

# Summary of the OECD/G20 Base Erosion and Profit Shifting Project

## “Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy”

October 2021

### Key elements of the Two-Pillar Solution

Pillar One	Pillar Two
Taxing rights over 25% of the residual profit of the largest and most profitable MNEs would be re-allocated to the jurisdictions where the customers and users of those MNEs are located.	GloBE rules provide a global minimum tax of 15% on all MNEs with annual revenue over 750 million euros.
Tax certainty through mandatory and binding dispute resolution, with an elective regime to accommodate certain low-capacity countries.	Requirement for all jurisdictions that apply a nominal corporate income tax rate below 9% to interest, royalties and a defined set of other payments to implement the “Subject to Tax Rule” into their bilateral treaties with developing Inclusive Framework members when requested to, so that their tax treaties cannot be abused.
Removal and standstill of Digital Services Taxes and other relevant, similar measures.	Carve-out to accommodate tax incentives for substantial business activities.
The establishment of a simplified and streamlined approach to the application of the arm’s length principle in specific circumstances, with a particular focus on the needs of low capacity countries.	

### Target Deadlines

Pillar One	Pillar Two
Early 2022 – Text of a Multilateral Convention (MLC) and Explanatory Statement to implement Amount A of Pillar One	November 2021 – Model rules to define scope and mechanics for the GloBE rules
Early 2022 – Model rules for domestic legislation necessary for the implementation of Pillar One	November 2021 – Model treaty provision to give effect to the subject to tax rule
Mid 2022 – High-level signing ceremony for the Multilateral Convention	Mid 2022 – Multilateral Instrument (MLI) for implementation of the STTR in relevant bilateral treaties
End 2022 – Finalisation of work on Amount B for Pillar One	End 2022 – Implementation framework to facilitate co-ordinated implementation of the GloBE rules

### 2023 – Implementation of the Two-Pillar Solution

Table source: “OECD/G20 Base Erosion and Profit Shifting Project Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy OCTOBER 2021” available on [view source](#).



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