2020 G20 Riyadh Summit Final Compliance Report

Prepared by

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Feedback, as always, is welcome and is kept anonymous.
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7. International Taxation: BEPS

"We remain committed to further progress on both pillars and urge the G20/OECD Inclusive Framework on BEPS to address the remaining issues with a view to reaching a global and consensus-based solution by mid-2021."

G20 Riyadh Leaders' Declaration

Assessment

	No Compliance	Partial Compliance	Full Compliance
Argentina			+1
Australia			+1
Brazil			+1
Canada			+1
China			+1
France			+1
Germany			+1
India			+1
Indonesia			+1
Italy			+1
Japan			+1
Korea			+1
Mexico			+1
Russia			+1
Saudi Arabia			+1
South Africa			+1
Turkey			+1
United Kingdom			+1
United States			+1
European Union			+1
Average	+1.00 (100%)		

Background

On 19 July 2013, the Organisation for Economic Co-operation and Development (OECD) issued the Action Plan on Base Erosion and Profit Shifting (BEPS).[2662] On 6 September 2013, at the St. Petersburg Summit, the G20 leaders fully endorsed "the ambitious and comprehensive Action Plan — originated in the OECD — aimed at addressing base erosion and profit shifting with mechanism to enrich the Plan as appropriate," welcomed "the establishment of the G20/OECD BEPS project" and encouraged all interested countries to participate.[2663] Implementation details of the BEPS Action Plan developed thereafter constitute the BEPS package with 15 actions that equip governments with the necessary domestic and international instruments to ensure that profits are taxed where economic activities that generate the profits are performed and where value is created.[2664] The BEPS package also gives businesses greater certainty by reducing disputes over the application of international tax

[2662] Action Plan on Base Erosion and Profit Shifting, Organisation for Economic Cooperation and Development (Paris) 19 July 2013. Access Date: 11 January 2021. https://www.oecd.org/tax/beps/action-plan-on-base-erosion-and-profit-shifting-9789264202719-en.htm
[2663] G20 Leaders' Declaration St. Petersburg, G20 Information Centre (Toronto) 6 September 2013. Access Date: 11 January 2021. https://www.ranepa.ru/ciir/sfery-issledovanij/gruppa-dvadtsati/dokumenty-gruppy-dvadtsati/sankt-peterburg-2013/Saint_Petersburg_Declaration_ENG.pdf
[2664] BEPS Actions, Organisation for Economic Cooperation and Development (Paris) 2015. Access Date: 11 January 2021. https://www.oecd.org/tax/beps/beps-actions/

rules and by standardizing compliance requirements. The OECD/G20 Inclusive Framework on BEPS was established to expand the coverage of measures to tackle BEPS and brings together 137 countries and jurisdictions to collaborate on implementing its recommendations.[2665] Commitments to address BEPS have been reiterated at all subsequent G20 summits since St. Petersburg.

In 2019 in Osaka G20 leaders reaffirmed the importance of the worldwide implementation of the BEPS package and enhanced tax certainty. They welcomed the progress on addressing the tax challenges arising from digitalization and endorsed the work program that consists of a two-pillar approach, developed by the Inclusive Framework on BEPS.

In 2020 in Riyadh summit declaration G20 leaders welcomed the Reports on the Blueprints for Pillar 1 and Pillar 2 approved for public release by the G20/OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS) and committed to further progress on both pillars and urged the G20/OECD Inclusive Framework on BEPS to address the remaining issues with a view to reaching a global and consensus-based solution by mid-2021.

Commitment Features

This commitment refers to BEPS Action 1 Tax Challenges Arising from Digitalisation. It is the top priority for the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework. In May 2019, the Inclusive Framework issued the Programme of Work to Develop a Consensus Solution to the Tax Challenges Arising from the Digitalisation of the Economy.[2666] It explores technical design implementation issues that must be refined to develop a comprehensive and consensus-based solution. It includes concrete proposals for the two challenges facing the international income tax in the digital economy: changing the allocation of taxing rights through a coherent and concurrent review of the profit allocation and nexus rules (Pillar 1) and remaining BEPS issues and minimum taxation (Pillar 2).[2667]

We remain committed to further progress on both pillars and urge the G20/OECD Inclusive Framework on BEPS to address the remaining issues with a view to reaching a global and consensus-based solution by mid-2021.

Commitment requires taking actions on both pillars.

Pillar 1- Re-allocation of taxing rights

- Addresses the question of business presence and activities without physical presence;
- Will determine where tax should be paid and on what basis;
- Will determine what portion of profits could or should be taxed in the jurisdictions where customers and/or users are located.

Key elements of Pillar One can be grouped into three components: a new taxing right for market jurisdictions over a share of residual profit calculated at an multinational enterprise group (or segment) level; a fixed return for certain baseline marketing and distribution activities taking place

[2665] OECD/G20 Inclusive Framework on BEPS, Organisation for Economic Cooperation and Development (Paris) 2015. Access Date: 11 January 2021. https://www.oecd.org/tax/beps/flyer-inclusive-framework-on-beps.pdf
[2666] Programme of Work to Develop a Consensus Solution to the Tax Challenges Arising from the Digitalisation of the Economy, OECD (Paris) 29 May 2019. Access Date: 11 January 2021. https://www.oecd.org/tax/beps/programme-of-work-to-develop-a-consensus-solution-to-the-tax-challenges-arising-from-the-digitalisation-of-the-economy.pdf
[2667] Programme of Work to Develop a Consensus Solution to the Tax Challenges Arising from the Digitalisation of the Economy, OECD (Paris) 29 May 2019. Access Date: 11 January 2021. https://www.oecd.org/tax/beps/programme-of-work-to-develop-a-consensus-solution-to-the-tax-challenges-arising-from-the-digitalisation-of-the-economy.pdf

physically in a market jurisdiction; and processes to improve tax certainty through effective dispute prevention and resolution mechanisms.[2668]

Taking actions on or actively publicly supporting these components is necessary to comply with this part of the commitment.

Pillar 2 – Global anti-base erosion mechanism

- Will help to stop the shifting of profits to low or no tax jurisdiction facilitated by new technologies;
- Will ensure a minimum level of tax is paid by multinational enterprises;
- Levels the playing field between traditional and digital companies;

Pillar Two addresses remaining BEPS challenges and is designed to ensure that large internationally operating businesses pay a minimum level of tax regardless of where they are headquartered or the jurisdictions they operate in. It does so via a number of interlocking rules that seek to (i) ensure minimum taxation while avoiding double taxation or taxation where there is no economic profit, (ii) cope with different tax system designs by jurisdictions as well as different operating models by businesses, (iii) ensure transparency and a level playing field, and (iv) minimise administrative and compliance costs.[2669]

Taking actions on or actively publicly supporting these components is necessary to comply with this part of the commitment.

To achieve full compliance G20 member needs to implement actions on both pillars or publicly support OECD process (in case when G20 member does not want to proceed with actions without a consensus solution). If a G20 member takes actions only on one of the pillars, it receives a score of 0. If G20 member does not take any actions and does not support OECD process it receives a score of −1.

Scoring Guidelines

−1	G20 member does not take any actions to further progress on both pillars
0	G20 member takes actions or publicly supports OECD process on Pillar 1 OR Pillar 2
+1	G20 member takes actions or publicly supports OECD process on Pillar 1 AND Pillar 2

Compliance Director: Alexander Ignatov
Lead Analyst: Andrey Shelepov

Argentina: +1

Argentina has fully complied with the commitment to further progress on both of the G20/Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

On 31 January 2021, Argentina notified the Qatar Government that it had completed the internal requirements for the entry into force of the Tax Treaty for the Avoidance of Double Taxation and

[2668] Tax Challenges Arising from Digitalization – Report on Pillar One Blueprint: Inclusive Framework on BEPS, OECD (Paris) 8-9 October 2020. Access Date: 11 January 2021. https://www.oecd-ilibrary.org/sites/beba0634-en/index.html?itemId=/content/publication/beba0634-en&_csp_=71b32056ea489ac3c26f0ea639f0fb6e&itemIGO=oecd&itemContentType=book

