

By PwC Deutschland | 06. April 2022

Update: OECD publishes discussion paper on the first building block of Pillar 1

Following the agreement reached in October 2021 by over 135 members of the OECD/G20 Inclusive Framework on BEPS to a two-pillar solution to address the tax challenges arising from digitalization and globalization of the economy, work on the implementation of the two-pillar plan is well under way.

*On 4 February 2022 the OECD has launched public consultation by way of a **discussion paper** on the tax challenges of digitalization with the release of a first building block under Pillar One. Comments can be submitted to the OECD until 18 February 2022.*

Following the agreement reached in October 2021 by over 135 members of the OECD/G20 Inclusive Framework on BEPS to a two-pillar solution to address the tax challenges arising from digitalization and globalization of the economy, work on the implementation of the two-pillar plan is well under way. As part of this next phase, the Inclusive Framework will consult stakeholders on several aspects of Pillar One and Pillar Two over the coming months.

Pillar One

For Amount A of Pillar One, the Inclusive Framework is launching a public consultation that will occur in stages, by releasing Secretariat working documents on each building block to obtain feedback quickly and before the work is finalized. This approach, rather than waiting for a comprehensive document to be ready, will allow work to continue in parallel to remain within the political timetable agreed in October 2021.

On 4 February 2022 the first building block was released for public comments. The Draft Rules for Nexus and Revenue Sourcing have been agreed for release by the Inclusive Framework to obtain public comments, but the draft rules do not reflect consensus regarding the substance of the document. Interested parties are invited to send their written comments no later than 18 February 2022.

For Amount B of Pillar One, a public consultation document will be issued in mid-2022, with a public consultation event to follow the comment period.

Pillar Two

The Pillar Two Model Rules issued in December 2021 provide a template for domestic implementation of the GloBE Rules. These Rules will be supported by a Commentary to provide tax administrations and taxpayers with guidance on the interpretation and application of those Rules, which is currently under development, also drawing on input from a Business Advisory Group set up by BIAC.

An Implementation Framework is being developed to facilitate the coordinated implementation of the GloBE rules and will address administrative and compliance issues, including the development of safe harbors. A public consultation on the Implementation Framework will be launched later this month, with a consultation event to follow in March.

For the Subject to Tax Rule (STTR) of Pillar Two, the draft model provision and its commentary will be released in March 2022 with a defined set of questions set for input. A public discussion draft on the development of a multilateral instrument to facilitate the implementation of the STTR would also be released for comment at the same time.

Further information on the two-pillar solution for addressing the tax challenges arising from digitalization and globalization of the economy is available [here](#).

The complete PUBLIC CONSULTATION DOCUMENT can be found [here](#).

Update (6 April 2022)

EU Finance Ministers did not reach unanimous support for the proposed Pillar Two Directive at their meeting on 15 March. Yesterday's ECOFIN meeting on 5 April 2022 also saw no agreement, as Poland still did not approve. - The next ECOFIN meeting will take place on 24 May 2022.

For an interim information here's PwCs [Tax Policy Alert from 15 March 2022](#).

Update (22 February 2022)

On 18 February 2022, the OECD published its invitation for public input on the draft rules for tax base determinations under Amount A of Pillar One ("[Pillar One - Amount A: Draft Model Rules for Tax Base Determinations](#)"), which contains further specific aspects of the planned regulations on Amount A. This document is only a current working draft, changes to the rules are to be expected. Interested parties are invited to send their written comments no later than 4 March 2022.

For more information on the consultation document "*Pillar One – Amount A Draft Model Rules on Tax Base Determinations*" we recommend the [PwC Tax Policy Alert from 22 February 2022](#).

Source:

OECD [press release of 4 February 2022](#).

Schlagwörter

[Pillar One](#), [Pillar Two](#), [digitalization](#)