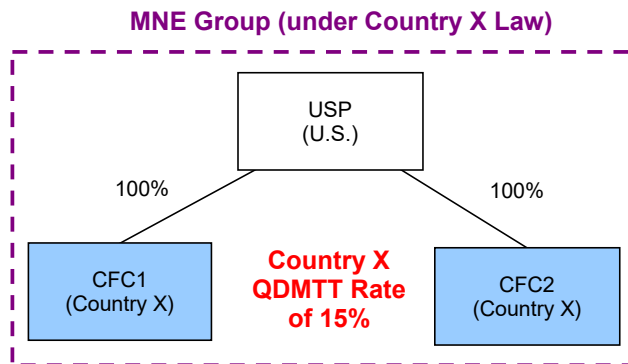


**Notice 2023-80 §2.04(5)(b),  
Example 2**

**QDMTT Imposed On Two  
Persons - Effect of SBIE**

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Country X has enacted a QDMTT. Under Country X tax law, entities that are resident in, or have a taxable presence in, Country X and that are members of the same MNE Group, are jointly and severally liable for the QDMTT. USP is a United States person that owns all of the stock of each of CFC1 and CFC2, each of which is a CFC that is a tax resident of Country X. CFC1 and CFC2 are members of the same MNE Group under Country X tax law. In Year 1, CFC1's Separate QDMTT Income is 100u (units of Country X currency) and CFC1's Separate Pre-QDMTT Taxes is 5u. In the same year, CFC2's Separate QDMTT Income is 50u, and CFC2's Separate Pre-QDMTT Taxes is 5u. The QDMTT Rate in Country X is 15%.



<u>CFC1</u>		<u>CFC2</u>	
QDMTT income	100	QDMTT income	50
Pre-QDMTT tax	5	Pre-QDMTT tax	5
Pre-QDMTT ETR	5%	Pre-QDMTT ETR	10%
QDMTT Allocation Key	10	QDMTT Allocation Key	2.5
	[(15% - 5%) X 100]		[(15% - 10%) X 50]

**Country X QDMTT imposed on CFC1 & CFC2 collectively was 11.25  
(after taking into account 15 of SBIE)**

QDMTT Alloc'd to CFC1	9	QDMTT Alloc'd to CFC2	2.25
	[11.25 X (10/12.5)]		[11.25 X (2.5/12.5)]

CFC1 and CFC2 collectively have 15u of substance-based income exclusion ("SBIE") which, under Country X tax law, can reduce an MNE Group's QDMTT liability. After taking into account the SBIE, Country X imposes 11.25u of QDMTT with respect to CFC1 and CFC2 collectively.

The amount of SBIE (if any), and the entity to which it may be attributable, is not taken into account in the calculation of each person's QDMTT Allocation Key. The QDMTT Allocation Key for each of CFC1 (10u) and CFC2 (2.5u) remains the same as in Example 1 because each of CFC1 and CFC2 has the same Separate QDMTT Income and Separate Pre-QDMTT Taxes as in Example 1. Accordingly, 9u of the Country X QDMTT (11.25u x (10u / 12.5u)) is allocated to CFC1, and 2.25u of the Country X QDMTT (11.25u x (2.5u / 12.5u)) is allocated to CFC2.