INTRODUCTION
Speakers

• Pascal Saint-Amans
  Director of the OECD Centre for Tax Policy and Administration

• Achim Pross
  Head of the International Co-operation and Tax Administration Division

• Bert Brys
  Head of the Personal and Property Taxes Unit, Head of Country Tax Policy Team

• Sarah Perret
  Tax Economist, Tax Policy and Statistics Division

• Kurt Van Dender
  Head of the Business and International Tax Unit & Tax and the Environment Unit

• Sophie Chatel
  Head of the Tax Treaty Unit

• Zayda Manatta
  Head of the Secretariat of the Global Forum on Transparency and Exchange of Information for Tax Purposes

• Ben Dickinson
  Head of the Global Relations and Development Division
Topics

I. CTPA’s COVID-19 related work
II. Continuity of work programme
III. Questions and Answers
Tackling coronavirus (COVID-19)
Contributing to a global effort

What are the impacts and consequences of the coronavirus pandemic on our lives and our societies – and what are some of the solutions we can find to boost our healthcare systems, secure our businesses, maintain our jobs and education, and stabilise financial markets and economies?

- **Coordinated OECD response to COVID-19**
# OECD Tax Talks

## CTPA’s continuing work on COVID-19

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>23 March</td>
<td>OECD publishes first overview of targeted tax policy/tax administration measures and releases database</td>
</tr>
<tr>
<td>31 March</td>
<td>Forum on Tax Administration publishes actions that tax administrations are currently taking</td>
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<tr>
<td>3 April</td>
<td>OECD issues recommendations on cross-border workers and other related cross-border matters</td>
</tr>
<tr>
<td>7 April</td>
<td>Forum on Tax Administration publishes advice on business continuity considerations for tax administrations</td>
</tr>
<tr>
<td>15 April</td>
<td>OECD delivers report to G20: Tax and Fiscal Policy in Response to the Coronavirus Crisis</td>
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OECD FORUM ON TAX ADMINISTRATION’S WORK
Tax Administration Responses to COVID-19
Supporting Taxpayers

• Tax administrations globally are putting in place measures to support taxpayers affected by the COVID-19 outbreak
• Measures for individual taxpayers focus on preventing hardship and reducing burdens
• Measures for businesses, focus on helping to alleviate cash-flow problems
• Reference document contains examples of measures undertaken by tax administrations globally
### Supporting Taxpayers

#### Types of measures taken

<table>
<thead>
<tr>
<th>Additional time for dealing with tax affairs</th>
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<tbody>
<tr>
<td>Extension of deadlines</td>
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<tr>
<td>Deferral of payments</td>
</tr>
<tr>
<td>Remitting penalties and interest</td>
</tr>
<tr>
<td>Debt payment plans</td>
</tr>
<tr>
<td>Suspending debt recovery</td>
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</tbody>
</table>

### Quick fixes for taxpayers

- Quicker refunds to taxpayers
- Temporary changes in audit policy and quicker tax certainty
- Enhanced services and communication initiatives
Tax Administration Responses to COVID-19

Business continuity considerations

- Reference document illustrates some of the core business continuity considerations which might arise in a pandemic
- Input from across the membership of the three tax administration organisations
- Recognises that the potential duration and severity of the crisis brings unique challenges in managing the different elements involved in ensuring continuity of vital tax administration functions as well as the safety of staff and taxpayers
## Business continuity considerations

### Topics covered

<table>
<thead>
<tr>
<th>Governance arrangements</th>
<th>Scenario planning</th>
<th>Identification of critical and non-critical activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understanding critical vulnerabilities</td>
<td>Staff and taxpayer safety</td>
<td>Remote working</td>
</tr>
<tr>
<td>Staff welfare</td>
<td>External communications</td>
<td>Training and redeployment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recruitment, retention and leave</td>
</tr>
</tbody>
</table>

#OECDtaxtalks
COVID-19 RELATED TAX MEASURES DATABASE
Tracking country tax policy measures in response to COVID-19

