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## **Input on the Implementation Framework of the global minimum tax**

FAR, the institute for the accountancy profession in Sweden, takes the opportunity to respond on the *Implementation Framework of the global minimum tax*.

### **Introduction**

On March 14th OECD asked for public input on the Implementation Framework of the global minimum tax. The scope of the input doesn't include comments on the policy choices made in the Model Rules or the Commentary themselves. The scope instead focuses the creation of an Implementation Framework and how the rules can be used consistently and coordinated while minimizing compliance costs. This input will be based on the some of the questions published by the OECD.

### **Administrative burden**

The model rules state how MNEs should file information that is needed for applying the GloBE Rules. The GloBE Information Return will be a standardized template provided to the MNEs that is supposed to be sufficient in order to comply with the GloBE Rules. How the template will be developed and how extensive it will be hasn't been revealed. The template is supposed to be released as a part of the Implementation Framework. It is of importance that the template firstly is released as a draft with the request for input on its layout. Since the Information Return will be a central item for MNEs when complying with the GloBE rules it needs to be user friendly without oversimplifying the process. Having a template that is too complex will eliminate any advantages of having a template in the first place. On the other hand, having a template that is too simple would result in MNEs attaching multiple appendices which would increase the cost of complying immensely. The Implementation Framework should therefore clearly state both how the GloBE Information Return will be designed and how meticulous MNEs need to be when filling out the Return. That would mean that MNEs can start ensuring that they have internal system that are sufficient enough to comply with the GloBE Rules. Otherwise, there is a great risk MNEs spend a lot more than is needed only because of the uncertainties in what is needed.

### **Predictable application of the rules**

Implementing an international system where different countries will interpret the rules in relation to their tax rules requires a system where equal situations are handled equally. The risk with the GloBE Rules is that they will be implemented without any real knowledge on how they practically will work. It is of importance that the system is predictable and understandable for the MNEs that will need to comply with it. OECD will have a large role to play in this both before and after the rules come into effect. After the rules are finalized, it is important to eliminate any remaining uncertainties as fast as possible since it will be the companies that are affected negatively if clarifications don't get made.

### **Safe Harbours**

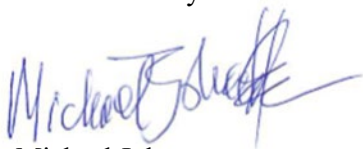
One easy way to ensure that the administrative burden and cost for MNEs is kept at a minimum is the implementation of Safe Harbours. These should be easily understandable and relatively easy to reach in order for MNEs to be able to use them efficiently. An example of a Safe Harbour that could be implemented is in regard of the information collection. If a company is located in a jurisdiction with a certain level of taxation is reached there isn't a need for the same administration to be carried out each year. Instead, there should be an option for MNEs to confirm that the same circumstances are still applicable. With such a system companies wouldn't be required to do unnecessary administrative work when nothing in their business has changed from previous years. Not having to do the same process each year would save the companies time and money while also ensuring that the rules are complied with.

Another way to simplify the process for MNEs is to give certain reliefs to companies based in jurisdictions that are on the so called "White List". Since OECD has the view that these countries comply with international agreed tax standards, MNEs located in these countries maybe should get treated to some sort of benefit. Either by having a simplified process when filing information or have certain conditions when the MNE don't have to leave information. This would mean that the burden for complying with the rules would be shifted more towards the jurisdictions and ease the burden on the MNEs.

### **Concluding remarks**

Since the Implementation Framework hasn't been published this input is largely based general views on the current state of the guidelines. It will be important to allow stakeholders to comment on a draft of the Implementation Framework before it is set in stone. There is a risk that the goal of the Implementation Framework is not fulfilled if these things are considered before the document is finalized.

Yours sincerely



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