

The OECD's 2-Pillars (Pillar I,
Pillar II) International
Taxation Rules Reform
Efforts Were Supported by
130 Countries

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130 countries and jurisdictions backed a minimum corporate tax rate as well as measures to share the tax gains from international corporations like Facebook and Google, clearing the way for major reforms in global taxation.

The compromise reached in negotiations at the Organization for Economic Cooperation and Development sets the way for the Group of 20 finance ministers to sign off on an agreement in principle at a conference in Venice next week, after years of missteps and setbacks.

That might imply rules in place as early as 2023 to combat tax evasion by requiring multinational corporations to pay an effective corporate rate of "at least 15 percent" and giving smaller countries greater tax gains from global corporations.

In this context, information on two-pillars international taxation rules is included in the statement published by the OECD on 1 July 2021 on the subject. With Pillar I, it is envisaged that the taxation right on profits/earnings of more than USD 100 billion per year will be granted to the countries where this income is obtained. With Pillar II, it is planned to increase the annual additional global tax revenues by applying a global minimum corporate tax of at least 15%.

As it stands, the OECD statement released on Thursday modified previous ideas, stating that the proportion of profit to be reallocated should be between 20% and 30% of residual profit above a 10% margin, potentially increasing tax gains for smaller economies.

It also states that businesses with revenues over 20 billion euros (\$24 billion) will be subject to the new taxation rules. The Inclusive Framework agreed to reassess the parameters after seven years and lower the barrier to ten billion euros as a concession to smaller economies.

According to the OECD, the smallest economies will also gain from a lower threshold for taxing corporations. You may access OECD's "Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy" via clicking [here](#).

Kind Regards,

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