<table>
<thead>
<tr>
<th>Aim:</th>
<th>What:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Inform countries of measures implemented in other countries</td>
<td>• Short-term responses</td>
</tr>
<tr>
<td>• Identify trends and formulate country policy advice</td>
<td>• Measures taken during exit phase</td>
</tr>
<tr>
<td></td>
<td>• Fiscal consolidation</td>
</tr>
</tbody>
</table>

Most recent version: [www.oecd.org/tax/tax-policy/](http://www.oecd.org/tax/tax-policy/)
Tracking country tax policy measures in response to COVID-19

• Excel table with detailed description of tax policy measures, including measures that have an impact on tax liabilities such as tax deferrals and waivers + changes in benefits and benefit entitlements.
  – Updated regularly
  – Search functions incorporated (across different types of measures, countries, date of announcement, entry in force, planned repeal)
  – Summary sheet that identifies the main categories of measures implemented
  – Broad coverage (over 100 countries and over 800 measures)
<table>
<thead>
<tr>
<th>Country</th>
<th>Type of tax</th>
<th>Type of measure</th>
<th>Primary and secondary stated objective of the measure</th>
<th>Relabelling</th>
<th>Description of the measure</th>
<th>Date of announcement</th>
<th>Date of entry into force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>CIT</td>
<td>Measure to enhance business cash-flow</td>
<td>Tax filing extension</td>
<td></td>
<td>Extension of deadline to submit CIT financial statements. The deadline is postponed for 4 months, on July 31 instead of March 31</td>
<td>01/04/2020</td>
<td></td>
</tr>
<tr>
<td>Algeria</td>
<td>CIT</td>
<td>Measure to enhance business cash-flow</td>
<td>Tax payment deferral</td>
<td></td>
<td>Deferral of corporate income tax pre-payments until 20 April 2020. Taxpayers who file tax returns electronically are not affected by the measures.</td>
<td>01/04/2020</td>
<td></td>
</tr>
<tr>
<td>Andorra</td>
<td>PIT+VAT+other taxes</td>
<td>Measure to enhance business cash-flow</td>
<td>Tax payment deferral</td>
<td></td>
<td>On request of the taxpayer, personal tax debts, payment of withholding taxes or other tax obligations independently of their nature will be deferred until the parliament makes decision on the terminal date.</td>
<td>01/04/2020</td>
<td></td>
</tr>
<tr>
<td>Argentina</td>
<td>SSCs</td>
<td>Measure to enhance business cash-flow</td>
<td>Tax payment deferral</td>
<td></td>
<td>The deferral or reduction of up to 95% of the payment of employer contributions for SMEs.</td>
<td>20/03/2020</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>CIT</td>
<td>Tax policy - support investment</td>
<td>Support investment</td>
<td></td>
<td>Increase the instant asset write-off. The Government is increasing the instant asset write-off threshold from $30,000 to $150,000 and expanding access to include businesses with aggregated annual turnover of less than $500 million (up from $50 million)</td>
<td>12/03/2020</td>
<td></td>
</tr>
<tr>
<td>Austria</td>
<td>CIT</td>
<td>Measure to enhance business cash-flow</td>
<td>Tax payment deferral</td>
<td></td>
<td>Businesses can reduce the CIT and PIT advance payments to zero. If, as a result of this reduction, a subsequent tax claim arises in the assessment for the year 2020, arrears interest on the subsequent tax claims will automatically be waived. In addition, the tax payment deadline can be postponed until September 30, 2020 or payments can be carried out in instalments before that date. Businesses can request that any late-payment surcharge is waived. Filing deadline for CIT as well as PIT, VAT and determination of income is extended until August 31, 2020. Interest for late tax return filing are automatically waived until August 31, 2020.</td>
