# Base Erosion Controls Training Course: Pillar Two, Substance and Treaty Abuse for Tax Leaders

19 – 30 April 2027
Geneva

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**Ref:** 928_42042 **Date:** 19 – 30 April 2027 **Location:** Geneva **Fees:** 9900 GBP

## Programme Summary

Base erosion controls are the subject of this two-week training course for heads of group tax, finance directors and compliance leaders, taught at strategic level and ending in a control programme for one multinational group. Groups face rules on treaty abuse, hybrid mismatches and a global minimum tax at once, and gaps between them create exposure. The programme moves from the Base Erosion and Profit Shifting project to treaty, substance, financing and minimum tax controls, then governance and a final application. Mars Training Centre UK delivers this programme on base erosion controls to cohorts from different organisations.

## The Business Case

Leaders who can map profit shifting risk, test substance and compute minimum tax exposure make tax positions that withstand challenge from revenue authorities and investors. Base erosion controls also give boards one view of exposure across entities, so that structuring, financing and reporting decisions rest on the same facts. Decisions on holding companies, loans and entity roles are then taken with the exposure in view. The programme works on the measures below.

- Tax Exposure Visibility: Improves when profit shifting channels are inventoried and ranked.
- Dispute and Adjustment Risk: Falls when treaty claims and pricing rest on documented substance.
- Reporting Readiness: Rises when minimum tax data has an owner and a reconciliation routine.

## Principles and Evidence Base

- OECD Base Erosion and Profit Shifting Action Plan: The international framework against profit shifting and treaty abuse, applied in Sessions 1 to 3 and 8 to build the control map.
- Global Anti-Base Erosion Model Rules Pillar Two: The OECD rules for a global minimum tax, with the income inclusion rule, undertaxed profits rule and qualified domestic minimum top-up tax, applied in Sessions 6 and 7.
- EU Anti-Tax Avoidance Directive: The rules on interest limitation, controlled foreign companies, exit taxation, hybrid mismatches and general anti-abuse, applied in Sessions 4 and 5 as a comparison model.

## Intended Participants

- Heads of group tax who answer for the position taken on cross-border structures.
- Finance directors who sign off financing, dividend and reporting decisions.
- Compliance and risk leaders who set the control framework for tax matters.
- Revenue authority officials who review multinational structures and treaty claims.
- Advisers to boards who judge tax risk appetite.

Typical settings include multinational manufacturers, banks and financial groups, energy companies and revenue administrations.

## Learning Outcomes

1. Participants will be able to diagnose the channels through which profit is shifted in a group structure.
2. Participants will be able to evaluate a treaty claim against abuse indicators and beneficial ownership evidence.
3. Participants will be able to construct a substance evidence file that links income to people and decisions.
4. Participants will be able to compare financing and hybrid arrangements against interest limitation and mismatch rules.
5. Participants will be able to prioritise exposure under global minimum tax rules by jurisdiction and entity.
6. Participants will be able to justify a tax risk appetite statement and control programme to a board.

## Programme Structure

## Day 1: Base Erosion Controls and the Tax Integrity Landscape

Where does profit shifting arise, and which controls address it?

- Base Erosion and Profit Shifting Action Plan Map
- Profit Shifting Channel Inventory
- Tax Avoidance Versus Evasion Boundary Note
- Group Structure Mapping Template
- Control Objective Register

## Day 2: Treaty Abuse and Entitlement to Treaty Benefits

When should a treaty benefit be denied to a transaction or entity?

- Treaty Abuse Indicator Checklist
- Treaty Benefit Denial Reasoning Grid
- Conduit Arrangement Screen
- Beneficial Ownership Evidence File
- Holding Company Entitlement Review

## Day 3: Substance, Presence and Economic Activity

What evidence shows that income is earned where the activity takes place?

- Substance Evidence Matrix
- People Function Mapping Sheet
- Intangible Value Creation Review
- Principal Company Decision Trail
- Taxable Presence Trigger List

## Day 4: Hybrid Mismatches and Financing Structures

How do differences in tax treatment between jurisdictions create gaps?

