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# The Financial Ripple Effect: Evaluating the Impact of Corporate Downsizing in Meta

**Aaron Kevin Sammy Tatengkeng, Sylviana Maya Damayanti, Jagat Prirayani**
Institut Teknologi Bandung, Indonesia
Email: aarontatengkeng@gmail.com, sylvianamaya@sbm-itb.ac.id, jagat.prirayani@sbm-itb.ac.id

**Abstract.** The implementation of the global minimum tax constitutes a pivotal development in the ongoing reform of international taxation, spearheaded by the Organisation for Economic Co-operation and Development (OECD) and endorsed by the G20 through the Pillar 2 Inclusive Framework. This research aims to examine the implementation mechanism of the global minimum tax based on OECD Pillar Two and its adoption in Indonesia, as well as to identify the implications and formulate strategic recommendations for multinational corporations facing this new global tax regime. The research employs a qualitative approach through a systematic literature review, analyzing academic journals, policy documents, OECD regulations, and Indonesian government regulations, particularly Minister of Finance Regulation Number 136 of 2024. This research provides a comprehensive examination of the implications of the global minimum tax policy on multinational enterprises from both international and domestic regulatory perspectives. It discusses the functional roles of the Global Anti-Base Erosion (GloBE) rules, the Income Inclusion Rule (IIR), and the Undertaxed Payment Rule (UTPR), alongside their potential impacts on tax planning arrangements, compliance burdens, and the possible reallocation of investment locations. Furthermore, the research proposes several strategic measures: (1) multinational enterprises should undertake a holistic evaluation of effective tax rates (ETR) across group entities in different jurisdictions; (2) enhance tax compliance and documentation frameworks, particularly in transfer pricing and global reporting practices; and (3) integrate business strategies with the global minimum tax framework, ensuring that strategic objectives extend beyond tax efficiency to encompass long-term business sustainability.

**Keywords:** BEPS, Global minimum tax, international tax, multinational company, OECD Pillar Two

## INTRODUCTION

Economic globalization and digital transformation have fundamentally changed the international business landscape, creating new opportunities and challenges in the global tax system (Christensen, 2016; Petersen et al., 2024). Multinational corporations with operational structures spread across multiple jurisdictions have taken advantage of loopholes and inconsistencies in the international tax system to minimize their global tax burden through a practice known as Base Erosion and Profit Shifting (BEPS) (Suntsova, 2024). This phenomenon has caused global tax revenue losses estimated to reach 240 billion US dollars per year (Belianto & Rahayu, 2024).

The practice of tax base scraping and profit shifting involves various strategies such as fairly aggressive transfer pricing, the use of hybrid company structures, the transfer of intangible assets to jurisdictions with low tax rates, and the exploitation of differences in tax treatment between countries (Johannesen, 2022). These strategies allow multinational corporations to shift profits to countries with low tax rates or even to tax-haven countries, even if their substantial economic activity is in other jurisdictions. As a result, there is unfair tax rate competition where countries compete to lower corporate tax rates to attract foreign investment (Legwaila, 2024).

In response to this challenge, the Organization for Economic Co-operation and

Development (OECD), together with the G20 group of countries through the Inclusive Framework on BEPS, developed a comprehensive solution known as the Two-Pillar Solution. Pillar One focuses on the reallocation of taxation rights on digital profits, while Pillar Two introduces a global minimum tax with a minimum effective rate of 15% for multinationals with a minimum consolidated income of EUR 750 million per year. This agreement has been supported by more than 140 countries, and 40 countries have started implementing this policy since 2024 (Fiscal Policy Agency, 2025).

Indonesia, as a member of the G20 and the Inclusive Framework on BEPS, has shown its commitment by issuing Minister of Finance Regulation Number 136 of 2024 concerning the Imposition of Global Minimum Taxes Based on International Agreements, which comes into effect on January 1, 2025. The policy adopts the Global Anti-Base Erosion (GloBE) framework, which includes three main mechanisms: the Income Inclusion Rule (IIR), the Undertaxed Payment Rule (UTPR), and the Domestic Minimum Top-up Tax (DMTT).