[2669] Tax Challenges Arising from Digitalization – Report on Pillar Two Blueprint: Inclusive Framework on BEPS, OECD (Paris) 8-9 October 2020. Access Date: 11 January 2021. https://www.oecd-ilibrary.org/sites/abb4c3d1-en/1/2/1/index.html?itemId=/content/publication/abb4c3d1-en&_csp_=e7df02b7273c00f57848cd6d74af0543&itemIGO=oecd&itemContentType=book#section-d1e494

the Prevention of Fiscal Evasion With Respect to Taxes on Income and on Capital (the Treaty) signed between Argentina and Qatar.[2670]

On 17 February 2021, Argentina and the US agreed to exchange country-by-country reports. The information exchanged through the Country-by-Country reporting will be used by the tax authorities to assess certain risks such as erosion of the tax base and risks related to the transfer of profit and, when appropriate, for economic and statistical analysis.[2671]

On 1 July 2021, Argentina, following virtual talks between 139 nations represented in the OECD's "Inclusive Framework," signed onto a detailed statement for adopting new international tax rules, including a global minimum tax of at least 15 per cent and new rules for allocating taxing rights between nations. The statement also sets out an ambitious timeline, including finalizing the technical work on the agreement by October and starting implementation in 2023. The framework updates key elements of the century-old international tax system, which is no longer fit for purpose in a globalized and digitalized 21st century economy.[2672] Under Pillar One, taxing rights on more than USD100 billion of profit are expected to be reallocated to market jurisdictions each year. The global minimum corporate income tax under Pillar Two – with a minimum rate of at least 15 per cent – is estimated to generate around USD150 billion in additional global tax revenues annually. Additional benefits will also arise from the stabilization of the international tax system and the increased tax certainty for taxpayers and tax administrations.[2673]

Argentina has taken measures to address one of the pillars of G20/OECD Inclusive Framework on BEPS and publicly supported the OECD process.

Thus, Argentina receives a score of +1.

Analyst: Irina Popova

Australia: +1

Australia fully complied with the commitment to further progress on both of the G20/Organisation for Economic Co-operation and Development Inclusive Framework on Base Erosion and Profit Shifting.

On 1 July 2021, Australia, following virtual talks between 139 nations represented in the OECD's "Inclusive Framework," signed onto a detailed statement for adopting new international tax rules, including a global minimum tax of at least 15 per cent and new rules for allocating taxing rights between nations. The statement also sets out an ambitious timeline, including finalizing the technical work on the agreement by October and starting implementation in 2023. The framework updates key elements of the century-old international tax system, which is no longer fit for purpose in a globalized and digitalized 21st century economy.[2674] Under Pillar One, taxing rights on more than USD100 billion of profit are expected to be reallocated to market jurisdictions each year. The global

[2670] Argentina-Qatar tax treaty enters into force, EY (London) 25 February 2021. Access Date: 11 May 2021. https://www.ey.com/en_gl/tax-alerts/argentina-qatar-tax-treaty-enters-into-force
[2671] Argentina: Exchanges of country-by-country reports, agreement with United States, KPMG (Amstelveen) 17 February 2021. Access Date: 11 May 2021. https://home.kpmg/us/en/home/insights/2021/02/tnf-argentina-exchanges-cbc-reports-agreement-united-states.html
[2672] 130 nations endorse global tax overhaul, nine nations hold out, MNE Tax (St. Petersburg) 1 July 2021. Access Date: 24 September 2021. https://mnetax.com/130-nations-endorse-global-tax-overhaul-nine-nations-hold-out-44960
[2673] 130 countries and jurisdictions join bold new framework for international tax reform, OECD (Paris) 1 July 2021. Access Date: 24 September 2021. https://www.oecd.org/newsroom/130-countries-and-jurisdictions-join-bold-new-framework-for-international-tax-reform.htm
[2674] 130 nations endorse global tax overhaul, nine nations hold out, MNE Tax (St. Petersburg) 1 July 2021. Access Date: 24 September 2021. https://mnetax.com/130-nations-endorse-global-tax-overhaul-nine-nations-hold-out-44960

minimum corporate income tax under Pillar Two – with a minimum rate of at least 15 per cent – is estimated to generate around USD150 billion in additional global tax revenues annually. Additional benefits will also arise from the stabilization of the international tax system and the increased tax certainty for taxpayers and tax administrations.[2675]

Australia has publicly supported the OECD process.

Thus, Australia receives a score of +1.

Analyst: Anastasiya Kirillova

Brazil: +1

Brazil has fully complied with the commitment to further progress on both of the G20/Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

On 25 February 2021, Brazil approved three new treaties for the elimination of double taxation and the prevention of tax evasion and avoidance between Brazil and Switzerland, Singapore and the United Arab Emirates. The Treaties are now pending enactment by the President's sanction. The Treaties' provisions are partially aligned with the standards of OECD and its BEPS action plans.[2676]

On 1 March 2021, Brazil introduced legal act Contribuição sobre Intervenção no Domínio Econômico-Internet (640/2021). It will impose tax at a rate of 3 per cent on gross revenue from: advertising, sponsorship or merchandising, content targeting, collection, distribution or treatment of users' data, incentive or influence for the use of services, payment platform, exploitation or dissemination of images, text, video or sound related to a natural or legal person, entities subject to this tax would be legal entities which, as a consequence of exportation of the listed activities in Brazil, accrued revenue in Brazil or abroad.[2677]

Brazil has taken measures to address both of the pillars of G20/OECD Inclusive Framework on BEPS and publicly supported the OECD process.

On 1 July 2021, Brazil, following virtual talks between 139 nations represented in the OECD's "Inclusive Framework," signed onto a detailed statement for adopting new international tax rules, including a global minimum tax of at least 15 per cent and new rules for allocating taxing rights between nations. The statement also sets out an ambitious timeline, including finalizing the technical work on the agreement by October and starting implementation in 2023. The framework updates key elements of the century-old international tax system, which is no longer fit for purpose in a globalized and digitalized 21st century economy.[2678] Under Pillar One, taxing rights on more than USD100 billion of profit are expected to be reallocated to market jurisdictions each year. The global minimum corporate income tax under Pillar Two – with a minimum rate of at least 15 per cent – is estimated to generate around USD150 billion in additional global tax revenues annually. Additional

[2675] 130 countries and jurisdictions join bold new framework for international tax reform, OECD (Paris) 1 July 2021. Access Date: 24 September 2021. https://www.oecd.org/newsroom/130-countries-and-jurisdictions-join-bold-new-framework-for-international-tax-reform.htm
[2676] Brazilian Senate approves three new treaties for the avoidance of double taxation, EY (London) 8 March 2021. Access Date: 11 May 2021. https://www.ey.com/en_gl/tax-alerts/brazilian-senate-approves-three-new-treaties-for-the-avoidance-of-double-taxation
[2677] Brazil: Review of digital services tax proposals, KPMG (Amstelveen) 14 April 2021. Access Date: 11 May 2021. https://home.kpmg/us/en/home/insights/2021/04/tnf-brazil-review-of-digital-services-tax-proposals.html
[2678] 130 nations endorse global tax overhaul, nine nations hold out, MNE Tax (St. Petersburg) 1 July 2021. Access Date: 24 September 2021. https://mnetax.com/130-nations-endorse-global-tax-overhaul-nine-nations-hold-out-44960

benefits will also arise from the stabilization of the international tax system and the increased tax certainty for taxpayers and tax administrations.[2679]

Thus, Brazil receives a score of +1.

Analyst: Irina Popova

Canada: +1

Canada has fully complied with the commitment to further progress on both of the G20/Organisation for Economic Co-operation and Development Inclusive Framework on Base Erosion and Profit Shifting.

