



**2021/0433(CNS)**

14.3.2022

**\***

## **DRAFT REPORT**

on the proposal for a Council directive on ensuring a global minimum level of taxation for multinational groups in the Union  
(COM(2021)0823 – C9-0040/2022 – 2021/0433(CNS))

Committee on Economic and Monetary Affairs

Rapporteur: Aurore Lalucq

### ***Symbols for procedures***

- \* Consultation procedure
- \*\*\* Consent procedure
- \*\*\*I Ordinary legislative procedure (first reading)
- \*\*\*II Ordinary legislative procedure (second reading)
- \*\*\*III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

### ***Amendments to a draft act***

#### **Amendments by Parliament set out in two columns**

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

#### **Amendments by Parliament in the form of a consolidated text**

New text is highlighted in ***bold italics***. Deletions are indicated using either the **■** symbol or strikeout. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

## CONTENTS

	<b>Page</b>
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION .....	5



## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a Council directive on ensuring a global minimum level of taxation for multinational groups in the Union  
(COM(2021)0823 – C9-0040/2022 – 2021/0433(CNS))**

**(Special legislative procedure – consultation)**

*The European Parliament,*

- having regard to the Commission proposal to the Council (COM(2021)0823),
  - having regard to Article 115 of the Treaty on the Functioning of the European Union, pursuant to which the Council consulted Parliament (C9-0040/2022),
  - having regard to Rule 82 of its Rules of Procedure,
  - having regard to the report of the Committee on Economic and Monetary Affairs (A9-0000/2022),
1. Approves the Commission proposal as amended;
  2. Calls on the Commission to alter its proposal accordingly, in accordance with Article 293(2) of the Treaty on the Functioning of the European Union;
  3. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;
  4. Asks the Council to consult Parliament again if it intends to substantially amend the Commission proposal;
  5. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

### **Amendment 1**

#### **Proposal for a directive**

#### **Recital 5**

*Text proposed by the Commission*

(5) It is necessary to lay down rules in order to establish an efficient and coherent framework for the global minimum level of taxation at Union level. The framework creates a system of two interlocked rules, together referred to as the GloBE rules, through which an additional amount of tax called a top-up tax should be collected each

*Amendment*

(5) It is necessary to lay down rules in order to establish an efficient and coherent framework for the global minimum level of taxation at Union level. The framework creates a system of two interlocked rules, together referred to as the GloBE rules, through which an additional amount of tax called a top-up tax should be collected each

time that the effective tax rate (ETR) of an MNE in a given jurisdiction is below the **15** %. In such case, the jurisdiction is considered to be low-taxed. Those two rules are called the Income Inclusion Rule (IIR) and the Undertaxed Payment Rule (UTPR). Under this system, the parent entity of an MNE located in a Member State has the obligation to apply the IIR to its share of top-up tax relating to any entity of the group that is low-taxed, whether this is located within or outside the Union. The UTPR should act as a backstop to the IIR through a reallocation of any residual amount of top-up tax in cases where not the entire amount of top-up tax relating to low-taxed entities could be collected by parent entities through the application of the IIR.

time that the effective tax rate (ETR) of an MNE in a given jurisdiction is below the **21** %. In such case, the jurisdiction is considered to be low-taxed. Those two rules are called the Income Inclusion Rule (IIR) and the Undertaxed Payment Rule (UTPR). Under this system, the parent entity of an MNE located in a Member State has the obligation to apply the IIR to its share of top-up tax relating to any entity of the group that is low-taxed, whether this is located within or outside the Union. The UTPR should act as a backstop to the IIR through a reallocation of any residual amount of top-up tax in cases where not the entire amount of top-up tax relating to low-taxed entities could be collected by parent entities through the application of the IIR.