The implementation of a global minimum tax has significant implications for multinational companies operating in Indonesia and other countries. First, this policy changes the fundamentals of international tax competition by setting the lower limit of the effective tax rate. Second, fiscal incentives based on tariff reductions, such as tax exemptions and tax incentives, are less effective because they will still be subject to additional taxes (top-up tax). Third, multinational companies face increased compliance complexity and administrative costs because they need to calculate effective tax rates at the jurisdictional level for each country where the business group is located. Fourth, the transfer pricing strategy needs to be re-evaluated because it will have a significant impact on the calculation of additional taxes.

For developing countries like Indonesia, the global minimum tax creates a dilemma. On the one hand, this policy can increase tax revenue and prevent tax avoidance practices. On the other hand, developing countries will also lose the flexibility to use tax incentives as an instrument to attract foreign investment and potentially lose competitiveness compared to developed countries (Parada, 2024). In addition, there are concerns that developed countries, as the domicile of the main parent entity, will be the main beneficiaries of the additional tax, while developing countries as "host" countries face the risk of lost revenue from the tax side.

In this context, it is important to have an in-depth understanding of how the global minimum tax mechanism works, its implications for the business and taxation strategies of multinational corporations, and the strategic steps that multinational corporations need to take to optimize the benefits while mitigating the risks of these policies. This research is particularly relevant considering that Indonesia has just implemented this policy in 2025 and multinational companies need practical guidance to adapt to the new global tax regime.

This research aims to (1) analyze the implementation mechanism of the global minimum tax based on OECD Pillar Two and its adoption in Indonesia through Minister of Finance Regulation Number 136 of 2024; and (2) identify the implications and formulate strategic recommendations for multinational corporations to optimize benefits and mitigate risks associated with the global minimum tax implementation. The findings of this study are expected to provide practical guidance for multinational corporations operating in Indonesia in adapting to the new global tax regime, contribute to the academic literature on international taxation reform, particularly in the context of developing countries, and offer insights for policymakers in evaluating and refining the implementation of global minimum tax policies.

Furthermore, this research serves as a foundation for future empirical studies on the actual impact of global minimum tax implementation in Indonesia and other developing economies.

**MATERIALS AND METHOD**

This study used a qualitative approach with a literature review method. This approach enabled the identification, evaluation, and synthesis of findings from various academic and policy sources related to the global minimum tax, a relatively recent development in the international tax system (Neuman, 2014).

The literature review served two main purposes: first, to provide a framework for understanding the evolution of the global minimum tax policy from concept to implementation; second, to offer an empirical basis for analyzing implications and formulating strategic recommendations for multinational companies. The study did not rely on primary data such as surveys or interviews but focused on an in-depth analysis of academic literature, policy documents, government regulations, and publications from international organizations.

Data sources included journals covering international taxation, global minimum tax, Pillar Two, and corporate tax policies; and policy and regulatory documents such as the Model Rules and OECD Commentary for the Global Anti-Base Erosion (GloBE) Pillar Two, administrative and technical guidelines published by the OECD Inclusive Framework, and Indonesia's Minister of Finance Regulation Number 136 of 2024 on the imposition of global minimum taxes.

Findings from the literature were synthesized to identify patterns, consensus, and divergences in academic and practitioner perspectives on the global minimum tax. Each source was critically assessed for methodological quality, credibility, and relevance to the Indonesian context.

Given that the global minimum tax was only implemented in Indonesia in 2025, empirical data on its actual impact was very limited. Therefore, the analysis remained prospective, based on models and projections from existing literature. Additionally, Pillar Two regulations were still evolving, with new OECD administrative guidelines issued regularly, so findings should be viewed in the context of ongoing policy development. As a literature-based study, it did not involve direct observation or primary data from multinational companies or Indonesian tax authorities, which may limit practical insights compared to empirical research.

Despite these limitations, this systematic literature review provided a comprehensive understanding of the global minimum tax and its implications, forming a foundation for future empirical studies.

**RESULTS AND DISCUSSION**

**Global Minimum Tax Mechanism: OECD Pillar Two Framework and Implementation in Indonesia**

***1. Background and Purpose of Pillar Two***

The global minimum tax is a component of the OECD and G20 Two-Pillar Solution designed to address the challenges of taxation in the digital age and globalization. Pillar Two, also known as GloBE, aims to ensure that large multinational corporations pay a minimum effective tax rate of 15% in each jurisdiction in which the multinational corporations operate. This initiative emerged in response to the practice of tax base erosion and profit diversion that has led to the erosion of the global tax base worth 100 to 240 billion US dollars per year (Crivelli et al., 2015).