On 19 April 2020, the Government of Canada presented the Budget 2021.[2680] The budget included an annex, providing detailed information on the proposed Digital Services Tax (DST) and invited input from stakeholders. The proposed tax is intended to ensure that revenue earned by large businesses – foreign or domestic – from engagement with online users in Canada, including through the collection, processing and monetizing of data and content contributions from those users, is subject to Canadian tax. The DST is intended to be interim in nature – it would apply as of 1 January 2022 until an acceptable multilateral approach comes into effect with respect to the implicated businesses.[2681]

On 5 June 2021, Deputy Prime Minister and Minister of Finance Chrystia Freeland took part in the G7 Finance Ministers' Meeting in London, United Kingdom. The communiqué, signed by all the participants contained strong support for the "efforts underway through the G20/OECD Inclusive Framework to address the tax challenges arising from globalisation and the digitalisation of the economy and to adopt a global minimum tax." The G7 ministers and central bank governors also committed to reach an "equitable solution on the allocation of taxing rights, with market countries awarded taxing rights on at least 20 per cent of profit exceeding a 10 per cent margin for the largest and most profitable multinational enterprises."[2682]

On 1 July 2021, new rules regarding the levying of goods and services tax and harmonized sales tax for digital economy businesses and, in particular, digital platform operators entered into force.[2683]

On 1 July 2021, Canada, following virtual talks between 139 nations represented in the OECD's "Inclusive Framework," signed onto a detailed statement for adopting new international tax rules, including a global minimum tax of at least 15 per cent and new rules for allocating taxing rights between nations. The statement also sets out an ambitious timeline, including finalizing the technical work on the agreement by October and starting implementation in 2023. The framework updates key elements of the century-old international tax system, which is no longer fit for purpose in a

[2679] 130 countries and jurisdictions join bold new framework for international tax reform, OECD (Paris) 1 July 2021. Access Date: 24 September 2021. https://www.oecd.org/newsroom/130-countries-and-jurisdictions-join-bold-new-framework-for-international-tax-reform.htm

[2680] Government of Canada highlights Budget 2021 investments to create a healthy environment for a healthy economy, Government of Canada (Ottawa) 22 April 2021. Access Date: 15 May 2021. https://www.canada.ca/en/department-finance/news/2021/04/government-of-canada-highlights-budget-2021-investments-to-create-a-healthy-environment-for-a-healthy-economy.html.

[2681] Annex 7: Consultations on Other Tax Measures: Supplementary Information, Government of Canada (Ottawa) 22 April 2021. Access Date: 15 May 2021 https://www.budget.gc.ca/2021/report-rapport/anx7-en.html.

[2682] G7 Finance Ministers and Central Bank Governors Communiqué, HM Treasury (London) 5 June 2021. Access Date: 18 June 2021. https://www.gov.uk/government/publications/g7-finance-ministers-meeting-june-2021-communique/g7-finance-ministers-and-central-bank-governors-communique

[2683] GST/HST for digital economy businesses, Government of Canada (Ottawa) 1 July 2021. Access Date: 27 September 2021. https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/digital-economy-gsthst.html globalized and digitalized 21st century economy.[2684] Under Pillar One, taxing rights on more than USD100 billion of profit are expected to be reallocated to market jurisdictions each year. The global minimum corporate income tax under Pillar Two – with a minimum rate of at least 15 per cent – is estimated to generate around USD150 billion in additional global tax revenues annually. Additional benefits will also arise from the stabilization of the international tax system and the increased tax certainty for taxpayers and tax administrations.[2685]

Canada took action on Pillar 1 and Pillar 2 and publicly supported the OECD process.

Thus, Canada receives a score of +1.

Analyst: Andrei Sakharov

China: +1

China has fully complied with the commitment to further progress on both of the G20/Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

On 12 March 2021, the 14th Five-Year Plan was announced. According to the plan, China will improve the management services of international taxation. International taxation was chosen as an important area of work of the Chinese government.[2686]

On 29 March 2021, it was announced that China will adopt a broad range of digitalized measures to regulate tax collections and optimize tax payment services through 2025. The new technologies will also help with real-time verification and monitoring of the invoice issuance process, which will help to prevent tax fraud.[2687]

On 1 July 2021, China, following virtual talks between 139 nations represented in the OECD's "Inclusive Framework," signed onto a detailed statement for adopting new international tax rules, including a global minimum tax of at least 15 per cent and new rules for allocating taxing rights between nations. The statement also sets out an ambitious timeline, including finalizing the technical work on the agreement by October and starting implementation in 2023. The framework updates key elements of the century-old international tax system, which is no longer fit for purpose in a globalized and digitalized 21st century economy.[2688] Under Pillar One, taxing rights on more than USD100 billion of profit are expected to be reallocated to market jurisdictions each year. The global minimum corporate income tax under Pillar Two – with a minimum rate of at least 15 per cent – is estimated to generate around USD150 billion in additional global tax revenues annually. Additional

[2684] 130 nations endorse global tax overhaul, nine nations hold out, MNE Tax (St. Petersburg) 1 July 2021. Access Date: 24 September 2021. https://mnetax.com/130-nations-endorse-global-tax-overhaul-nine-nations-hold-out-44960

[2685] 130 countries and jurisdictions join bold new framework for international tax reform, OECD (Paris) 1 July 2021. Access Date: 24 September 2021. https://www.oecd.org/newsroom/130-countries-and-jurisdictions-join-bold-new-framework-for-international-tax-reform.htm

[2686] The Fourteenth Five-Year Plan for the National Economic and Social Development of the People's Republic of China and the Outline of Long-Term Goals for 2035, Xinhua (Beijing) 13 March 2021. Access Date: 29 March 2021. http://politics.people.com.cn/n1/2021/0313/c1001-32050444.html

[2687] Digital measures to optimize tax collections, China Daily (Beijing) 30 March 2021. Access Date: 31 March 2021. http://english.www.gov.cn/statecouncil/ministries/202103/30/content_WS60626187c6d0719374afbc03.html

[2688] 130 nations endorse global tax overhaul, nine nations hold out, MNE Tax (St. Petersburg) 1 July 2021. Access Date: 24 September 2021. https://mnetax.com/130-nations-endorse-global-tax-overhaul-nine-nations-hold-out-44960

benefits will also arise from the stabilization of the international tax system and the increased tax certainty for taxpayers and tax administrations.[2689]

China has taken actions on Pillar 1 of the OECD process publicly supported both pillars of the OECD process.

Thus, China receives a score of +1.

Analyst: Anastasiya Kirillova

France: +1

France has fully complied with the commitment to further progress on both of the G20/Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

On 4 December 2020, France resumed collection of its digital services tax. "The 3 per cent digital services tax applies to revenues deemed to have been generated in France by digital companies, wherever they are established, which make annual supplies of taxable services of more than EUR25 million in France and EUR750 million worldwide. The tax applies to advertising revenues from services that rely on data collected from internet users, revenues from the provision of a linking service between internet users and the sale of user data for advertising purposes. However, online sales and the digital provision of digital content for buying or selling are expressly excluded from the tax."[2690]

As of March 23, France has implemented a digital service tax.[2691]

On 5 June 2021, Finance Minister Bruno Le Maire took part in the G7 Finance Ministers' Meeting in London, United Kingdom. The communiqué, signed by all the participants contained strong support for the "efforts underway through the G20/OECD Inclusive Framework to address the tax challenges arising from globalisation and the digitalisation of the economy and to adopt a global minimum tax." The G7 ministers and central bank governors also committed to reach an "equitable solution on the allocation of taxing rights, with market countries awarded taxing rights on at least 20 per cent of profit exceeding a 10 per cent margin for the largest and most profitable multinational enterprises."[2692]

On 1 July 2021, France, following virtual talks between 139 nations represented in the OECD's "Inclusive Framework," signed a detailed statement on July 1 for adopting new international tax rules, including a global minimum tax of at least 15 per cent and new rules for allocating taxing rights between nations. The statement also sets out an ambitious timeline, including finalizing the technical work on the agreement by October and starting implementation in 2023. The framework updates key elements of the century-old international tax system, which is no longer fit for purpose in a globalised and digitalised 21st century economy.[2693] Under Pillar One, taxing rights on more than

[2689] 130 countries and jurisdictions join bold new framework for international tax reform, OECD (Paris) 1 July 2021. Access Date: 24 September 2021. https://www.oecd.org/newsroom/130-countries-and-jurisdictions-join-bold-new-framework-for-international-tax-reform.htm
[2690] France to resume collection of digital tax, Pinsent Masons (Paris) 4 December 2020. Access Date: 30 April 2021. https://www.pinsentmasons.com/out-law/news/france-to-resume-collection-of-digital-tax
[2691] What European OECD Countries Are Doing about Digital Services Taxes (Washington DC) 25 March 2021. Access Date: 30 April 2021. https://taxfoundation.org/digital-tax-europe-2020/
[2692] G7 Finance Ministers and Central Bank Governors Communiqué, HM Treasury (London) 5 June 2021. Access Date: 18 June 2021. https://www.gov.uk/government/publications/g7-finance-ministers-meeting-june-2021-communique/g7-finance-ministers-and-central-bank-governors-communique
[2693] 130 nations endorse global tax overhaul, nine nations hold out, MNE Tax (St. Petersburg) 1 July 2021. Access Date: 24 September 2021. https://mnetax.com/130-nations-endorse-global-tax-overhaul-nine-nations-hold-out-44960

USD100 billion of profit are expected to be reallocated to market jurisdictions each year. The global minimum corporate income tax under Pillar Two – with a minimum rate of at least 15 per cent – is estimated to generate around USD150 billion in additional global tax revenues annually. Additional benefits will also arise from the stabilization of the international tax system and the increased tax certainty for taxpayers and tax administrations.[2694]

On 13 July 2021, the EU froze its digital tax plan to tax online tech giants. It came the visit of the US Treasury Secretary in Brussels.[2695]

France has shown progress on the G20/OECD Inclusive Framework on BEPS.

