



REGIONAL SEMINAR ON INTERNATIONAL TAX DEVELOPMENTS FOR EUROPE AND CENTRAL ASIA

Vienna, 18-20 March 2025

Session 8: Reviewing the implementation of the Global Minimum Tax



Selected Topics



Overview



Transitional Qualification Mechanism



Full legislative Review



Benefits



OVERVIEW



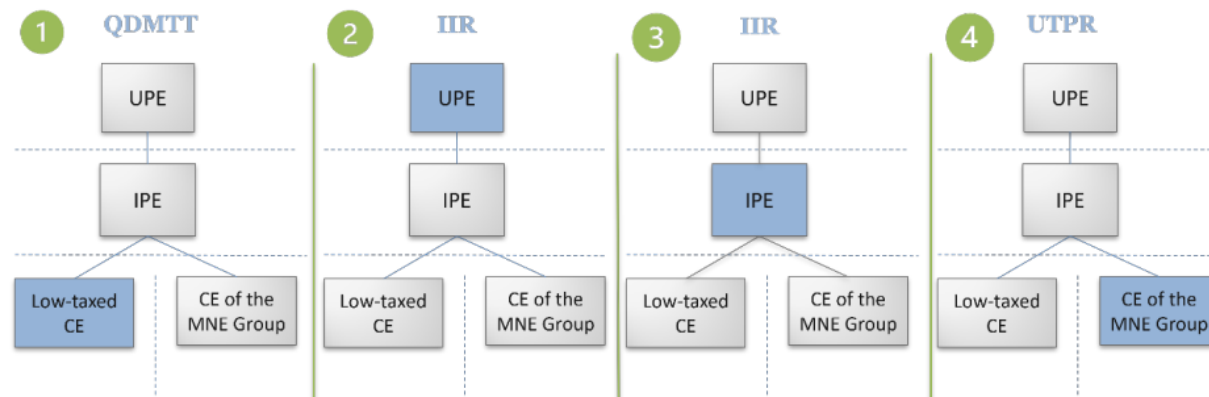
Why do the rules need to be qualified?

2. Why do the rules need to be qualified for purposes of the Global Minimum Tax?

The Global Minimum Tax results from the combined effect of three types of domestic charging provisions that apply in accordance with an agreed rule order:

- the Qualified Domestic Minimum Top-up Tax (QDMTT) which applies first, at the level of source jurisdiction, in respect of any low-taxed profits arising in that jurisdiction,
- the Qualified Income Inclusion Rule (IIR) which applies in respect of remaining low-taxed profits. The IIR is applied first at the level of the Ultimate Parent Entity (UPE) of the MNE Group and then shifts to the next Intermediate Parent Entity (IPE) in the ownership chain in line with a top-down approach,
- the backstop rule (the UTPR) which applies at the level of any Constituent Entity within the MNE Group, to the extent low-taxed profits are not subject to a Qualified IIR.

The agreed rule order is illustrated below.