<td>03/04/2020</td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>VAT</td>
<td>Measure to support health system</td>
<td>Other</td>
<td></td>
<td>Companies donating medical material and equipment to hospitals will not have to pay VAT on these donations.</td>
<td>01/03/2020</td>
<td></td>
</tr>
<tr>
<td>Belize</td>
<td>PIT</td>
<td>Measure to enhance household cash-flow</td>
<td>Tax filing extension</td>
<td></td>
<td>Extension of deadline for the filing of personal income tax return. No deferral of payments.</td>
<td>03/04/2020</td>
<td></td>
</tr>
<tr>
<td>Bermuda</td>
<td>CIT</td>
<td>Measure to enhance business cash-flow</td>
<td>Tax filing extension</td>
<td></td>
<td>For businesses that need relief and additional time, the Payroll Tax filing deadline will be extended from April 15th, 2020 until April 30th, 2020. Current penalties/fees that would normally apply for that period will be waived. In instances of significant financial distress business may request extensions beyond April 30th, 2020.</td>
<td>03/04/2020</td>
<td></td>
</tr>
<tr>
<td>Bhutan</td>
<td>CIT</td>
<td>Measure to enhance business cash-flow</td>
<td>Tax filing extension and tax payment deferral</td>
<td></td>
<td>Deferral of income tax filing and payment until June 2020 for all businesses (instead of 31st of March) for the Income Year 2019.</td>
<td>27/03/2020</td>
<td></td>
</tr>
<tr>
<td>Bolivia</td>
<td>Other</td>
<td>Measure to enhance business cash-flow</td>
<td>Other</td>
<td></td>
<td>A temporary 0% import duty is applied to the imports of medicines, medical devices, equipment and reagents and fever detectors.</td>
<td>17/03/2020</td>
<td></td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>CIT</td>
<td>Measure to enhance business cash-flow</td>
<td>Tax payment deferral</td>
<td></td>
<td>Postponement of payments of CIT, fees for the promotion of common forest functions and fire fighting fees until 30 June 2020. The tax due can be paid in instalments until the end of 2020. The deadline for filing annual tax returns has been extended to the end of April.</td>
<td>26/03/2020</td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>Other</td>
<td>Measure to support health system</td>
<td>Other</td>
<td></td>
<td>Import tariffs for medical goods set at 0% until end of December 2020.</td>
<td>17/03/2020</td>
<td></td>
</tr>
<tr>
<td>Bulgaria</td>
<td>CIT</td>
<td>Measure to enhance business cash-flow</td>
<td>Tax filing extension</td>
<td></td>
<td>Extension of the deadline for submission of the annual corporate income tax returns, and for the payment of the taxes assessed therein, until 30 June 2020 (currently, the deadline is 31 March 2020).</td>
<td>24/03/2020</td>
<td></td>
</tr>
<tr>
<td>Cambodia</td>
<td>Tax policy - support investment</td>
<td>Tax waivers</td>
<td>Exemption from all monthly tax payments for registered taxpayers engaged in the hotel and guesthouse business in the province of Siem Reap for the period from February to May 2020.</td>
<td></td>
<td>25/02/2020</td>
<td></td>
<td></td>
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</tbody>
</table>
G20 REPORT: TAX AND FISCAL POLICY IN RESPONSE TO THE CORONAVIRUS CRISIS
Tax and fiscal policy in response to the coronavirus crisis