Thus, France receives a score of +1.

Analyst: Pavel Doronin

Germany: +1

Germany has fully complied with the commitment to further progress on both of the G20/Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

On 28 January 2021, Federal Minister of Finance Olaf Scholz took part in the 11th Meeting of the Inclusive Framework on BEPS and made a speech on tax challenges arising from digitalization and the future of international taxation in the framework of the panel discussion.[2696]

On 1 February 2021, Germany made public an answer to the inquiry of several Bundestag deputies concerning, inter alia, its position on taxation in the digital economy. The government expressed its support to the OECD-led process and mentioned it would take further measures concerning digital taxes after the common decision on Pillars 1 and 2 is achieved within the Inclusive Framework.[2697]

On 5 June 2021, Finance Minister Olaf Scholz took part in the G7 Finance Ministers' Meeting in London, United Kingdom. The communiqué, signed by all the participants contained strong support for the "efforts underway through the G20/OECD Inclusive Framework to address the tax challenges arising from globalisation and the digitalisation of the economy and to adopt a global minimum tax." The G7 ministers and central bank governors also committed to reach an "equitable solution on the allocation of taxing rights, with market countries awarded taxing rights on at least 20 per cent of profit exceeding a 10 per cent margin for the largest and most profitable multinational enterprises."[2698]

On 1 July 2021, Germany, following virtual talks between 139 nations represented in the OECD's "Inclusive Framework," signed onto a detailed statement for adopting new international tax rules, including a global minimum tax of at least 15 per cent and new rules for allocating taxing rights between nations. The statement also sets out an ambitious timeline, including finalizing the technical

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[2694] 130 countries and jurisdictions join bold new framework for international tax reform, OECD (Paris) 1 July 2021. Access Date: 24 September 2021. https://www.oecd.org/newsroom/130-countries-and-jurisdictions-join-bold-new-framework-for-international-tax-reform.htm
[2695] Big Tech and Digital Taxation reforms in the EU and MENA, IEMed (Barcelona) 13 August 2021. Access Date: 24 September 2021. https://www.euromesco.net/publication/big-tech-and-digital-taxation-reforms-in-the-eu-and-mena/
[2696] Draft Agenda. 11th Meeting of the Inclusive Framework on BEPS, OECD (Paris) January 2021. Access Date: 5 May 2021. https://www.oecd.org/tax/beps/agenda-oecd-g20-inclusive-framework-on-beps-meeting-january-2021.pdf
[2697] Drucksache 19/26319, German Bundestag (Berlin) 1 February 2021. Access Date: 5 May 2021. https://dipbt.bundestag.de/dip21/btd/19/263/1926319.pdf
[2698] G7 Finance Ministers and Central Bank Governors Communiqué, HM Treasury (London) 5 June 2021. Access Date: 18 June 2021. https://www.gov.uk/government/publications/g7-finance-ministers-meeting-june-2021-communique/g7-finance-ministers-and-central-bank-governors-communique

work on the agreement by October and starting implementation in 2023. The framework updates key elements of the century-old international tax system, which is no longer fit for purpose in a globalized and digitalized 21st century economy.[2699] Under Pillar One, taxing rights on more than USD100 billion of profit are expected to be reallocated to market jurisdictions each year. The global minimum corporate income tax under Pillar Two – with a minimum rate of at least 15 per cent – is estimated to generate around USD150 billion in additional global tax revenues annually. Additional benefits will also arise from the stabilization of the international tax system and the increased tax certainty for taxpayers and tax administrations.[2700]

Germany has publicly supported the OECD-led process on Pillar 1 and Pillar 2. Thus, Germany receives a score of +1.

Analyst: Andrey Shelepov

India: +1

India has fully complied with the commitment to further progress on both of the G20/Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

On 1 July 2021, India adopted a high-level statement containing an outline of a consensus solution to address the tax challenges arising from the digitalisation of the economy. In the statement it was stressed that India "will continue to be constructively engaged for reaching a consensus based ready to implement solution with Pillar one and Pillar two as a package by October and contribute positively for the advancement of the international tax agenda.[2701]"

India expressed public support towards both pillars of BEPS and joined a consensus solution to address the tax challenges arising from the digitalisation of the economy.

Thus, India receives a score of +1.

Analysts: Anastasiya Kirillova and Irina Popova

Indonesia: +1

Indonesia has fully complied with the commitment to further progress on both of the G20/Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

On 24 March 2021, Indonesia issued "Government Regulation in Lieu of Law No. 1 Year 2020 (Perppu-1) followed by the publication of Law No. 2 Year 2020 (Law No. 2) in early 2020, whose agenda also includes the taxation of the digital economy. Along with the implementing Minister of Finance regulation as well as [double taxation] regulation, Indonesia mandates the imposition of [value added tax] on Trading Through Electronic System (PMSE) activities. Income tax obligation will also apply to foreign traders, service providers and/or organisers of PMSE with significant economic presence although implementing regulations have yet to be issued as many are curious to

[2699] 130 nations endorse global tax overhaul, nine nations hold out, MNE Tax (St. Petersburg) 1 July 2021. Access Date: 24 September 2021. https://mnetax.com/130-nations-endorse-global-tax-overhaul-nine-nations-hold-out-44960

[2700] 130 countries and jurisdictions join bold new framework for international tax reform, OECD (Paris) 1 July 2021. Access Date: 24 September 2021. https://www.oecd.org/newsroom/130-countries-and-jurisdictions-join-bold-new-framework-for-international-tax-reform.htm

[2701] India joins OECD/G20 Inclusive Framework tax deal, Public Information Bureau of Government of India (Delhi) 2 July 2021. Access Date: 21 September 2021. https://www.pib.gov.in/PressReleasePage.aspx?PRID=1732150 find out how it will line up along the framework prescribed within the BEPS 2.0 blueprints issued by the OECD/G20 Inclusive Framework."[2702]

In April 2021, Indonesia "delayed the introduction of an income tax or Electronic Transaction Tax on offshore digital businesses that have a significant economic presence in Indonesia until consensus-based solution is reached." Indonesia "temporarily applied a 0 per cent [personal income tax] rate for additional income received from government by health sector workers dealing with COVID-19. Indonesia also provided import duty relief for air and marine transportation vehicles."[2703]

On 27 and 28 January 2021, the OECD/G20 Inclusive Framework on BEPS held a public meeting to provide an update on its ongoing international tax work. Minister of Finance of Indonesia Sri Mulyani Indrawati "stated that, once countries reach an agreement, Indonesia intends to focus on implementation when it assumes the G20 Presidency in 2022. She also called for the creation of a multilateral convention to easily implement the solution in a coordinated manner."[2704]

On 1 July 2021, Indonesia, following virtual talks between 139 nations represented in the OECD's "Inclusive Framework," signed onto a detailed statement for adopting new international tax rules, including a global minimum tax of at least 15 per cent and new rules for allocating taxing rights between nations. The statement also sets out an ambitious timeline, including finalizing the technical work on the agreement by October 2021 and starting implementation in 2023. The framework updates key elements of the century-old international tax system, which is no longer fit for purpose in a globalised and digitalised 21st century economy.[2705] Under Pillar One, taxing rights on more than USD100 billion of profit are expected to be reallocated to market jurisdictions each year. The global minimum corporate income tax under Pillar Two – with a minimum rate of at least 15 per cent – is estimated to generate around USD150 billion in additional global tax revenues annually. Additional benefits will also arise from the stabilisation of the international tax system and the increased tax certainty for taxpayers and tax administrations.[2706]

On 1 September 2021, Indonesia, following the decrease in income tax for interests on bonds received by foreign investors to 10 per cent under the Omnibus Law (Law No. 11 of 2020), announced the same treatment to local investors under Government Regulation No. 91 of 2021. Under this new Regulation, the final income tax rate on interests from bonds received by local investors decreases from 15 per cent to 10 per cent.[2707]

Indonesia has shown progress on the G20/OECD Inclusive Framework on BEPS.