Peer review process for GloBE Rules

Transitional qualification mechanism

Qualified status for a transitional period

Legislative review needs to be initiated within 2 years

2024 first reviews

Legislative review

Full review of the legislation

Terms of reference and assessment methodology still being developed

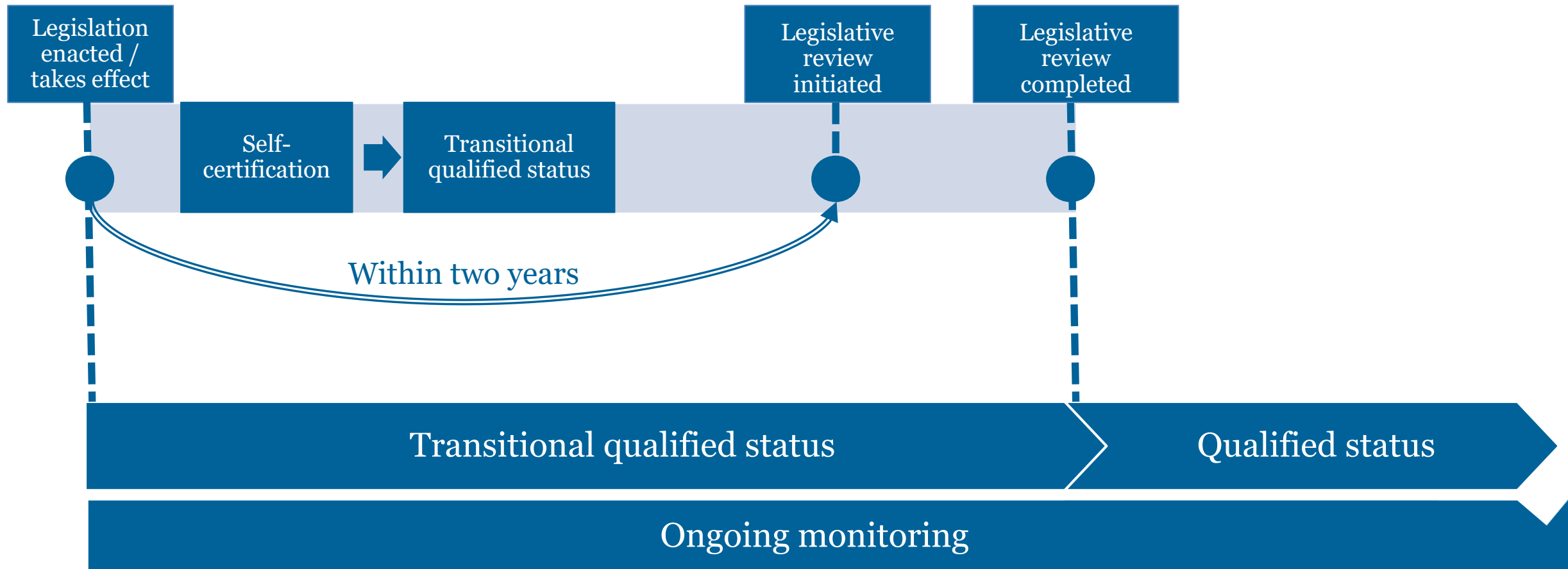
First reviews to start in 2025

Ongoing monitoring process

Tax administration framework



Timeline





TRANSITIONAL QUALIFICATION MECHANISM



Self-certification and WP11 review

SAF + comparison table

- Submission within 3 months of the effective date of the legislation or the date when the legislation was enacted (if later)
- SAF is meant to illustrate consistency with the core provision of the GloBE Rules (Section A) and provide background information (Section B)
- SAF can be submitted based on draft legislation
- Monitoring of substantive changes (if any)

WP11 review

- WP11 Secretariat performs a preliminary assessment.
- The SAF is then shared with WP11, with the agreement of the jurisdiction
- WP11 can raise questions or objections (4 weeks).
- Consensus minus one in WP11 to overturn the self-certification



(Transitional) Qualified Status

Central Record

- WP11 circulates a central record of implementing jurisdictions' legislation that is considered qualified on a transitional basis in the form of AG to the IF for approval and declassification.
- The central record is made publicly available on the OECD website and updated on a regular basis

Recognition of Qualified Status

- Qualified Status is recognised retrospectively as of the effective date of the legislation
- Qualified Status lasts until the full legislative review is completed

Loss of Qualified Status

- Qualified Status is lost if the FLR is not initiated within the agreed timeframe, or the legislation is subject to substantive changes and WP11 overturns the self-certification submitted based on the amended legislation
- WP11 might agree (on a consensus minus one basis) to revoke the QS if the jurisdiction causes a prolonged delay in the FLR
- Loss of Qualified Status only applies prospectively. MNE Groups are still treated as being subject to qualified rules for FYs that began before QS expired or was revoked



FULL LEGISLATIVE REVIEW



Background and Terms of Reference

Background

- Building blocks for the Full Legislative Review were discussed for the first time at June 2024 WP11 meeting
- Secretariat developed a note on the Terms of Reference and the Assessment Methodology that was presented at November 2024 WP11 meeting
- Secretariat is currently working on REV1

Terms of Reference

- **IIR/UTPR:** consistent outcomes + recognition of qualified status
- **QDMTT:** mandatory variations + functionally equivalent outcomes
- **QDMTT Safe Harbour:** Consistency Standard + Accounting Standard



Selected features (i)

Jurisdictions involved

- Possibility to include Non-Inclusive Framework implementing jurisdictions in the peer review process through the identification of “jurisdictions of relevance”.