The main objectives of Pillar Two are to establish lower limits on international tax competition and stop competition for the setting of the lowest tax rates, reduce the practice of shifting profits to tax-haven countries and low-tax jurisdictions, increase fairness and create a level playing field in the international tax system, providing certainty and simplicity for multinational corporations in tax planning.

In contrast to Pillar One which focuses on the reallocation of tax rights for digital companies, Pillar Two has a broader scope by implementing additional tax mechanisms that ensure the minimum effective tax rate is achieved across jurisdictions (Hoi et al., 2024).

***2. Scope and Covered Entities***

The global minimum tax applies to a group of multinational companies that meet the minimum consolidated annual gross income criteria of EUR 750 million. This threshold must be met at least 2 of the 4 tax years before the year of implementation. The threshold applies to all constituent entities that are part of the multinational group of companies. Example of a consolidated gross turnover threshold test:

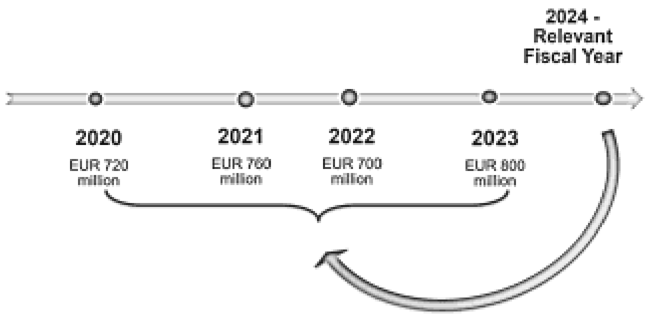


Figure 1. Examples of Consolidated Revenue Threshold Testing
Source: (OECD, 2023), processed by researchers

From the figure, the 2024 tax year is included in the scope of GloBE because the 2021 tax year and the 2023 tax year the consolidated business turnover exceeded EUR 750 million.

On the other hand, there are several types of entities exempt from the application of the global minimum tax, namely government entities, international organizations, non-profit organizations, pension funds, real estate investment vehicles under certain conditions, and entities that meet the de minimis criteria or are part of a group included in the safe harbor provisions.

In Indonesia, PMK 136/2024 adopts definitions and thresholds that are in line with the OECD Model Rules, with the emphasis that this policy does not impact Individual Taxpayers and Micro, Small and Medium Enterprises (MSMEs).

***3. Key Mechanisms of Global Anti-Base Erosion (GloBE)***

GloBE is made up of three main mechanisms that work hierarchically and complement each other:

a. Income Inclusion Rule (IIR)

IIR is a primary mechanism that gives the parent entity (usually the Ultimate Parent Entity (UPE) the right to impose a top-up tax on the profits of the subsidiaries that are subject to low taxes in their group (below 15% in other countries).

How IIR Works is that the parent entity calculates the effective tax rate for each jurisdiction in which the group operates. If the effective tax rate in a jurisdiction is less than 15%, then the parent entity is obligated to pay additional taxes. Additional taxes are calculated based on excess profits in that jurisdiction and are paid in the parent entity's domicile jurisdiction (usually developed countries). IIR follows a top-down approach where the main taxation rights are with the main parent entity (the highest parent entity) to the intermediate parent entities. Example Illustration:

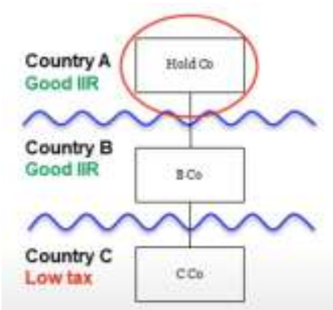


Figure 2. Example of an IIR Scheme
Source: (OECD, 2023), processed by researchers

A multinational companies group with a main parent entity in Country A has a subsidiary in Country C that only pays 10% effective tax. The IIR allows Country A to impose an additional tax of 5% (15% minus 10%) on the profits of the subsidiary.

b. Undertaxed Payment Rule (UTPR)

The UTPR serves as a backup mechanism or secondary rule (backstop mechanism) that applies when the IIR is not implemented/does not fully capture additional taxes/is ineffective.