[2702] COVID-19 transforms Indonesia's digital economy and TP landscape, International Tax Review (London) 24 March 2021. Access Date: 30 April 2021. https://www.internationaltaxreview.com/article/b1r2w08ycnp7hg/covid-19-transforms-indonesias-digital-economy-and-tp-landscape
[2703] OECD Secretary-General Tax Report to G20 Finance Ministers and Central bank Governors, OECD (Paris) April 2021. Access Date: 30 April 2021. https://www.oecd.org/tax/oecd-secretary-general-tax-report-g20-finance-ministers-april-2021.pdf
[2704] OECD Inclusive Framework political leaders promote global consensus following OECD's public consultation on Pillar One and Two Blueprints, EY (London) 1 February 2021. Access Date: 30 April 2021. https://taxnews.ey.com/news/2021-0234-oecd-inclusive-framework-political-leaders-promote-global-consensus-following-oecds-public-consultation-on-pillar-one-and-two-blueprints?uAlertID=Sdpercent 2FG8rua1oj6percent 2Fl58EZ2AiApercent 3Dpercent 3D
[2705] 130 nations endorse global tax overhaul, nine nations hold out, MNE Tax (St. Petersburg) 1 July 2021. Access Date: 24 September 2021. https://mnetax.com/130-nations-endorse-global-tax-overhaul-nine-nations-hold-out-44960
[2706] 130 countries and jurisdictions join bold new framework for international tax reform, OECD (Paris) 1 July 2021. Access Date: 24 September 2021. https://www.oecd.org/newsroom/130-countries-and-jurisdictions-join-bold-new-framework-for-international-tax-reform.htm
[2707] Leveling the Playing Field, the Government Cuts Income Tax Rate on Bonds for Local Investors, Lexology (London) 10 September 2021. Access Date: 24 September 2021. https://www.lexology.com/library/detail.aspx?g=00d6cae1-bdca-4ab2-b47a-77a05b37b608

Thus, Indonesia receives a score of +1.

Analyst: Pavel Doronin

Italy: +1

Italy has fully complied with the commitment to further progress on both of the G20/Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

On 5 June 2021, Minister of Economy and Finance Daniele Franco took part in the G7 Finance Ministers' Meeting in London, United Kingdom. The communiqué, signed by all the participants contained strong support for the "efforts underway through the G20/OECD Inclusive Framework to address the tax challenges arising from globalisation and the digitalisation of the economy and to adopt a global minimum tax." The G7 ministers and central bank governors also committed to reach an "equitable solution on the allocation of taxing rights, with market countries awarded taxing rights on at least 20 per cent of profit exceeding a 10 per cent margin for the largest and most profitable multinational enterprises."[2708]

On 1 July 2021, Italy, following virtual talks between 139 nations represented in the OECD's "Inclusive Framework," signed onto a detailed statement for adopting new international tax rules, including a global minimum tax of at least 15 per cent and new rules for allocating taxing rights between nations. The statement also sets out an ambitious timeline, including finalizing the technical work on the agreement by October and starting implementation in 2023. The framework updates key elements of the century-old international tax system, which is no longer fit for purpose in a globalized and digitalized 21st century economy.[2709] Under Pillar One, taxing rights on more than USD100 billion of profit are expected to be reallocated to market jurisdictions each year. The global minimum corporate income tax under Pillar Two – with a minimum rate of at least 15 per cent – is estimated to generate around USD150 billion in additional global tax revenues annually. Additional benefits will also arise from the stabilization of the international tax system and the increased tax certainty for taxpayers and tax administrations.[2710]

Italy took action on Pillar 1 and Pillar 2.

Thus, Italy receives a score of +1.

Analyst: Andrei Sakharov

Japan: +1

Japan fully complied with the commitment to further progress on both of the G20/Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

On 5 June 2021, Finance Minister Taro Aso took part in the G7 Finance Ministers' Meeting in London, United Kingdom. The communiqué, signed by all the participants contained strong support for the "efforts underway through the G20/OECD Inclusive Framework to address the tax

[2708] G7 Finance Ministers and Central Bank Governors Communiqué, HM Treasury (London) 5 June 2021. Access Date: 18 June 2021. https://www.gov.uk/government/publications/g7-finance-ministers-meeting-june-2021-communique/g7-finance-ministers-and-central-bank-governors-communique
[2709] 130 nations endorse global tax overhaul, nine nations hold out, MNE Tax (St. Petersburg) 1 July 2021. Access Date: 24 September 2021. https://mnetax.com/130-nations-endorse-global-tax-overhaul-nine-nations-hold-out-44960
[2710] 130 countries and jurisdictions join bold new framework for international tax reform, OECD (Paris) 1 July 2021. Access Date: 24 September 2021. https://www.oecd.org/newsroom/130-countries-and-jurisdictions-join-bold-new-framework-for-international-tax-reform.htm

challenges arising from globalisation and the digitalisation of the economy and to adopt a global minimum tax." The G7 ministers and central bank governors also committed to reach an "equitable solution on the allocation of taxing rights, with market countries awarded taxing rights on at least 20 per cent of profit exceeding a 10 per cent margin for the largest and most profitable multinational enterprises."[2711]

On 1 July 2021, Japan, following virtual talks between 139 nations represented in the OECD's "Inclusive Framework," signed onto a detailed statement for adopting new international tax rules, including a global minimum tax of at least 15 per cent and new rules for allocating taxing rights between nations. The statement also sets out an ambitious timeline, including finalizing the technical work on the agreement by October and starting implementation in 2023. The framework updates key elements of the century-old international tax system, which is no longer fit for purpose in a globalized and digitalized 21st century economy.[2712] Under Pillar One, taxing rights on more than USD100 billion of profit are expected to be reallocated to market jurisdictions each year. The global minimum corporate income tax under Pillar Two – with a minimum rate of at least 15 per cent – is estimated to generate around USD150 billion in additional global tax revenues annually. Additional benefits will also arise from the stabilization of the international tax system and the increased tax certainty for taxpayers and tax administrations.[2713]

On 19 August 2021, the Ministry of Economy, Trade and Industry released the Study Group on International Taxation in the Digital Economy, a report which discusses the group's findings on "what approaches to equitable international taxation will contribute to strengthening the competitiveness of Japanese companies and boosting the economy." The report summary notes that the matters should be addressed in consultation with international discussions, particularly those involving the OECD. Japan has signed onto the OECD's Pillar I and II consultation.[2714]

Japan took action on Pillar 1 and Pillar 2.

Thus, Japan receives a score of +1.

Analyst: Pavel Doronin

Korea: +1

Korea has fully complied with the commitment to further progress on both of the G20/Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

On 22 and 29 December 2020, Korea enacted the 2021 Tax Reform bill. Amendments to the country's tax regime imply some changes in regulations concerning the deduction method in the foreign tax credit regime: the carry-forward period for excess foreign tax credits is extended from 5 years to 10 years. Also, the reform provides a capital gains tax regime for the disposal of virtual assets: gains delivered from the disposal of virtual assets by a foreign individual or foreign corporation are

[2711] G7 Finance Ministers and Central Bank Governors Communiqué, HM Treasury (London) 5 June 2021. Access Date: 18 June 2021. https://www.gov.uk/government/publications/g7-finance-ministers-meeting-june-2021-communique/g7-finance-ministers-and-central-bank-governors-communique

[2712] 130 nations endorse global tax overhaul, nine nations hold out, MNE Tax (St. Petersburg) 1 July 2021. Access Date: 24 September 2021. https://mnetax.com/130-nations-endorse-global-tax-overhaul-nine-nations-hold-out-44960

[2713] 130 countries and jurisdictions join bold new framework for international tax reform, OECD (Paris) 1 July 2021. Access Date: 24 September 2021. https://www.oecd.org/newsroom/130-countries-and-jurisdictions-join-bold-new-framework-for-international-tax-reform.htm

[2714] Interim Report of "Study Group on International Taxation in the Digital Economy" Compiled, METI (Tokyo) 19 August 2021. Access Date: 24 September 2021. https://www.meti.go.jp/english/press/2021/0819_002.html categorized as "other income" subject to withholding tax at the lesser of 11 per cent of the transfer price or 22 per cent of the net capital gains. All the changes are effective after 1 January 2021.[2715]

On 26 July 2021, Korea announced its intention to revise tax codes to allow tax authorities to seize crypto assets held by tax dodgers starting from 2022.[2716]

Korea has taken actions on both pillars of the G20/OECD Inclusive Framework on BEPS to address the remaining taxation issues, associated with digital growth.