Or. en

## Amendment 2

### Proposal for a directive

#### Recital 7

##### *Text proposed by the Commission*

(7) While it is necessary to ensure that tax avoidance practices are discouraged, adverse impacts on smaller MNEs in the internal market should be avoided. For this purpose, this Directive should only apply to entities located in the Union that are members of MNE groups or large-scale domestic groups that meet the annual threshold of at least EUR 750 000 000 of consolidated revenue. This threshold would be consistent with the threshold of existing international tax rules such as the country-by-country reporting rules<sup>9</sup>. Entities within the scope of this Directive are referred to as constituent entities. Certain entities should be excluded from the scope based on their particular purpose and status. Excluded entities would be those that are

##### *Amendment*

(7) While it is necessary to ensure that tax avoidance practices are discouraged, adverse impacts on smaller MNEs in the internal market should be avoided. For this purpose, this Directive should only apply to entities located in the Union that are members of MNE groups or large-scale domestic groups that meet the annual threshold of at least EUR 750 000 000 of consolidated revenue. This threshold would be consistent with the threshold of existing international tax rules such as the country-by-country reporting rules<sup>9</sup>. ***However, flexibility should be provided for Member States who are willing to apply the GloBE Model Rules to smaller entities, while ensuring coherence within the internal market.*** Entities within the scope of this

not profit-driven and perform activities in the general interest and which are, for these reasons, not likely to be subject to tax in the Member State in which they are located. In order to protect those specific interests, it is necessary to exclude *from the scope of the Directive* governmental entities, international organisations, non-profit organisations *and pension funds* from the scope of this Directive.

*Investment funds and real estate investment vehicles should also be excluded from the scope when they are at the top of the ownership chain, since, for those so-called flow-through entities, the income earned is taxed at the level of the owners.*

---

<sup>9</sup> Council Directive (EU) 2016/881 of 25 May 2016 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation, OJ L 146/8 (3 Jun. 2016) [DAC 4].

Directive are referred to as constituent entities. Certain entities should be excluded from the scope based on their particular purpose and status. Excluded entities would be those that are not profit-driven and perform activities in the general interest and which are, for these reasons, not likely to be subject to tax in the Member State in which they are located. In order to protect those specific interests, it is necessary to exclude governmental entities, international organisations *and* non-profit organisations from the scope of this Directive.

---

<sup>9</sup> Council Directive (EU) 2016/881 of 25 May 2016 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation, OJ L 146/8 (3 Jun. 2016) [DAC 4].

Or. en

### Amendment 3

#### Proposal for a directive Recital 12

##### *Text proposed by the Commission*

(12) The ETR of an MNE group in each jurisdiction where it carries out activities or of a large-scale domestic group should be compared to the agreed minimum tax rate of **15 %** in order to determine whether the MNE group or large-scale domestic group is liable to pay a top-up tax and consequently should apply the IIR or the UTPR. The minimum tax rate of **15 %** agreed by the OECD/G20 Inclusive Framework on BEPS reflects a balance amongst corporate tax rates worldwide. In cases where the ETR of an MNE group

##### *Amendment*

(12) The ETR of an MNE group in each jurisdiction where it carries out activities or of a large-scale domestic group should be compared to the agreed minimum tax rate of **21 %** in order to determine whether the MNE group or large-scale domestic group is liable to pay a top-up tax and consequently should apply the IIR or the UTPR. The minimum tax rate of **15%** agreed by the OECD/G20 Inclusive Framework on BEPS reflects a balance *and a minimum standard* amongst corporate tax rates worldwide. In cases

falls below the minimum tax rate in a given jurisdiction, the top-up tax should be allocated to the entities in the MNE group that are liable to pay the tax in accordance with the application of the IIR and the UTPR, in order to comply with the globally agreed minimum effective rate of **15 %**. In cases where the ETR of a large-scale domestic group falls below the minimum tax rate, the UPE at the top of the large-scale domestic group should apply the IIR in respect of its low-taxed constituent entities, in order to ensure that such group is liable to pay tax at an effective minimum rate **of 15 %**.

where the ETR of an MNE group falls below the minimum tax rate in a given jurisdiction, the top-up tax should be allocated to the entities in the MNE group that are liable to pay the tax in accordance with the application of the IIR and the UTPR, in order to comply with the globally agreed minimum effective rate of **15 % or the minimum effective rate of 21% agreed at Union level**. In cases where the ETR of a large-scale domestic group falls below the minimum tax rate, the UPE at the top of the large-scale domestic group should apply the IIR in respect of its low-taxed constituent entities, in order to ensure that such group is liable to pay tax at an effective minimum rate **as defined by the relevant jurisdiction**.

