OECD GLOBAL PARLIAMENTARY NETWORK

Update on addressing the tax challenges of the digitalisation of the economy – Pillar Two

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PILLAR 2:
GLOBAL ANTI-BASE EROSION (GLOBE) PROPOSAL
Rationale Given for Pillar Two

- Ensuring that all internationally operating businesses pay a minimum level of tax
- Address remaining BEPS issues
- Multilateral solution to avoid uncoordinated rules, increased complexity and risk of over-taxation
- Reduce pressure on developing countries to grant tax incentives
- Address profit shifting risk from intangibles but not ring-fenced to digital economy
- Recent tax policy developments (e.g. GILTI)
GloBE proposal - Timeline

January 2019
• Inclusive Framework Policy Note

February / March 2019
• Consultation on P1 and P2

May 2019
• Programme of Work

December 2019
• 2nd Public Consultation

February 2020
• G20 Finance Ministers Meeting
• Endorsement of progress made

October 2019
• G20 Finance Ministers Meeting
• Welcome the progress and the Programme of Work

January 2020
• Progress Note

1-2 July 2020
Inclusive Framework Meeting
Berlin, Germany
“agreement on the key policy features of a solution”

18-19 July 2020
G20 Finance Ministers Meeting,
Jeddah, Saudi Arabia

21-22 Nov 2020
G20 Leaders Summit,
Riyadh, Saudi Arabia
Overview of the GloBE proposal

- Income inclusion rule
- Switch-over rule
- Undertaxed payments rule
- Subject to tax rule

- Income not subject to tax at a minimum rate
10 key issues

- Minimum rate
- Thresholds
- Tax base
- Covered taxes
- Blending
- Carve-outs – general and sectoral
- Ownership threshold
- Rule order and rule coordination
- Compliance cost, simplifications, administration
- Compatibility with international obligations
Additional information

www.oecd.org/tax/

Questions and comments:

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