How UTPR works applies if the primary parent entity is located in a country that does not implement IIR or if IIR cannot be implemented due to a specific ownership structure. UTPR allocates additional taxes to other jurisdictions in the group based on substance-based allocation keys. The allocation is based on a combination of the number of employees and tangible assets in each jurisdiction. The UTPR mechanism follows a bottom-up approach to allocation. UTPR generally takes effect in the 2026 Tax Year, one year after the implementation of the IIR. This is intended to provide adaptation and transition time for countries.

c. Domestic Minimum Top-up Tax (DMTT)

DMTT is a domestic rule that can be adopted by a source country jurisdiction to ensure that additional taxes remain as revenue for that country, not transferred to other countries through IIR or UTPR.

DMTT is optional for each jurisdiction. DMTT is implemented by imposing additional taxes at the domestic level for constituent entities in those jurisdictions. If DMTT is applied and qualifies, additional taxes in those jurisdictions are prioritized and credited in full against IIR or UTPR. The DMTT provides an incentive for states to capture additional taxes on their own rather than being shifted to other countries or jurisdictions.

The hierarchy of rules for the use of the main mechanism of GloBE can be depicted in the chart as follows:

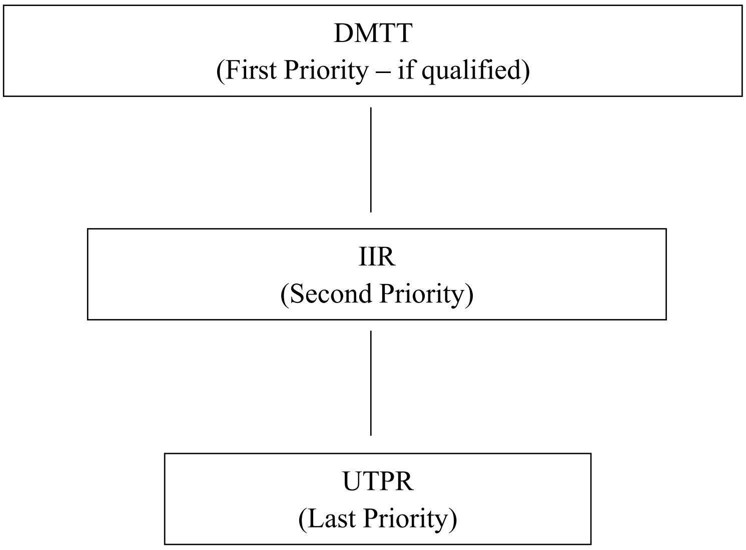


Figure 3. The hierarchy of rules

### *4. Calculation of Effective Tax Rates and Additional Taxes*

The calculation of effective tax rates is a core element of Pillar Two and is done on a jurisdictional basis, not on an entity basis. The basic formula for the Effective Tax Rate is as follows:

$$Jurisdictional\ effective\ tax\ rate:\ \frac{Covered\ and\ adjusted\ tax}{Net\ income\ in\ jurisdiction\ basis}$$

a. Calculation Components

The components of additional taxes (top-up tax) are presented in the following table:

Table 1. The components of additional taxes

| Component | Description |
|---|---|
| **Earnings or Losses** | ▪ The calculation starts from the accounting profit or loss based on the consolidated financial statements<br>▪ Various adjustments were made to align with GloBE principles, including adjustments to:<br>a. stock-based compensation,<br>b. pension adjustments,<br>c. insurance recommendations,<br>d. etc.<br>▪ Earnings are calculated for each constituent entity then aggregated per jurisdiction |
| **Taxes Covered and Adjusted** | ▪ Tax burden is now based on accounting<br>▪ Adjusted by time difference, withholding tax, etc.<br>▪ Deferred tax accounting<br>▪ Aggregation is done at the jurisdictional level |

| | |
|---|---|
| ***Substance-Based Income Exclusion* (SBIE)** | ▪ GloBE provides an exception for substance-based activities, which consist of:<br>a. Salary exemption: 5% of the eligible salary cost (10% transition for the first year)<br>b. Tangible asset exemption: 5% of the value of tangible assets (8% transition for the first year)<br>▪ Substance-based income exemption reduces excess profits that are subject to additional taxes<br>▪ Aims to recognise real economic activity and not ignore substantial investment |

b. Additional Tax Calculation

The calculation steps can be presented on the following chart:

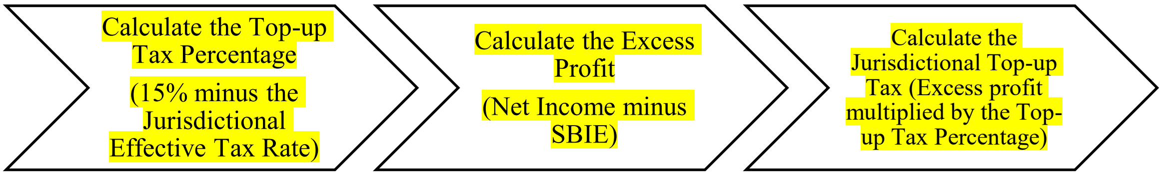


Figure 4. Additional Tax Calculation Flow Chart

c. Illustration of calculations

Multinational companies operate in Jurisdiction X with the following data:

1) Net Income: EUR 15,000,000
2) Taxes Covered and Adjusted: EUR 2,000,000
3) Eligible tangible assets: EUR 30,000,000
4) Eligible salary: EUR 10,000,000

The calculation of additional taxes (top-up tax) in Euro currency is as follows:

Table 2. The calculation of additional taxes

| Stages | Formula | Result |
|---|---|---|
| **Effective Tax Rates (Jurisdiction X)** | $\frac{2.000.000}{15.000.000}$ | 13,33% |
| **Additional Tax Percentage** | $15\% - 13{,}33\%$ | 1,67% |
| **SBIE** | $(5\%\ x\ 30.000.000) + (5\%\ x\ 10.000.000)$ | 2.000.000 |
| **Excess profit** | $15.000.000 - 2.000.000$ | 13.000.000 |
| ***Top-up tax*** | $13.000.000\ x\ 1{,}67\%$ | 217.100 |

### *5. Safe Harbour: Transition and Simplification*

Safe Harbour is defined as the determination of an additional tax (top-up tax) for constituent entities to zero as long as it meets certain requirements. To reduce compliance and administrative burdens in the early years of implementation, the OECD provides a Safe Harbour Country-by-Country Reporting Transition applicable for the 2024 to 2026 tax years.

There are 3 (three) Safe Harbour tests. First, the De Minimis test is an entity with an income of less than EUR 10,000,000 and a net profit of less than EUR 1,000,000 or there is a net loss in the current tax year and the previous 2 tax years. Second, the routine profit test is fulfilled if the profit of the Multinational Companies (MNC) group does not exceed or equal to the amount of SBIE. SBIE is a profit deduction calculated based on a certain percentage of salary costs and the recorded value of tangible assets. Third, the effective tax rate (Simplified ETR) is an effective tax rate of more than or equal to 15% based on a simplified calculation of country-by-country reporting (CbCR) data in a tax year. If a jurisdiction meets one of these three tests, the multinational company does not need to do the full calculation for that jurisdiction, which can reduce complexity.

### 6. *Implementation in Indonesia: PMK 136/2024*

Indonesia officially adopted the global minimum tax through PMK 136/2024 which was issued on December 31, 2024, and took effect from January 1, 2025. PMK 136/2024 marks an important milestone in Indonesia's tax history as the first domestic implementation of a complex global tax treaty. This regulation consists of 16 chapters with 63 strategic definitions, which show the depth and complexity of the regulated material (Ministry of Finance, 2024).

Indonesia's adoption follows the "common approach" model recommended by the OECD, where each country can implement the GloBE Rules through domestic rules. This approach provides Indonesia with the flexibility to adapt the provisions to the characteristics of Indonesia's own domestic legal and taxation system.

The scope of implementation of GMT in Indonesia includes multinational groups with a minimum global consolidated turnover of EUR 750 million in 2 of the 4 previous tax years. This threshold is consistent with international standards and is expected to affect around 800 MNC groups operating in Indonesia.