Or. en

#### **Amendment 4**

##### **Proposal for a directive Recital 13**

###### *Text proposed by the Commission*

(13) In order to allow Member States to benefit from the top-up tax revenues collected on their low-taxed constituent entities located in their territory, Member States should **be able to elect** to apply a domestic top-up tax system. Constituent entities of an MNE group that are located in a Member State which has elected to implement rules equivalent to the IIR and the UTPR in their own domestic tax system should pay the top-up tax to this Member State. While leaving Member States some flexibility in the technical implementation of the domestic top-up tax system, such system should ensure the minimum effective taxation of the qualifying income or loss of the constituent entities in the same, or in an equivalent manner, to the

###### *Amendment*

(13) In order to allow Member States to benefit from the top-up tax revenues collected on their low-taxed constituent entities located in their territory, Member States should **have the option** to apply a domestic top-up tax system. Constituent entities of an MNE group that are located in a Member State which has elected to implement rules equivalent to the IIR and the UTPR in their own domestic tax system should pay the top-up tax to this Member State. While leaving Member States some flexibility in the technical implementation of the domestic top-up tax system, such system should ensure the minimum effective taxation of the qualifying income or loss of the constituent entities in the same, or in an equivalent manner, to the IIR and UTPR of this Directive. **Given the**



IIR and UTPR of this Directive.

*risks of circumvention related to the effective collection of the domestic top-up tax, the monitoring of measures that aim to compensate for the potential increase in corporate income tax should be ensured via an update of the Notice on the application of the State aid rules to measures relating to direct business taxation as well as via the Code of Conduct Group on Business Taxation. The Commission should provide assistance in that regard.*

Or. en

## Amendment 5

### Proposal for a directive

#### Recital 14

##### *Text proposed by the Commission*

(14) To ensure a proportionate approach, this exercise should take into consideration certain specific situations in which BEPS risks are reduced. Therefore, the Directive should include a substance carve-out based on the costs associated with employees and the value of tangible assets in a given jurisdiction. This would allow to address, to a certain extent, situations where an MNE group or a large-scale domestic group carries out economic activities which require material presence in a low-taxed jurisdiction as in such case BEPS practices would be unlikely to flourish. The specific case of MNE groups that are at the first stages of their international activity should also be considered in order not to discourage the development of cross-border activities for MNE groups that benefit from low taxation in their domestic jurisdiction where they are predominantly operating. Thus, the low-taxed domestic activities of such groups should be excluded from the application of the rules for a transitional period of **five** years, and

##### *Amendment*

(14) To ensure a proportionate approach, this exercise should take into consideration certain specific situations in which BEPS risks are reduced. Therefore, the Directive should include a substance carve-out based on the costs associated with employees and the value of tangible assets in a given jurisdiction. This would allow to address, to a certain extent, situations where an MNE group or a large-scale domestic group carries out economic activities which require material presence in a low-taxed jurisdiction as in such case BEPS practices would be unlikely to flourish. The specific case of MNE groups that are at the first stages of their international activity should also be considered in order not to discourage the development of cross-border activities for MNE groups that benefit from low taxation in their domestic jurisdiction where they are predominantly operating. Thus, the low-taxed domestic activities of such groups should be excluded from the application of the rules for a transitional period of **three** years, and

provided that the MNE group does not have constituent entities in more than **six** other jurisdictions. In order to ensure equal treatment for large-scale domestic groups, the income from the activities of such groups should also be excluded for a transitional period of **five** years.

provided that the MNE group does not have constituent entities in more than **two** other jurisdictions. In order to ensure equal treatment for large-scale domestic groups, the income from the activities of such groups should also be excluded for a transitional period of **three** years.

Or. en

## Amendment 6

### Proposal for a directive Recital 15

*Text proposed by the Commission*

***(15) Due to its highly volatile nature and the long economic cycle of this industry, the shipping sector is traditionally subject to alternative or supplementary taxation regimes in Member States. To avoid undermining that policy rationale and allow Member States to continue applying a specific tax treatment to the shipping sector in line with international practice and State aid rules, shipping income should be excluded from the system.***

*Amendment*

***deleted***

Or. en

## Amendment 7

### Proposal for a directive Recital 16 a (new)

*Text proposed by the Commission*

***(16a) The application of this Directive to MNE Groups and large scale domestic groups that fall within its scope could give rise to distortions resulting from the existence of distribution tax systems, and require a transitional period of two years***

*Amendment*

*before the minimum tax rate is applied to profit falling under such systems. The impact of the transitional period should be reassessed five years after the entry into force of this Directive.*

