

# OECD releases Outcome Statement on the two-pillar solution

13 July 2023

## In brief

On 12 July 2023, the OECD published a [press release](#) and “[Outcome Statement](#)” following the 15th plenary meeting of the OECD/G20 Inclusive Framework on BEPS (IF), which took place in Paris on 10-11 July. The Outcome Statement provides an update on the status and timeline for implementing Amount A and B of Pillar One and the Pillar Two Subject-to-Tax Rule (STTR). The Outcome Statement was approved by [138](#) of the [143](#) IF members (Belarus, Canada, Pakistan, the Russian Federation, and Sri Lanka did not sign, but Kenya and Nigeria did). The Outcome Statement will be delivered to the G20 Finance Ministers and Central Bank Governors at their meeting on 17-18 July.

However, while the Outcome Statement notes progress made on both Pillars, it also acknowledges that differences remain between countries. Importantly, the timeline for releasing a multilateral convention (MLC) for Amount A of Pillar One has been delayed to the second half of 2023 (with a goal of it entering into force during 2025) and the standstill on Digital Services Taxes (DSTs) was conditionally extended. The Outcome Statement also states that during the week beginning 17 July, the OECD will launch a second public consultation on Amount B – where, again, there is clearly not yet full agreement – that will run through the end of August and publish documentation relating to the STTR (with the Multilateral Instrument (MLI) implementing the STTR to be released and open for signature from 2 October 2023).

## In detail

### Amount A

Part I of the Outcome Statement states that the MLC and accompanying Explanatory Statement (which “will set out the common understanding of the MLC”) will be published for signature in the second half of 2023, with a signing ceremony organized by year-end. It also states that the MLC should enter into force during 2025, allowing for the domestic consultation, legislative, and administrative processes applicable in each jurisdiction.

Concerning DSTs and other relevant similar measures, the Outcome Statement notes that 138 IF members conditionally agreed not to enforce any new DSTs or similar measures through 31 December 2024, or until the MLC comes into effect, so long as at least 30 jurisdictions, representing at least 60% of the Ultimate Parent Entities

(UPEs) of in-scope multinationals sign the MLC this year. The Outcome Statement also notes that the standstill on DSTs could be extended to the end of 2025.

**Observation:** While the technical work on Amount A progresses, it is clear that political agreement on the rules is still far from being reached. The Outcome Statement notes that several jurisdictions have “expressed concerns with some specific items in the MLC,” though it does not elaborate on what these concerns are. The [EU Commission's Progress Report on Pillar One](#) (dated 30 June 2023), however, highlights several outstanding issues, including the elimination of double taxation, the marketing and distribution safe harbour (MDSH) and the treatment of withholding taxes, DST measures, the implementation of an autonomous domestic business exemption, as well as the condition of entry into force. This likely explains why the official timeline for the project's completion has yet again been delayed.

**Observation:** The 30-jurisdiction/60% UPE threshold for DST standstill, makes clear that this will only occur if the U.S. signs by 31 December 2023. However, even if the U.S. signs, ratification by the U.S. Senate is not guaranteed.

## Amount B

Part II of the Outcome Statement notes that the OECD will release a consultation document on Amount B during the week beginning 17 July. Stakeholders will have until 1 September to provide input. The Outcome Statement explains several issues the OECD wants input on, including the “appropriateness” of a pricing framework and the application of this framework on wholesale goods. The IF plans to approve a final report on Amount B and incorporate key content into the OECD Transfer Pricing Guidelines by January 2024.

## Subject to Tax Rule (STTR)

Part III of the Outcome Statement provides information on the status of the STTR and also details a timeline for a MLI to implement the STTR (which will modify existing treaties in which corporate income taxes on intra-group interest, royalties, and a defined set of other payments fall below 9%). The STTR model provision and commentary will be published during the week beginning 17 July, with the MLI implementing the STTR to be released and open for signature from 2 October 2023.

## Let's talk

While there is uncertainty around Pillar One (both on the timeline and on whether a critical mass is achievable), many countries have begun implementing Pillar Two. Join our CPE-eligible webcast (“Tax Readiness: The current state of the OECD's two-pillar solution”) for the latest updates on the OECD's two-pillar solution.

July 27, 2023 from 11:00 AM—12:00 PM ET

[Register today](#)

For a deeper discussion of how Pillars One and Two might affect your business, please contact:

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