• Take stock of emergency responses, sense of direction for tax policy through and after the pandemic

• Strengthening confidence and resilience
A sequenced policy approach

**Pandemic and containment**

- Virus outbreak
- Containment & mitigation
- Transition
  - Gradual, partial, intermittent relaxation of mitigation measures
- Post-pandemic

**Phases in policy response**

1. Immediate response
2. Cushioning impacts & preserving capacity
3. Recovery
4. Resilience & debt management

**Focus of tax policy response**

- Liquidity & income support
- Liquidity, solvency & income support
- Fiscal stimulus
- Revenue

#OECDtaxtalks
Taking stock of recent measures
Support in % of GDP, 31 March

#OECDtaxtalks
Taking stock of recent measures

- Business cash flow
- Keep workers in employment
- Income support
- Expanded access to paid sick leave and unemployment benefits
- Healthcare sector support

Continued support in containment phases

• Complexity and uncertainty of deconfinement – gradual, learning-by-doing; risk of persistent drag on the economy

• Continue supporting the economy and adapt to changing risks (e.g. from liquidity to solvency):
  • extended tax deferrals
  • loss carry-backs
  • inventory valuation
  • reductions or exemptions for some taxes
  • accelerated VAT refunds (minding compliance risk)
  • income support; extended to non-standard workers
From managing liquidity and solvency risk for businesses and households to providing stimulus; avoid an L-shaped recovery

Fiscal stimulus should be:

- Demand-oriented
- Targeted
- Concomitant with containment policies
- Coordinated for stronger effectiveness – global Marshall plan
- Resilience-oriented – health, GVCs, climate, biodiversity
Restoring public finances post-crisis

- Increased spending, reduced revenue – how to close the gap?

- Monetary policy, fiscal policy

- Start preparing for tax policy reform now
  - E.g., solidarity levies, super profit taxes, stronger progressivity
  - E.g., carbon taxes, base broadening

#OECDtaxtalks
Developing countries and the international tax agenda

**Developing countries**
- “Marshall Plan”: external financing main pillar in the short run, but domestic resource mobilisation is key for viability in the long run; pressing need to build effective tax systems

**International tax agenda**
- While many businesses face unprecedented difficulties, some may see their profits rise
- **Increased use of digital services and the need to restore public finances can accelerate efforts to reach an agreement on Pillar One**
- **Rising pressure on public finances may also strengthen the push for minimum taxation of MNEs under Pillar Two**
- International tax cooperation will be essential to prevent tax disputes turning into trade wars, harming economic recovery
OECD GUIDANCE ON TAX TREATIES & THE IMPACT OF COVID-19
Tax treaties & the impact of COVID-19

• COVID-19 crisis is an extraordinary situation that has forced a significant number of people to work remotely or to physically perform their duties outside the country of employment
• Cross-border elements of these new circumstances raise concerns on the allocation of taxing rights under tax treaties rules

3 April 2020: the OECD Secretariat issued guidance, based on a careful analysis of the international tax treaty rules
# Tax treaties & the impact of COVID-19

<table>
<thead>
<tr>
<th>Area of concern</th>
<th>Specific issues</th>
<th>Guidance based on the Commentary of the OECD Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Permanent Establishment (PE)</td>
<td>Home office</td>
<td>The <strong>exceptional and temporary</strong> change of the location where employees exercise their employment because of the COVID-19 crisis, such as working from home, should not create new PEs for the employer. Also, a home office needs to be “at the disposal” of the employer before in could constitute a PE, which would not be the case in the majority of those cases.</td>
</tr>
<tr>
<td></td>
<td>Agency PE</td>
<td><strong>Temporary</strong> conclusion of contracts in the home of employees or agents because of the COVID-19 crisis should not create PEs for the businesses.</td>
</tr>
<tr>
<td></td>
<td>Construction site</td>
<td>A construction site PE would not be regarded as ceasing to exist when work is <strong>temporarily</strong> interrupted.</td>
</tr>
</tbody>
</table>
## Tax treaties & the impact of COVID-19

<table>
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<tr>
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<th>Guidance based on the Commentary of the OECD Model</th>
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</thead>
<tbody>
<tr>
<td>2. Residence of a company</td>
<td>Place of effective management</td>
<td>An <em>extraordinary and temporary</em> change in location of the chief executive officers and other senior executives due to the COVID-19 crisis should not trigger a change in residency.</td>
</tr>
<tr>
<td>3. Change in the residence status of individuals</td>
<td>Tie breaker rule</td>
<td>Unlikely that a person would acquire residence in the country where the person is temporarily because of extraordinary circumstances. But even if he or she does, if a tax treaty is applicable, the person would not be a resident of that country for purposes of the tax treaty.</td>
</tr>
<tr>
<td>4. Income paid by employers to cross border workers during COVID-19 crisis</td>
<td>Article 15</td>
<td>Where a government has stepped in to subsidise the keeping of an employee on a company’s payroll during the COVID-19 crisis, the income should be attributable to the place where the employment used to be exercised. Other employment income would normally be taxed where employment is performed. OECD is working with countries to mitigate the compliance and administrative costs for employees and employers.</td>
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REQUEST FOR FURTHER WORK & GUIDANCE
Transfer Pricing and COVID-19

• Received requests to issue guidance on Transfer Pricing issues related to COVID-19

COVID-19 is creating novel transfer pricing issues for taxpayers and tax administrations.