Or. en

## **Amendment 8**

### **Proposal for a directive**

#### **Recital 17**

*Text proposed by the Commission*

*Amendment*

*(17) The application of the rules of this Directive to MNE groups and large-scale domestic groups that fall within its scope for the first time could give rise to distortions resulting from the existence of tax attributes, including losses from prior fiscal years, or from timing differences, and require transitional rules to eliminate such distortions. A gradual decrease of the rates for the payroll and the tangible assets carve-outs over ten years should also apply to allow a smooth transition to the new tax system.*

*deleted*

Or. en

## **Amendment 9**

### **Proposal for a directive**

#### **Recital 18**

*Text proposed by the Commission*

*Amendment*

(18) For an efficient application of the system, it is crucial that procedures are coordinated at a group level. It will be necessary to operate a system ensuring the unobstructed flow of information within the MNE group and towards tax administrations where constituent entities

(18) For an efficient application of the system, it is crucial that procedures are coordinated at a group level. It will be necessary to operate a system ensuring the unobstructed flow of information within the MNE group and towards tax administrations where constituent entities

are located. The primary responsibility of filing the information return should lie on the constituent entity itself. A waiver of such responsibility should however apply where the MNE group has designated another entity to file and share the information return. It could be either a local entity or an entity from another jurisdiction that has a competent authority agreement in place with the Member State of the constituent entity. In the first twelve-months after its entry into force, the Commission should review this Directive in line with the agreement reached by the Inclusive Framework on filing requirements under the GloBE implementation framework. Considering the compliance adjustments that this system requires, groups that fall within the scope of this Directive for the first time should be granted a period of 18 months to comply with the information requirements.

are located. The primary responsibility of filing the information return should lie on the constituent entity itself. A waiver of such responsibility should however apply where the MNE group has designated another entity to file and share the information return. It could be either a local entity or an entity from another jurisdiction that has a competent authority agreement in place with the Member State of the constituent entity. In the first twelve-months after its entry into force, the Commission should review this Directive, *via relevant delegated acts*, in line with the agreement reached by the Inclusive Framework on filing requirements under the GloBE implementation framework. Considering the compliance adjustments that this system requires, groups that fall within the scope of this Directive for the first time should be granted a period of 18 months to comply with the information requirements.

Or. en

## Amendment 10

### Proposal for a directive

#### Recital 19

##### *Text proposed by the Commission*

(19) Considering the benefits of transparency in the field of tax, it is encouraging that a significant amount of information will be filed with the tax authorities in all the participating jurisdictions. MNE groups within the scope of this Directive should be obliged to provide comprehensive and detailed information on their profits and effective tax rate in every jurisdiction where they have constituent entities. Such extensive reporting could be expected to increase transparency.

##### *Amendment*

(19) Considering the benefits of transparency in the field of tax, it is encouraging that a significant amount of information will be filed with the tax authorities in all the participating jurisdictions. MNE groups within the scope of this Directive should be obliged to provide comprehensive and detailed information on their profits and effective tax rate in every jurisdiction where they have constituent entities. Such extensive reporting could be expected to increase transparency. ***More transparency in financial disclosure results in benefits for***

*tax administration and more tax certainty for taxpayers. In that context, Council Directive 2011/16/EU<sup>1a</sup> will play a role in facilitating the implementation of this Directive and the future revision of Directive 2011/16/EU will be subject to an impact assessment to be carried out before 31 December 2022.*

---

*<sup>1a</sup> Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC (OJ L 64, 11.3.2011, p. 1).*

Or. en

## **Amendment 11**

### **Proposal for a directive Recital 20**

*Text proposed by the Commission*

(20) The effectiveness and fairness of the global minimum tax reform heavily relies on its worldwide implementation. It will thus be vital that all major trading partners of the Union apply either a qualified IIR or an equivalent set of rules on minimum taxation. In this context, and in support of legal certainty and efficiency of the global minimum tax rules, it is important to further delineate the conditions under which the rules implemented in a third country jurisdiction which will not transpose the rules of the global agreement can be granted equivalence to a qualified IIR. To this end, this Directive should provide for **an** assessment, by the Commission, of the equivalence criteria based on certain parameters together with a listing of third country jurisdictions that meet the equivalence criteria. This list would be modified, through a delegated act,