The Main Provisions of PMK 136/2024 can be presented in the following table:

Table 3. The Main Provisions of PMK 136/2024

| Topic | Description |
|---|---|
| **Scope and Thresholds** | ▪ Applicable to constituent entities of a multinational group of companies with consolidated revenues of more than or equal to EUR 750 million<br>▪ Threshold calculated based on 2 of the previous 4 tax years<br>▪ Not applicable to Individual Taxpayers and Micro, Small and Medium Enterprises (MSMEs) Taxpayers |
| **Adopted Mechanisms** | ▪ IIR: Applicable to the parent entity in Indonesia over subsidiaries that are taxed lower abroad<br>▪ UTPR: To allocate additional taxes to constituent entities in Indonesia if IIR is not implemented by the primary parent entity<br>▪ DMTT: To ensure income retention in Indonesia |
| **Calculation and Reporting** | ▪ Reconciliation between financial accounting data and tax data for accuracy<br>▪ The calculation of effective tax rates and additional taxes follows the OECD Model methodology<br>▪ Taxpayers must submit a GloBE Information Return (GIR) or GloBE Annual Income Tax Return submitted a maximum of 15 months after the end of the Tax Year |
| **Implementation Schedule** | ▪ Tax Year 2025: Applies to IIR and DMTT<br>▪ Tax Year 2026: UTPR comes into full force<br>▪ Transitional safe harbour available for 2025 to 2026 |
| **Administration and Compliance** | ▪ Directorate General of Taxes as the executing tax authority<br>▪ Reporting forms and procedures are being prepared with reference to Singapore and Hong Kong best practices<br>▪ Sanctions for non-compliance and late reporting in accordance with general tax provisions |

**Implications of the Global Minimum Tax on Multinational Companies**

***1. Fundamental Changes in the Tax Rate Competitive Landscape***

The global minimum tax has fundamentally changed the paradigm of international tax competition (van 't Riet & Lejour, 2025). Based on OECD analysis, the implementation of the global minimum tax is estimated to reduce low-tax profits globally by up to 80%, from 36% to about 7% of the total profits of multinational corporations (Boukal et al., 2025). This change has several important implications:

First, the elimination of tax evasion. Multinational corporations can no longer derive significant benefits from shifting profits to tax-haven countries or low-tax jurisdictions because additional taxes will still be imposed until the 15% threshold is reached. Studies (Johannesen, 2022) show that the global minimum tax effectively covers the tax avoidance benefits that multinational companies have enjoyed from the difference in tax rates between countries.

Second, changes in the determining factors of investment location. With effective tax rates, non-tax factors such as infrastructure quality, labor, political stability, and market access become more dominant in the decision of investment location of multinational companies. Research shows that countries like Singapore remain attractive despite implementing a global minimum tax due to their non-tax competitive advantage (Bachas et al., 2025).

Third, minimizing global tax competition. Global minimum taxes create a fairer "playing field" between developed and developing countries, but simultaneously reduce policy space for developing countries to use tax incentives as a competitive tool. This creates a dilemma for countries like Indonesia that rely on tax incentives to attract foreign direct investment (Jingxian & Wilson, 2023).

***2. Impact on Tax Strategy and Tax Planning***

a. Reassessment of Tax Planning Strategy

Traditional tax planning strategies that rely on profit shifting become irrelevant and ineffective or require significant redesign. First, aggressive transfer pricing to shift profits to low-tax entities faces limitations due to the existence of a top-up tax. Multinational companies need to realign transfer pricing policies with genuine fairness principles, not just minimize taxes. Second, the practice of storing intangible assets in tax-haven countries ultimately loses appeal. Migration of intangible assets to low-tax jurisdictions will still be subject to additional taxes in the home country. Multinational companies need to evaluate whether the structure of intangible assets is still economically justifiable. Third, excessive debt burdening subsidiaries in high-tax countries to generate deductible interest is no longer optimal. The interest deduction affects the calculation of the effective tax rate, and if it lowers the effective tax rate below 15%, this will trigger additional taxes. Multinational corporations need to strike a balance between financing efficiency and the implications of a global minimum tax.

b. Reassessment of Tax Strategy in a Holistic manner

Multinational corporations need to adopt a holistic approach in tax strategies that integrate global minimum tax considerations. First, assess the total effective tax burden globally, rather than just focusing on optimizing the individual entities. Second, re-evaluate the global value chain by considering the global minimum tax, supply chain resilience, as well as its geopolitical risks. Third, it simplifies complex group structures that may have been created primarily for tax reasons but now add to compliance costs without ideal and proportionate tax benefits.