Thus, Korea receives a score of +1.

Analyst: Alexander Ignatov

Mexico: +1

Mexico has fully complied with the commitment to further progress on both of the G20/Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

On 29 December 2020, "the Miscellaneous Tax Resolution for 2021 was published in the Official Gazette. It included measures regarding value added tax (VAT) and digital services. The changes to the VAT rules for digital services include the following. As a result of modifications to the VAT law for 2021, it is clarified that foreign residents (whether individuals or legal entities) providing digital services through an intermediary that collects and withholds 100 per cent of the VAT on the sales or transaction price for the foreign residents, are not required to register in the federal tax registry. The legislative measures repeal a requirement for those providing digital 'intermediation' services between third parties to file an update of economic activities. The legislation also includes a rule to the list of requirements to issue the Comprobante Fiscal Digital por Internet by residents in Mexico that provide intermediation services between third parties to suppliers of goods and services residing abroad. In various rules, the concept of individuals who sell goods, provide services, grant accommodation or provide for the 'temporary use or enjoyment of goods' through technological platforms is expanded. The legislation modifies the rule for determining the income limit and treating the withholding made by the technological platforms as the final payment. Also, the legislation withdraws a rule that allowed individuals with business activities that obtain income from operations through technological platforms to credit the income tax withholding. There are new rules for individuals with business activities of selling goods or providing services through the internet via technological platforms. Regarding income received directly from purchasers of the goods or services, these individuals (if considering the tax paid as a 'definitive' payment) must determine their taxable profit, calculate their income tax, and credit the tax withheld by the technological platforms and make the advanced income tax payment by submitting a return (known in English as the 'Income tax payment of individuals in technological platforms return')."[2717]

On 1 July 2021, Mexico, following virtual talks between 139 nations represented in the OECD's "Inclusive Framework," signed onto a detailed statement for adopting new international tax rules, including a global minimum tax of at least 15 per cent and new rules for allocating taxing rights between nations. The statement also sets out an ambitious timeline, including finalizing the technical work on the agreement by October and starting implementation in 2023. The framework updates key

[2715] Korea enacts 2021 tax reform bill, EY Global (London) 21 January 2021. Access Date: 12 May 2021. https://www.ey.com/en_gl/tax-alerts/korea-enacts-2021-tax-reform-bill

[2716] S.Korea to toughen rules to collect cryptocurrencies from tax dodgers, Reuters (Seoul) 26 July 2021. Access Date: 27 September 2021. https://www.reuters.com/business/skorea-toughen-rules-collect-cryptocurrencies-tax-dodgers-2021-07-26/

[2717] Mexico: Tax legislative changes for 2021 and digital services, KPMG (Amstelveen) 11 January 2021. Access Date: 11 May 2021. https://home.kpmg/us/en/home/insights/2021/01/tnf-mexico-tax-legislative-changes-2021-digital-services.html elements of the century-old international tax system, which is no longer fit for purpose in a globalized and digitalized 21st century economy.[2718] Under Pillar One, taxing rights on more than USD100 billion of profit are expected to be reallocated to market jurisdictions each year. The global minimum corporate income tax under Pillar Two – with a minimum rate of at least 15 per cent – is estimated to generate around USD150 billion in additional global tax revenues annually. Additional benefits will also arise from the stabilization of the international tax system and the increased tax certainty for taxpayers and tax administrations.[2719]

Mexico has taken actions to address Pillar 1 of the Inclusive framework and publicly supported the OECD process.

Thus, Mexico receives a score of +1.

Analyst: Irina Popova

Russia: +1

Russia has fully complied with the commitment to further progress on both of the G20/Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

On 23 November 2020, Russia has issued the Federal Law No. 374-FZ concerning amendments to the Tax Code.[2720] As from 1 January 2021, the possibility of securing a zero rate for dividends by means of the look-through approach is no longer an option. The new rules make it even more difficult than before to use existing mechanisms for remitting payments abroad at a low rate of tax, and in particular the look-through approach. Also, the Federal Law amends the provisions of Article 284.2 that apply to income from the sale or other disposal of shares or ownership interests in foreign entities, but only if the state of residence of those foreign entities is not on the Finance Ministry's list of states and territories that provide preferential tax treatment and/or do not require the disclosure or provision of information on financial operations.[2721]

On 1 July 2021, Russia, following virtual talks between 139 nations represented in the OECD's "Inclusive Framework," signed onto a detailed statement for adopting new international tax rules, including a global minimum tax of at least 15 per cent and new rules for allocating taxing rights between nations. The statement also sets out an ambitious timeline, including finalizing the technical work on the agreement by October and starting implementation in 2023. The framework updates key elements of the century-old international tax system, which is no longer fit for purpose in a globalized and digitalized 21st century economy.[2722] Under Pillar One, taxing rights on more than USD100 billion of profit are expected to be reallocated to market jurisdictions each year. The global minimum corporate income tax under Pillar Two – with a minimum rate of at least 15 per cent – is estimated to generate around USD150 billion in additional global tax revenues annually. Additional

[2718] 130 nations endorse global tax overhaul, nine nations hold out, MNE Tax (St. Petersburg) 1 July 2021. Access Date: 24 September 2021. https://mnetax.com/130-nations-endorse-global-tax-overhaul-nine-nations-hold-out-44960
[2719] 130 countries and jurisdictions join bold new framework for international tax reform, OECD (Paris) 1 July 2021. Access Date: 24 September 2021. https://www.oecd.org/newsroom/130-countries-and-jurisdictions-join-bold-new-framework-for-international-tax-reform.htm
[2720] Federal Law 23 November 2020 N 374-FZ 'On Amendments to the Tax Code of the Russian Federation and selected law of the Russian Federation, Rossiyskaya Gazeta (Moscow) 26 November 2020. Access Date: 12 May 2021. https://rg.ru/2020/11/26/nalogi-dok.html
[2721] Key changes in corporate tax law in 2021, EY (Moscow) 20 January 2021. Access Date: 13 May 2021. https://www.ey.com/en_ru/tax/tax-alert/2021/01/ey-key-changes-in-corporate-tax-law-in-2021-20-january-2021-eng
[2722] 130 nations endorse global tax overhaul, nine nations hold out, MNE Tax (St. Petersburg) 1 July 2021. Access Date: 24 September 2021. https://mnetax.com/130-nations-endorse-global-tax-overhaul-nine-nations-hold-out-44960

benefits will also arise from the stabilization of the international tax system and the increased tax certainty for taxpayers and tax administrations.[2723]

On 10 September 2021, the Federal Tax Service, the Ministry of Finance and the Ministry of Digital Development announced that in November 2021 they would present the set of draft amendments to the state tax legislation following the recommendations from the OECD concerning digital taxation matters.[2724]

Russia has taken actions on Pillar 2 of the G20/OECD Inclusive Framework on BEPS to address the remaining taxation issues, associated with digital growth and publicly supported the OECD process on both pillars.

Thus, Russia receives a score of +1.