*Amendment*

(20) The effectiveness and fairness of the global minimum tax reform heavily relies on its worldwide implementation. It will thus be vital that all major trading partners of the Union apply either a qualified IIR or an equivalent set of rules on minimum taxation. In this context, and in support of legal certainty and efficiency of the global minimum tax rules, it is important to further delineate the conditions under which the rules implemented in a third country jurisdiction which will not transpose the rules of the global agreement can be granted equivalence to a qualified IIR. To this end, this Directive should provide for **a first** assessment, by the Commission, of the equivalence criteria based on certain parameters together with a listing of third country jurisdictions that meet the equivalence criteria **by the end of 2023**. This list would be modified, through a

following any subsequent assessment of the legal framework implemented by a third country jurisdiction in its domestic law.

delegated act, following any subsequent assessment of the legal framework implemented by a third country jurisdiction in its domestic law.

Or. en

## Amendment 12

### Proposal for a directive Recital 21 a (new)

*Text proposed by the Commission*

*Amendment*

***(21a) The GloBE Model Rules are likely to be modified, , in particular the rules relating to safe harbours that aim to simplify filing requirements for constituent entities, for which this Directive should ensure the adequate safeguard for control. Therefore, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission to ensure this Directive remains aligned with the international commitments of Member States. .***

Or. en

## Amendment 13

### Proposal for a directive Recital 23 a (new)

*Text proposed by the Commission*

*Amendment*

***(23a) A review clause is introduced in this Directive in order to assess and reconsider certain exemptions and derogations, in particular regarding distribution tax systems and substance-based income exclusion, the relevance of the threshold for MNE Group and large-***

*scale domestic firms in scope and the impact on tax revenues on developing countries. A review clause would be an opportunity to integrate further modification of the GloBE Model rules into EU law if necessary.*

Or. en

## Amendment 14

### Proposal for a directive Article 2 – paragraph 1

*Text proposed by the Commission*

1. This Directive shall apply to constituent entities located in the Union that are members of an MNE group or a large-scale domestic group which has an annual revenue of EUR 750 000 000 or more in its consolidated financial statements in at least two of the last four consecutive fiscal years.

*Amendment*

1. This Directive shall apply to constituent entities located in the Union that are members of an MNE group or a large-scale domestic group which has an annual revenue of EUR 750 000 000 or more in its consolidated financial statements in at least two of the last four consecutive fiscal years. ***Member States may also apply this Directive to MNE groups whose ultimate parent entity is tax resident in the Member State concerned or to large-scale domestic groups which have annual revenues above a nationally defined lower threshold.***

Or. en

## Amendment 15

### Proposal for a directive Article 3 – paragraph 1 – point 12

*Text proposed by the Commission*

(12) ‘minimum tax rate’ means ***fifteen*** percent (***15*** %);

*Amendment*

(12) ‘minimum tax rate’ means ***twenty-one*** percent (***21*** %);

Or. en

## Amendment 16

### Proposal for a directive

#### Article 3 – paragraph 1 – point 32 – point a

##### *Text proposed by the Commission*

(a) a refundable tax credit designed in such a way that it is payable as a cash payment or a cash equivalent to a constituent entity within **four** years from the date when the constituent entity is entitled to receive the refundable tax credit under the laws of the jurisdiction granting the credit; or

##### *Amendment*

(a) a refundable tax credit designed in such a way that it is payable as a cash payment or a cash equivalent to a constituent entity within **two** years from the date when the constituent entity is entitled to receive the refundable tax credit under the laws of the jurisdiction granting the credit; or

Or. en

## Amendment 17

### Proposal for a directive

#### Article 3 – paragraph 1 – point 32 – point b

##### *Text proposed by the Commission*

(b) if the tax credit is refundable in part, the portion of the refundable tax credit that is payable as a cash payment or a cash equivalent to a constituent entity within **four** years from the date when the constituent entity is entitled to receive the partial refundable tax credit;

##### *Amendment*

(b) if the tax credit is refundable in part, the portion of the refundable tax credit that is payable as a cash payment or a cash equivalent to a constituent entity within **two** years from the date when the constituent entity is entitled to receive the partial refundable tax credit;

Or. en

## Amendment 18

### Proposal for a directive

#### Article 4 – paragraph 1 – introductory part

##### *Text proposed by the Commission*

A constituent entity other than a flow-through entity shall be deemed to be

##### *Amendment*

A constituent entity other than a flow-through entity shall be deemed to be



located in the jurisdiction where it is considered as resident for tax purposes based on its place of management, place of creation or similar criteria.

located in the jurisdiction where it is considered as resident for tax purposes based on its place of *effective* management, *namely the place where key management and commercial decisions that are necessary for the conduct of business are taken*, place of creation or similar criteria.

