications, Nigeria Revenue Service guidance, and qualified professional advice before taking or refraining from any action. The worked example is hypothetical and does not represent any real entity.

In-scope groups should obtain specialist international-tax advice and should treat the Centre's Minimum-ETR checker as a preliminary screen only, not as a GloBE computation.

— End of Guide —