Analyst: Alexander Ignatov

Saudi Arabia: +1

Saudi Arabia has fully complied with the commitment to further progress on both of the G20/Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

On 2 March 2021, the General Authority of Zakat and Tax released guidelines about value added tax (VAT) registration and payment for online and e-commerce transactions and activities. The guidelines (available in Arabic) provide that it is mandatory for online enterprises to register for VAT if their annual turnover exceeds SAR375,000 (approximately USD100,000). VAT registration is optional if yearly sales fall between SAR187,500 and SAR375,000. Online stores are defined as any digital platform that is used for e-commerce activities, and includes activities on Instagram, Whatsapp, Facebook, and LinkedIn, among others.[2725]

On 1 July 2021, Saudi Arabia, following virtual talks between 139 nations represented in the OECD's "Inclusive Framework," signed onto a detailed statement for adopting new international tax rules, including a global minimum tax of at least 15 per cent and new rules for allocating taxing rights between nations. The statement also sets out an ambitious timeline, including finalizing the technical work on the agreement by October and starting implementation in 2023. The framework updates key elements of the century-old international tax system, which is no longer fit for purpose in a globalised and digitalised 21st century economy.[2726] Under Pillar One, taxing rights on more than USD100 billion of profit are expected to be reallocated to market jurisdictions each year. The global minimum corporate income tax under Pillar Two – with a minimum rate of at least 15 per cent – is estimated to generate around USD150 billion in additional global tax revenues annually. Additional benefits will also arise from the stabilization of the international tax system and the increased tax certainty for taxpayers and tax administrations.[2727]

[2723] 130 countries and jurisdictions join bold new framework for international tax reform, OECD (Paris) 1 July 2021. Access Date: 24 September 2021. https://www.oecd.org/newsroom/130-countries-and-jurisdictions-join-bold-new-framework-for-international-tax-reform.htm
[2724] Russia to discuss issues related to digital taxation, RIA Novosti (Moscow) 10 September 2021. Translation provided by the analyst. Access Date: 22 September 2021. https://ria.ru/20210910/nalog-1749514750.html
[2725] Saudi Arabia: VAT guidelines for e-commerce, KPMG (Amstelveen) 8 March 2021. Access Date: 30 April 2021. https://home.kpmg/us/en/home/insights/2021/03/tnf-saudi-arabia-vat-guidelines-e-commerce.html
[2726] 130 nations endorse global tax overhaul, nine nations hold out, MNE Tax (St. Ptersburg) 1 July 2021. Access Date: 24 September 2021. https://mnetax.com/130-nations-endorse-global-tax-overhaul-nine-nations-hold-out-44960
[2727] 130 countries and jurisdictions join bold new framework for international tax reform, OECD (Paris) 1 July 2021. Access Date: 24 September 2021. https://www.oecd.org/newsroom/130-countries-and-jurisdictions-join-bold-new-framework-for-international-tax-reform.htm

On 14 July 2021, the General Secretariat of Tax Committees has launched an electronic edition of the tax regulations guidance. The electronic edition has been issued to create a comprehensive reference for all tax and zakat regulations. The electronic edition aims to improve the processing times of tax disputes and raise public awareness about the tax regulations.[2728]

On 1 September 2021, Saudi Arabia's Zakat, Tax and Customs Authority, announced a launching of e-invoicing system. The FATOORAH system aims to promote fair competition, tackle the black market, and helping efforts to tackle anti-commercial concealment. The system will be implemented in two phases; it will launch the first phase on 4 December this year and apply to taxpayers whom the E-Invoice Regulation covers. Tax invoices will have to be created and stored along with related debit and credit notices. The second phase will be implemented gradually from January next year. Taxpayers regulated by the FATOORAH regulation will have to stop issuing handwritten invoices or invoices issued manually via text editing software. They will also have to be able to generate and store invoices electronically through a compliant e-invoicing system. It can be a cash register machine, a cloud system, or enterprise resource planning software. The simplified tax invoices must include a QR code, and tax invoices must consist of the VAT number of the buyer if the buyer is a registered VAT taxpayer.[2729]

Saudi Arabia has shown considerable progress on the G20/OECD Inclusive Framework on BEPS.

Thus, Saudi Arabia receives a score of +1.

Analyst: Pavel Doronin

South Africa: +1

South Africa has fully complied with the commitment to further progress on both of the G20/Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

On 25 May 2021, according to the information provided by the South African Reserve Bank, it "embarked on a study to investigate the feasibility, desirability and appropriateness of a central bank digital currency (CBDC) as electronic legal tender, for general-purpose retail use, complementary to cash. A retail CBDC can be defined as a digital form of cash aimed at providing the best attributes of both cash and electronic payments."[2730]

On 1 July 2021, South Africa, following virtual talks between 139 nations represented in the OECD's "Inclusive Framework," signed onto a detailed statement for adopting new international tax rules, including a global minimum tax of at least 15 per cent and new rules for allocating taxing rights between nations. The statement also sets out an ambitious timeline, including finalizing the technical work on the agreement by October and starting implementation in 2023. The framework updates key elements of the century-old international tax system, which is no longer fit for purpose in a globalized and digitalized 21st century economy.[2731] Under Pillar One, taxing rights on more than USD100 billion of profit are expected to be reallocated to market jurisdictions each year. The global

[2728] Electronic edition of tax regulations guidance launched, Lexology (London) 14 July 2021. Access Date: 24 September 2021. https://www.lexology.com/library/detail.aspx?g=8eefd7f2-aeec-4236-9c88-ea9bea2a566c

[2729] E-invoicing system launched, Lexology (London) 1 September 2021. Access date: 24 September 2021. https://www.lexology.com/library/detail.aspx?g=a9f2e7e2-aef2-41a4-98af-9ae8be68fa63

[2730] SARB commences feasibility study for a general-purpose retail central bank digital currency, South Africa Reserve Bank (Pretoria) 25 May 2021. Access Date: 25 May 2021. https://www.resbank.co.za/en/home/publications/publication-detail-pages/media-releases/2021/SARB-commences-feasibility-study-for-a-general-purpose-retail-central-bank-digital-currency

[2731] 130 nations endorse global tax overhaul, nine nations hold out, MNE Tax (St. Petersburg) 1 July 2021. Access Date: 24 September 2021. https://mnetax.com/130-nations-endorse-global-tax-overhaul-nine-nations-hold-out-44960

minimum corporate income tax under Pillar Two – with a minimum rate of at least 15 per cent – is estimated to generate around USD150 billion in additional global tax revenues annually. Additional benefits will also arise from the stabilization of the international tax system and the increased tax certainty for taxpayers and tax administrations.[2732]

South Africa has shown support for both pillars of the OECD process.

Thus, South Africa receives a score of +1.

Analyst: Alexander Ignatov

Turkey: +1

Turkey has fully complied with the commitment to further progress on both of the G20/Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

On 14 June 2021, Law No. 7326 on Restructuring of Certain Receivables and Amendments to Certain Laws came into effect. Law introduced a new tax amnesty and tax base increase law. It covers the tax receivables, the delay interest and tax penalties derived from these tax receivables, and other penalties not derived from a tax principal related to the periods before 30 April 2021. At first deadline for envisaged application to benefit from this amnesty was stipulated as 31 August 2021. However, on 27 August 2021, new Presidential Decree extended the deadline for making this application till 30 September 2021. In addition, the first installment payment period (30 September 2021) for the relevant applications has been extended by one month. Thus, the last day of the first installment payment period is now rearranged as 1 November 2021.[2733]

On 1 July 2021, Turkey, following virtual talks between 139 nations represented in the OECD's "Inclusive Framework" signed onto a detailed statement for adopting new international tax rules, including a global minimum tax of at least 15 per cent and new rules for allocating taxing rights between nations. The statement also sets out an ambitious timeline, including finalizing the technical work on the agreement by October and starting implementation in 2023. The framework updates key elements of the century-old international tax system, which is no longer fit for purpose in a globalised and digitalised 21st century economy.[2734] Under Pillar One, taxing rights on more than USD100 billion of profit are expected to be reallocated to market jurisdictions each year. The global minimum corporate income tax under Pillar Two – with a minimum rate of at least 15 per cent – is estimated to generate around USD 150 billion in additional global tax revenues annually. Additional benefits will also arise from the stabilisation of the international tax system and the increased tax certainty for taxpayers and tax administrations.[2735]

Turkey has shown substantive progress on the G20/OECD Inclusive Framework on BEPS and publicly supported the OECD process.

[2732] 130 countries and jurisdictions join bold new framework for international tax reform, OECD (Paris) 1 July 2021. Access Date: 24 September 2021. https://www.oecd.org/newsroom/130-countries-and-jurisdictions-join-bold-new-framework-for-international-tax-reform.htm

[2733] Deadline Extended for Tax Amnesty and Tax Base/Tax Increase, Lexology (London) 27 August 2021. Access Date: 24 September 2021. https://www.lexology.com/library/detail.aspx?g=fc396047-a16e-4f50-b41f-e3ffe4b0f818

[2734] 130 nations endorse global tax overhaul, nine nations hold out, MNE Tax (St. Petersburg) 1 July 2021. Access Date: 24 September 2021. https://mnetax.com/130-nations-endorse-global-tax-overhaul-nine-nations-hold-out-44960

[2735] 130 countries and jurisdictions join bold new framework for international tax reform, OECD (Paris) 1 July 2021. Access Date: 24 September 2021. https://www.oecd.org/newsroom/130-countries-and-jurisdictions-join-bold-new-framework-for-international-tax-reform.htm

Thus, Turkey receives a score of +1.