Or. en

## Amendment 19

### Proposal for a directive Article 4 a (new)

*Text proposed by the Commission*

*Amendment*

#### *Article 4a*

##### *Anti-avoidance rules*

- 1. For the purposes of calculating the top-up tax to be levied under this Directive, a Member State shall disregard an arrangement or a series of arrangements which, having been put in place for the essential purpose of obtaining a tax advantage that defeats the object or purpose of this Directive, are not genuine, having regard to all relevant facts and circumstances. An arrangement may comprise more than one step or part.*
- 2. For the purposes of paragraph 1, an arrangement or a series or arrangements, shall be regarded as non-genuine where they are not put in place for valid commercial reasons that reflect economic reality.*

Or. en

## Amendment 20

### Proposal for a directive Article 10 – paragraph 3

*Text proposed by the Commission*

3. Where the amount of qualified domestic top-up tax taken into consideration in the computation of the jurisdictional top-up tax in accordance with Article 26 for a fiscal year has not been fully paid within the **three** following fiscal **years**, the amount of domestic top-up tax that was not paid shall be added to the jurisdictional top-up tax computed in accordance with Article 26(3).

*Amendment*

3. Where the amount of qualified domestic top-up tax taken into consideration in the computation of the jurisdictional top-up tax in accordance with Article 26 for a fiscal year has not been fully paid within the following fiscal **year**, the amount of domestic top-up tax that was not paid shall be added to the jurisdictional top-up tax computed in accordance with Article 26(3).

Or. en

**Amendment 21**

**Proposal for a directive  
Article 13 – paragraph 8 a (new)**

*Text proposed by the Commission*

*Amendment*

**8a. The Commission may, by means of implementing acts, further specify the meaning of the terms used in paragraphs 5 and 6.**

**Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 52a.**

Or. en

**Amendment 22**

**Proposal for a directive  
Article 13 – paragraph 8 b (new)**

*Text proposed by the Commission*

*Amendment*

**8b. The Commission is empowered to adopt delegated acts in accordance with Article 52 in order to modify the formula of paragraph 5, so as to accommodate for a corresponding change of the GloBE**

**Amendment 23**

**Proposal for a directive  
Article 16**

*Text proposed by the Commission*

*Amendment*

[...]

*deleted*

**Amendment 24**

**Proposal for a directive  
Article 19 – paragraph 1 – point c**

*Text proposed by the Commission*

*Amendment*

(c) taxes imposed in lieu of a generally applicable corporate income tax; and

(c) taxes imposed in lieu of a generally applicable corporate income tax,  
*understood as alternatives to corporate income tax*; and

**Amendment 25**

**Proposal for a directive  
Article 21 – paragraph 7 – introductory part**

*Text proposed by the Commission*

*Amendment*

A deferred tax liability that is not paid or reversed within the *five* subsequent fiscal years shall be recaptured to the extent it was taken into account in the total deferred tax adjustment amount of a constituent entity.

A deferred tax liability that is not paid or reversed within the *three* subsequent fiscal years shall be recaptured to the extent it was taken into account in the total deferred tax adjustment amount of a constituent entity.

## Amendment 26

### Proposal for a directive

#### Article 21 – paragraph 7 – subparagraph 2

*Text proposed by the Commission*

The amount of the recaptured deferred tax liability determined for the fiscal year shall be treated as a reduction to the covered tax of the ***fifth*** preceding fiscal year and the effective tax rate and top-up tax of such fiscal year shall be recomputed in accordance with Article 28(1).

*Amendment*

The amount of the recaptured deferred tax liability determined for the fiscal year shall be treated as a reduction to the covered tax of the ***third*** preceding fiscal year and the effective tax rate and top-up tax of such fiscal year shall be recomputed in accordance with Article 28(1).