***3. Compliance Complexity and Increased Administrative Costs***

The implementation of Pillar Two creates an unprecedented compliance burden for multinational companies such as calculating effective tax rates separately for each jurisdiction that may reach dozens of jurisdictions (including handling various accounting standards in different jurisdictions and reconciliation to the parent company's accounting standards), needing to make adjustments to GloBE, calculating covered tax calculations, conduct analysis and documentation of Safe Harbour testing, up to the stage of submitting the Annual Income Tax Return reporting of GIR (Moynihan et al., 2015; Watson, 2010).

A survey by KPMG shows that 85% of multinational companies acknowledge significant additional costs for Pillar Two compliance, yet only 11% have secured an adequate budget. The compliance costs consist of One-Time Implementation Cost (such as system upgrades, modification of the company's resource planning, hiring of external consultants, staff training (estimated at 1 to 5 million US dollars for large MNCs), Continuous Implementation Cost (such as data collection, calculation, reporting, with a 20 to 40% increase in tax compliance costs), and even the need for technology investment costs (such as the Pillar Two calculation engine if needed, data management platforms, automation tools) (KPMG International, 2025).

**Strategic Recommendations for Multinational Companies**

***1. Comprehensive Impact Assessment and Scoping***

Multinational companies should immediately conduct a detailed scoping determination to determine whether they fall within the scope of GloBE and assess their impact by:

a. Calculating consolidated group revenues to confirm whether the EUR 750 million threshold is met;
b. Identify all constituent entities globally and classify excluded entities;
c. Map tax jurisdictions and estimate effective tax rates for each jurisdiction;
d. Identify low-tax jurisdictions that have the potential to be subject to top-up tax;
e. Quantify the estimated total additional tax liability conservatively;
f. Determination of the scope that must involve cross-functional teams and divisions: Tax, Finance, Accounting, Law, Information Technology, and other Business Units.

***2. Safe Harbour Utilization Strategy***

a. Ensure Country-by-country report (CbCR) reporting meets standards prepared using consolidated financial statements without adjustments;
b. Testing the three safe harbours of de minimis, simplified effective tax rates (Simplified ETR), and recurring profits for each jurisdiction
c. Documenting the fulfillment of safe harbour provisions accompanied by supporting calculations

***3. Transfer Pricing Policy Review***

Align transfer pricing practices with global minimum tax implications by reviewing existing intercompany pricing policies to assess the impact of effective tax rates across jurisdictions, identifying transfer pricing adjustments, considering pricing agreements in advance to provide certainty and reduce the risk of adjustment or risk of correction, and updating transfer pricing documentation to reflect considerations Global Minimum Tax.

***4. Redesign of Tax Strategy***

Moving from entity-level optimization to jurisdiction-level optimization by developing a jurisdictional tax strategy matrix that considers the global minimum tax, optimizing the global effective tax rate while maintaining compliance, considering substance-based planning aligned with SBIE, regularly creating business change impact models such as acquisitions, divestitures, expansions on GloBE's position.

***5. Enhanced Tax Governance and Risk Management***

Strengthen the tax governance framework to address the complexity of the global minimum tax by defining clear roles and responsibilities across Tax, Finance, Information Technology, and Legal functions, implementing strong internal controls over the calculation and reporting of the global minimum tax, regularly reporting to the Board or Audit Committee on compliance and exposure of the global minimum tax, and identifying technical grey areas within GloBE.

## CONCLUSION

This study finds that the adoption of the global minimum tax under OECD Pillar Two through Indonesia's PMK 136/2024 marks a significant shift in international taxation, requiring large multinational corporations to pay a minimum effective tax rate of 15% per jurisdiction using mechanisms like the Income Inclusion Rule, Undertaxed Payment Rule, and Domestic Minimum Top-up Tax. This reform limits profit-shifting and aggressive tax planning, increasing compliance complexity and prompting MNCs to reevaluate transfer pricing and weigh non-tax factors in investment decisions. For Indonesia, the policy strengthens tax revenue protection while challenging traditional tax incentives aimed at attracting foreign investment. Future research should empirically assess the policy's impact on investment, corporate tax revenues, and MNC strategies in developing economies; evaluate the effectiveness of evolving administrative guidelines like Safe Harbour provisions in easing compliance; and explore how MNCs adapt their global value chains and align tax governance with sustainability goals to provide deeper insights for practitioners and policymakers.

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