The Inclusive Framework is exploring the option of developing guidance on these issues.

Input from stakeholders on the issues that should be covered by this additional guidance is welcome.
Requests for further work & guidance

• Received requests to work on temporary relief from administrative and procedural requirements currently precluding treaty relief for collective investment vehicles’ cross-border investments.

• Requests can be sent to ctp.contact@oecd.org
II. CONTINUITY OF OTHER WORK
UPDATE ON THE WORK ON TRANSPARENCY
Delivering Tax Transparency (1)

Automatic Exchange of Financial Account Information

1. Sept 2020 CRS exchange deadline extended to the end of Dec 2020
2. Jurisdictions are encouraged to exchange earlier if they can
3. Concluding the review of the legal frameworks for around 100 jurisdictions

Exchange of Information on Request

- **69** peer reviews released in Round 2, including **8** – in April
- Ongoing peer reviews continue – **9** reports in the pipeline to be released in summer
- Launch of new reviews delayed by 6 months
- On-site visits postponed
Delivering Tax Transparency (2)

Supporting international cooperation at a time of crisis

- Published tips and good practices on EOI
- Facilitates notifications between jurisdictions on the impact of COVID-19
- Provides e-learning opportunities:
  - 600 participated in virtual classes on beneficial ownership and EOIR in April
  - New e-learning modules being developed in FR/ENG/SP
- New toolkits to be released on the multilateral Convention on Mutual Administrative Assistance in Tax Matters, EOI unit, confidentiality and AEOI

Providing technical assistance to developing countries

- 62 developing countries provided with remote technical assistance
- The 2020 Tax Transparency in Africa Report to be launched in June

*No of jurisdictions provided with assistance per region
Delivering Tax Transparency (3)

Tax transparency for sharing and gig economy

- **Context:**
  - Rapid growth of digital platforms
  - Shift from traditional employment towards independent work
  - Part of the informal cash economy emerges online

- **Solution → the Model Rules:**
  - To help sellers be tax compliant
  - To make information on the activities of sellers available to tax administrations

- The **reporting by platforms** will be **in their country of residence**
- The information will then be **exchanged with the countries of residence of the sellers**
- Drafting of the Model Rules is now **in the final stage**, taking into account the input received from the public consultation which ended last month
- The **Model Rules expected to be released before summer**
Delivering Tax Transparency (4)

**Tax transparency for crypto**

- The FinTech sector is evolving rapidly, in particular in the **cryptocurrency and stablecoin space**
- Crypto increasingly becomes an **alternative to traditional financial products**
- Crucial to ensure that this sector is subject to **adequate tax transparency**, taking into account **the new range of products and service providers**
- Work progressing on a due diligence, reporting and exchange framework, **inspired by the CRS and the work of the FATF**
UPDATE ON ACTION 13 AND 14
Action 13 Country-by-Country reporting
The 2020 review of BEPS Action 13

• The BEPS Action 13 report includes a mandate for a review of the minimum standard by 2020
• Public consultation document was released in early February for public comments
• c.80 responses were received from MNE groups, advisers, NGOs and other stakeholders- thank you
• Public consultation meeting now re-scheduled as a virtual meeting on 12-13 May 2020 with focuses on possible improvements to the minimum standard for the purposes of a high level TP risk assessment, the assessment of other BEPS-related risks, and economic / statistical analysis
• Second phase could be added later to consider changes that may be needed to support work on Pillar 1 and Pillar 2, recognising the limits on the appropriate use of CbC reporting information
Action 14 Mutual Agreement Procedure (MAP)
The 2020 review of BEPS Action 14