- Hybrid Mismatch Pattern Catalogue
- Instrument Characterisation Table
- Interest Limitation Rule Model
- Related Party Loan Review Sheet
- EU Anti-Tax Avoidance Directive Rule Comparison

## Day 5: Controlled Foreign Companies and Exit Taxation

How are passive and mobile income of foreign subsidiaries brought into tax?

- Controlled Foreign Company Income Test
- Low-Taxed Subsidiary Screening Grid
- Exit Tax Trigger Register
- Asset Migration Valuation Note
- General Anti-Abuse Rule Case Review

## Day 6: Global Minimum Tax Foundations

How does a global minimum tax apply to a multinational group?

- Global Anti-Base Erosion Model Rules Structure Map
- Income Inclusion Rule Walkthrough
- Undertaxed Profits Rule Walkthrough
- Qualified Domestic Minimum Top-Up Tax Note
- Group Scope and Constituent Entity Register

## Day 7: Global Minimum Tax Calculation and Data

What data does a group need to compute an effective tax rate per jurisdiction?

- Effective Tax Rate Computation Template
- Taxes Reconciliation Sheet
- Income Adjustment Worksheet
- Jurisdiction Risk Screening Log
- Data Source and Ownership Map

## Day 8: Transfer Pricing Alignment and Documentation

How is intra-group pricing kept consistent with value created?

- Intra-Group Pricing Analysis Frame
- Functional Profile Table
- Transfer Pricing Documentation Outline
- Intercompany Agreement Review Grid
- Pricing Dispute Escalation Path

## Day 9: Governance, Tax Risk Appetite and Reporting

How do boards set and monitor tolerance for aggressive tax positions?

- Tax Risk Appetite Statement
- Tax Control Framework Outline
- Uncertain Position Escalation Rule
- Board Reporting Pack Layout
- Disclosure and Transparency Checklist

## Day 10: Base Erosion Controls Programme for One Multinational Group

Do the earlier tools join into a control programme that leaders can approve?

- Applying the Session 2 Treaty Abuse Checklist
- Testing the Session 3 Substance Matrix
- Checking the Session 6 Group Scope Register
- Reviewing the Session 9 Risk Appetite Statement
- Completing the Base Erosion Controls Programme

## Methodology

The programme is a structured exercise built on prepared cases from a manufacturing group and a financial group: ownership charts, treaty claims, loan agreements, entity accounts and rate computations. Participants test positions, rank exposure and draft controls in small groups, then defend the control programme to peers acting as a board risk committee.

- Suggested activity: Screening a holding company for treaty entitlement.
- Suggested activity: Computing an effective tax rate for three jurisdictions.

- Suggested activity: Drafting a risk appetite statement for a board paper.

## Capstone Output

Each participant completes a base erosion controls programme for one multinational group. It holds a profit shifting inventory, a treaty and substance file, a financing review, a minimum tax exposure table and a board reporting routine. At work it goes to the board risk committee and sets the annual review of tax positions.

## Frequently Asked Questions

### Is base erosion controls training suitable for leaders who have not worked on minimum tax before?

Yes. Base erosion controls are taught through prepared cases and templates. You need experience of group tax, finance or compliance, but no prior work on Pillar Two.

### Which frameworks do base erosion controls rest on in this training?

Base erosion controls here rest on the OECD Base Erosion and Profit Shifting Action Plan, the Global Anti-Base Erosion Model Rules and the EU Anti-Tax Avoidance Directive.

### How is the programme from base erosion controls training used at work?

You take the base erosion controls programme to your board risk committee, then use its exposure table and reporting routine for the annual review.

### How do base erosion controls differ from a programme on transfer pricing?

Base erosion controls cover treaty abuse, substance, financing and minimum tax together, while a programme on transfer pricing concentrates on intra-group pricing and documentation.