Documentation to be provided

- More comprehensive SAF and comparison table (e.g. including questions on Chapter 6)
- English or French (unofficial) translation of the legislation

Stakeholders' inputs

- Exploring the possibility to collect inputs from stakeholders on inconsistencies and their impact on the compliance burden and the outcomes of the legislation



Selected features (ii)

Recommendations

- Inconsistencies that need to be fixed retrospectively as of the start of the FY when the recommendation is made
- Inconsistencies that need to be fixed prospectively
- Inconsistencies that need to be monitored

Jurisdiction's Plan

- Jurisdictions will present a plan to address the inconsistencies (official commitment or expectation)
- Monitoring of the recommendations

Decision-making

- Consensus minus one



BENEFITS



Background

- Definition of QIIR, QDMTT and QUTPR prevents implementing jurisdictions from providing benefits related to their rules
- Objective is to protect the integrity of the rule by preventing a jurisdictions from refunding Top-up Tax to the MNE Group
- WP11 is now working on Administrative Guidance and Peer Review Process to protect the integrity of the GloBE Model Rules and ensure co-ordinated outcomes



Planned Approach

Reduction of Adjusted Covered Taxes

- GloBE Model Rules defines Tax as Unrequited Compulsory Payment and provides that any refund must be treated as a reduction to Adjusted Covered Taxes under Art. 4.1.3 (c)
- WP11 is currently working on Admin Guidance that would help MNEs and tax authorities in identifying benefits that must be treated as a refund of tax (e.g. credits, grants and other benefits computed based on income/taxes)

Assessment and monitoring

- WP11 is also working on guidance that clarifies how related benefits are identified and what their impact on the “Qualified Status” of a jurisdiction’s rules is. The Guidance will be supplemented by ongoing monitoring process to ensure co-ordinated assessment
- Monitoring will cover benefits provided by any part of the General Government, including through investment promotion agencies or subnational governmental authorities



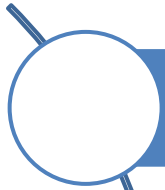
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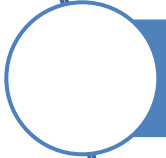
Session 6: Update on the Global Anti-Base Erosion (GloBE) Rules



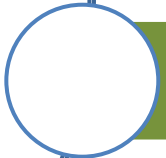
Selected Topics



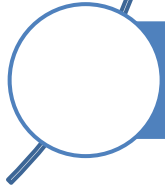
GloBE Information Return



EOI Framework



Tax Certainty and Co-ordinated Administration



Amsterdam Dialogue



TAX CERTAINTY AND CO-ORDINATED ADMINISTRATION



Co-ordinated Administration and Early Certainty

Information

- Possible development of a co-ordinated approach to follow-up information requests

Risk assessment

- Possible development of a common approach to assessing the risks related to the GloBE Rules
- Joint risk assessment and comfort letter (similar to ICAP)
- Advance Certainty (could be bilateral/multilateral and could cover multiple FYs)

Tax audit

- Early co-ordination and common outcomes
- Audit practices – could include systems review



Promoting Co-ordination and Consistent Implementation

Existing Tools

- Features of the GloBE Rules (formula-based approach and rule order)
- Commentary and Administrative Guidance
- Peer Review Process
- Standardised GIR

Potential GloBE Disputes

- Inconsistencies in the transposition of the GloBE Rules into domestic law
- Inconsistencies in the interpretation and application of domestic implementing legislation
- Agreed variations



Ongoing work on Dispute Resolution

Standardised Scope

- Multiple jurisdictions involved
- Qualified rules
- Overtaxation

Optional Exclusions

- QDMTT cases?
- Source of the over taxation?

Use of the GIR: conditions are met where the Top-up Tax liability is greater than the Top-up Tax liability calculated and allocated using the single basis in the GIR



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Next steps



Next meetings

Amsterdam Dialogue

- Kick-off meeting (3 April)
- 1st workshop on upfront compliance (29-30 April)
- 2nd workshop on upfront compliance (17-18 June)

Validations for the GIR XML Schema

- WP10 Expert Sub-Group Meeting (14-16 April)

Working Party 11

- In-person meeting (5-7 May)