• State of play in MAP
• 2020 review: ongoing discussions on standard, methodology and statistics framework with possibility of public consultation later in the year
• Link to the work on digital where enhanced tax certainty will need to be part of any consensus
UPDATE ON WORK WITH DEVELOPING COUNTRIES
BEPS implementation

- **137 members of the Inclusive Framework**, including 66 developing countries
- Minimum standards:
  - **Action 5**: 50 developing country regimes abolished/amended
  - **Action 6**: 28 non-G20/OECD developing countries have signed MLI
  - **Action 13**: progress on legislative frameworks
  - **Action 14**: most developing countries can defer peer review
- Many developing countries implementing other BEPS actions e.g. transfer pricing (Actions 8-10); limitations on interest (Action 4)
- 26 regional **outreach and consultation** events in 2019, reaching 89 developing countries
- Global Relations Programme: 11 **virtual classes** April/May in EN/FR/ES/RU
  - In April: around 2000 participants from >35 countries
- Other support on BEPS implementation (now provided remotely) including bespoke induction programmes, bilateral programmes, thematic “deep dives”
A learning-by-doing approach to tax audit assistance

• Revenue Gains
  • Tax assessments of over USD 1.7 billion and increased tax revenues of USD 532 million

• Expansion in programmes
  • 78 programmes (completed and ongoing) in 44 jurisdictions
  • Increased South-South partnerships – 13 programmes
  • Pilot programmes in new areas - tax crime (5); Effective use of Automatically Exchanged Information (2)

• Recent stocktake exercise - results available soon

• Business continuity during COVID-19
  • Ramped up remote assistance for continued support to Host Administrations
  • Secure video conferencing and transfer of confidential data solutions for remote “missions”
  • Virtual interim Governing Board meeting on 5th May
Platform for Collaboration on Tax

Website launched: www.tax-platform.org

• Information on all partners technical assistance
• Repository for all partners tax and COVID materials
• Toolkits
  – Final version of Offshore Indirect Transfers to be published soon
  – Virtual workshops being run
Deepening engagement with developing countries

Forthcoming report on how 2019 marked a new era of interaction with developing countries

- **Participation and Voice**
  - IF, Global Forum Transparency, Global Forum VAT, Task Force Tax and Crime

- **High quality data and statistics**
  - 95+ countries in Revenue Statistics Database
  - 150+ administrations in ISORA (with IMF, CIAT, IOTA)
  - Taxing Energy Use database being expanded beyond OECD/G20

- **Unlocking Expertise, providing Guidance and Training**
  - New e-learning programme reached over 5000 officials in first year
  - Four Tax and Crime Academies globally
  - Regionally tailored toolkits on VAT on e-commerce being developed (with WBG)

- **Capacity Building**
  - Continued high demand for Transfer Pricing and EOI capacity building
  - TIWB expanding to EOI and Criminal Investigations
  - Pilot programme on e-commerce VAT
UPDATE ON WORK ON THE DIGITALISED ECONOMY
Increased need for a consensus-based solution

- **April 2020 G20 Finance Ministers’ Communique**: “We reiterate our commitment to use all available policy tools to safeguard against downside risks, ensure a swift recovery and achieve strong, sustainable, balanced and inclusive growth, while continuing to tackle the global challenges, notably those related to addressing the tax challenges arising from the digitalization of the economy and enhancing access to opportunities.”

- **April 2020 G7 Chair’s Summary** stated that addressing the tax challenges arising from the digitalisation of the economy remains a priority agenda item.

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**Strong risk of increased proliferation of Digital Services Taxes**

**Potentially leading to trade conflicts during a severe worldwide economic crisis**
**2020 delivery of a consensus-based solution**

- Objective is to deliver a consensus-based solution at the agreed end-of-year deadline
- Work is ongoing: Working Parties and the Steering Group have been meeting virtually
- Inclusive Framework plenary meeting has been rescheduled due to COVID-19