Analyst: Pavel Doronin

United Kingdom: +1

The United Kingdom has fully complied with the commitment to further progress on both of the G20/Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

From 1 April 2020, the UK government introduced a 2 per cent digital tax on the revenues of search engines, social media services and online marketplaces which derive value from UK users.[2736]

In December 2020, the UK published the paper "[value added tax] (VAT) and the Sharing Economy: Call for Evidence." The aim of this call for evidence was to test the government's view of the VAT challenges the Sharing Economy creates. The paper, inter alia, states that the UK government has been closely involved in the OECD-led process on Pillars 1 and 2.[2737]

On 5 June 2021, Chancellor Rishi Sunak took part in the G7 Finance Ministers' Meeting in London, United Kingdom. The communiqué, signed by all the participants contained strong support for the "efforts underway through the G20/OECD Inclusive Framework to address the tax challenges arising from globalisation and the digitalisation of the economy and to adopt a global minimum tax." The G7 ministers and central bank governors also committed to reach an "equitable solution on the allocation of taxing rights, with market countries awarded taxing rights on at least 20 per cent of profit exceeding a 10 per cent margin for the largest and most profitable multinational enterprises."[2738]

On 1 July 2021, the United Kingdom, following virtual talks between 139 nations represented in the OECD's "Inclusive Framework," signed onto a detailed statement for adopting new international tax rules, including a global minimum tax of at least 15 per cent and new rules for allocating taxing rights between nations. The statement also sets out an ambitious timeline, including finalizing the technical work on the agreement by October and starting implementation in 2023. The framework updates key elements of the century-old international tax system, which is no longer fit for purpose in a globalized and digitalized 21st century economy.[2739] Under Pillar One, taxing rights on more than USD100 billion of profit are expected to be reallocated to market jurisdictions each year. The global minimum corporate income tax under Pillar Two – with a minimum rate of at least 15 per cent – is estimated to generate around USD150 billion in additional global tax revenues annually. Additional benefits will also arise from the stabilization of the international tax system and the increased tax certainty for taxpayers and tax administrations.[2740]

[2736] Digital Services Tax, UK Government (London) 11 March 2020. Access Date: 5 May 2021. https://www.gov.uk/government/publications/introduction-of-the-digital-services-tax/digital-services-tax.
[2737] VAT and the Sharing Economy: Call for Evidence, HM Treasury (London) December 2020. Access Date: 5 May 2021. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/942573/Call_for_Evidence_-_VAT_and_the_Sharing_Economy.pdf.
[2738] G7 Finance Ministers and Central Bank Governors Communiqué, HM Treasury (London) 5 June 2021. Access Date: 18 June 2021. https://www.gov.uk/government/publications/g7-finance-ministers-meeting-june-2021-communique/g7-finance-ministers-and-central-bank-governors-communique
[2739] 130 nations endorse global tax overhaul, nine nations hold out, MNE Tax (St. Petersburg) 1 July 2021. Access Date: 24 September 2021. https://mnetax.com/130-nations-endorse-global-tax-overhaul-nine-nations-hold-out-44960
[2740] 130 countries and jurisdictions join bold new framework for international tax reform, OECD (Paris) 1 July 2021. Access Date: 24 September 2021. https://www.oecd.org/newsroom/130-countries-and-jurisdictions-join-bold-new-framework-for-international-tax-reform.htm

Despite taking its own domestic measures on taxation in the digital economy without waiting for the final OECD process outcomes, the UK has publicly supported OECD process on Pillars 1 and 2.

Thus, the United Kingdom receives a score of +1.

Analyst: Andrey Shelepov

United States: +1

The United States has fully complied with the commitment to further progress on both of the G20/Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

On 5 June 2021, Treasury Secretary Janet Yellen took part in the G7 Finance Ministers' Meeting in London, United Kingdom. The communiqué, signed by all the participants contained strong support for the "efforts underway through the G20/OECD Inclusive Framework to address the tax challenges arising from globalisation and the digitalisation of the economy and to adopt a global minimum tax." The G7 ministers and central bank governors also committed to reach an "equitable solution on the allocation of taxing rights, with market countries awarded taxing rights on at least 20 per cent of profit exceeding a 10 per cent margin for the largest and most profitable multinational enterprises."[2741]

On 1 July 2021, the United States, following virtual talks between 139 nations represented in the OECD's "Inclusive Framework," signed onto a detailed statement for adopting new international tax rules, including a global minimum tax of at least 15 per cent and new rules for allocating taxing rights between nations. The statement also sets out an ambitious timeline, including finalizing the technical work on the agreement by October and starting implementation in 2023. The framework updates key elements of the century-old international tax system, which is no longer fit for purpose in a globalized and digitalized 21st century economy.[2742] Under Pillar One, taxing rights on more than USD100 billion of profit are expected to be reallocated to market jurisdictions each year. The global minimum corporate income tax under Pillar Two – with a minimum rate of at least 15 per cent – is estimated to generate around USD150 billion in additional global tax revenues annually. Additional benefits will also arise from the stabilization of the international tax system and the increased tax certainty for taxpayers and tax administrations.[2743]

The United States took action on Pillar 1 and Pillar 2.

Thus, the United States receives a score of +1.

Analyst: Andrei Sakharov

European Union: +1

The European Union has fully complied with the commitment to further progress on both of the G20/Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

[2741] G7 Finance Ministers and Central Bank Governors Communiqué, HM Treasury (London) 5 June 2021. Access Date: 18 June 2021. https://www.gov.uk/government/publications/g7-finance-ministers-meeting-june-2021-communique/g7-finance-ministers-and-central-bank-governors-communique

[2742] 130 nations endorse global tax overhaul, nine nations hold out, MNE Tax (St. Petersburg) 1 July 2021. Access Date: 24 September 2021. https://mnetax.com/130-nations-endorse-global-tax-overhaul-nine-nations-hold-out-44960

[2743] 130 countries and jurisdictions join bold new framework for international tax reform, OECD (Paris) 1 July 2021. Access Date: 24 September 2021. https://www.oecd.org/newsroom/130-countries-and-jurisdictions-join-bold-new-framework-for-international-tax-reform.htm

On 18 January 2021, the European Commission launched the public consultation on the digital levy. The new initiative proposal is expected to be finalized by mid-2021. The levy will help address the issue of fair taxation related to the digitalization of the economy and, at the same time, is intended to not interfere with the ongoing work at the G20 and OECD level on a reform of the international corporate tax framework.[2744]

On 18 May 2021, the European Commission published the Communication on Business Taxation for the 21st Century. The document provides for a long-term vision of the EU tax system and a tax agenda for 2022-23 with targeted measures to ensure effective taxation. Both parts include measures related to taxation in the digital economy and taxation of multinational enterprises.[2745]

On 5 June 2021, the G7 finance ministers published a communiqué which sets out high-level political agreement on global tax reform, including the reallocation of a share of the global profits of certain businesses to their market countries (Pillar 1) and introduction of a minimum effective tax rate, on a country by country basis, of at least 15 per cent (Pillar Two).[2746]

Despite taking its own domestic measures on taxation in the digital economy without waiting for the final OECD process outcomes, the EU has highlighted that its own internal proposals should not interfere with the OECD work on Pillar 1 and Pillar 2.

Thus, the European Union receives a score of +1.

Analyst: Andrey Shelepov

[2744] A fair & competitive digital economy – digital levy, European Commission (Brussels) January 2021. Access Date: 5 May 2021. https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12836-Digital-Levy/public-consultation_ru.
[2745] Communication on Business Taxation for the 21st Century. European Commission (Brussels) 18 May 2021. Access Date: 27 September 2021. https://ec.europa.eu/taxation_customs/communication-business-taxation-21st-century_en
[2746] G7 Finance Ministers Agree Historic Global Tax Agreement, G7 UK 2021 (London) 5 June 2021. Access Date: 27 September 2021. https://www.g7uk.org/g7-finance-ministers-agree-historic-global-tax-agreement