<table>
<thead>
<tr>
<th>2020</th>
<th>End of 2020</th>
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<tbody>
<tr>
<td><strong>29-30 January</strong></td>
<td><strong>Inclusive Framework Meeting</strong></td>
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<tr>
<td><strong>22-23 February</strong></td>
<td><strong>G20 Finance Ministers Meeting</strong></td>
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<tr>
<td><strong>July</strong></td>
<td><strong>Virtual Inclusive Framework Meeting</strong></td>
</tr>
<tr>
<td><strong>October</strong></td>
<td><strong>Inclusive Framework Meeting</strong></td>
</tr>
<tr>
<td><strong>November</strong></td>
<td><strong>G20 Leaders Summit</strong></td>
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</tbody>
</table>

2020 End of 2020

Inclusive Framework Meeting

G20 Finance Ministers Meeting
Endorsement of progress made

Virtual Inclusive Framework Meeting
Updating members on progress made

Inclusive Framework Meeting
Agreement on key policy features

G20 Finance Ministers Meeting
Delivery of consensus-based solution

#OECDtaxtalks
Impact assessment

• Preliminary results
  – Pillars 1 and 2 are expected to generate substantial global net revenue gains
  – The reforms are expected to lead to a significant reduction in profit shifting

• Ongoing work
  – The revenue estimates and the tools are being refined based on ongoing discussions on scope and design
  – Assessment of the impact of the proposals on investment costs and an assessment of the counterfactual scenario if a consensus based solution is not achieved
  – Ongoing consideration of impact of the COVID-19 crisis, including: losses for many firms, higher profits for some firms, potentially higher reliance on digital sector, potential need for higher government revenues
Pillar 1 – Unified approach

**Amount A**

**Scope**
- Business activity test
- Revenue thresholds
- Domestic business / foreign revenue test

**Nexus**
- Jurisdiction specific revenue threshold
- Plus factors for CFB

**Tax base**
- Financial accounts and determine PBT
- Use of segmentation and allocation of income and costs
- Accounting for losses

**Allocation**
- Profitability threshold
- Reallocation percentage
- Allocation key

**Elimination of double taxation**
- Identify the paying entities
- Method to relieve double taxation
- Simplified admin. system

**Amount B**

**Tax certainty**

**Implementation & administration**
- Dispute prevention and resolution for Amount A
- Dispute prevention and resolution for Amount B and other disputes (Amount C)

- Implementation tools
- Safe Harbor

**Amount**

- Scope
- Quantum

#OECDtaxtalks
Pillar 2 – GloBE proposal

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

<table>
<thead>
<tr>
<th>Income inclusion rule</th>
<th>Undertaxed payments rule</th>
<th>Switch-over rule</th>
<th>Subject to tax rule</th>
<th>Rule coordination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thresholds</td>
<td>Tax base</td>
<td>Scope</td>
<td>Scope</td>
<td>Rule order</td>
</tr>
<tr>
<td>Covered taxes</td>
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<td>Trigger</td>
<td>Trigger</td>
<td>Interaction with other rules</td>
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<tr>
<td>Blending</td>
<td>Timing differences</td>
<td>Effect</td>
<td>Effect</td>
<td>Tax certainty</td>
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<tr>
<td>Scope and carve-outs</td>
<td>Simplifications</td>
<td></td>
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<td>Rule status</td>
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<td>Overall design</td>
<td>Allocation keys</td>
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Minimum rate

#OECDtaxtalks
OTHER WORK AND NEXT STEPS
Other work and next steps

• May 2020:
  – Public consultation Action 13
  – Revenue Statistics in Latin American and the Caribbean + webinar

• June 2020:
  – Corporate Tax Statistics - Second Edition
  – Tax Transparency in Africa report with a virtual event
  – BEPS Action 14 MAP peer review reports

• July 2020:
  – Annual Progress Report on BEPS & Virtual Inclusive Framework Meeting
III. Q&A
Questions?

- Please submit your questions using the Q&A function at the bottom of your screen.
THANK YOU
The OECD is compiling data, information, analysis and recommendations regarding the health, economic, financial and societal challenges posed by the impact of coronavirus (COVID-19). Please visit our dedicated channels for a full suite of coronavirus-related information.

www.oecd.org/coronavirus
www.twitter.com/OECDtax
ctp.contact@oecd.org