Or. en

## Amendment 27

### Proposal for a directive

#### Article 21 – paragraph 8 – point c

*Text proposed by the Commission*

***(c) research and development expenses;***

*Amendment*

***deleted***

Or. en

## Amendment 28

### Proposal for a directive

#### Article 21 – paragraph 8 a (new)

*Text proposed by the Commission*

*Amendment*

***8a. The Commission is empowered to adopt delegated acts in accordance with Article 52 to amend any of the items to which an exception accrual applies under paragraph 8, especially in the light of future refinements of the GloBE Model***

**Rules.**

Or. en

**Amendment 29**

**Proposal for a directive**

**Article 25 – paragraph 2 – subparagraph 2 – point a**

*Text proposed by the Commission*

(a) the qualifying income of the constituent entities is the sum of the qualifying income of all constituent entities located in the jurisdiction determined in accordance with Chapter III, taking into account, where applicable, ***the international shipping income exclusion in accordance with Article 16;***

*Amendment*

(a) the qualifying income of the constituent entities is the sum of the qualifying income of all constituent entities located in the jurisdiction determined in accordance with Chapter III, taking into account, where applicable;

Or. en

**Amendment 30**

**Proposal for a directive**

**Article 27 – paragraph 9 a (new)**

*Text proposed by the Commission*

*Amendment*

***9a. The Commission may, by means of implementing acts, further specify the meaning of the terms used in paragraph 1. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 52a.***

Or. en

**Amendment 31**

**Proposal for a directive**

**Article 29 – paragraph 5 a (new)**

*Text proposed by the Commission*

*Amendment*

**5a.** *The Commission may adopt delegated acts in accordance with Article 52 in order to amend the de minimis amounts provided for in paragraph 1, especially in the light of future refinements of the GloBE Model Rules.*

Or. en

## **Amendment 32**

### **Proposal for a directive Article 38 – paragraph 5**

*Text proposed by the Commission*

*Amendment*

5. The outstanding balance, if any, of the deemed distribution tax recapture account at the end of the **fourth** fiscal year after such account was established, shall be treated as a reduction to the adjusted covered taxes in accordance with Article 28(1) for the fiscal year in which such account was established.

5. The outstanding balance, if any, of the deemed distribution tax recapture account at the end of the **second** fiscal year after such account was established, shall be treated as a reduction to the adjusted covered taxes in accordance with Article 28(1) for the fiscal year in which such account was established.

Or. en

## **Amendment 33**

### **Proposal for a directive Article 42 – paragraph 1 – point a**

*Text proposed by the Commission*

*Amendment*

(a) ‘designated local entity’ means the constituent entity of an MNE group that is located in a Member State and has been appointed by the other constituent entities of the MNE group located in the same Member State to file the top-up tax information return and submit the notifications in accordance with this

(a) ‘designated local entity’ means the constituent entity of an MNE group that is located in a Member State and has been appointed by the other constituent entities of the MNE group located in the same Member State to file the top-up tax information return and submit the notifications in accordance with this

Article on their behalf;

Article on their behalf. *When no constituent entity has been appointed by other constituent entities of the MNE group, the designated local entity in charge of filing the top-up tax information shall be the largest entity of the MNE group located in the same Member State in terms of annual revenues for the last two consecutive years ;*

Or. en

#### **Amendment 34**

##### **Proposal for a directive Article 42 – paragraph 7 a (new)**

*Text proposed by the Commission*

*Amendment*

**7a. The Council, acting unanimously on a proposal from the Commission and after obtaining the opinion of the European Parliament, shall adopt the measures necessary to implement the filing obligations under this Directive and ensure the necessary exchange of information.**

Or. en

#### **Amendment 35**

##### **Proposal for a directive Article 46**

*Text proposed by the Commission*

*Amendment*

**Article 46**

**deleted**

***Transitional relief for the substance-based income exclusion***

**1. For the purpose of Article 27(3), the value of 5 % shall be replaced with the values set out in the following table:**

[...]

2. *For the purpose of applying Article 27(4), the value of 5 % shall be replaced the values set out in the following table:*

[...]

Or. en

## Amendment 36

### Proposal for a directive Article 47 – paragraph 2

*Text proposed by the Commission*

2. Where the ultimate parent entity of an MNE group is located in a third country jurisdiction, the top-up tax due by a constituent entity located in a Member State in accordance with Article 13(2) shall be reduced to zero in the first **five** years of the initial phase of the international activity of that MNE group notwithstanding the requirements laid down in Chapter V.

*Amendment*

2. Where the ultimate parent entity of an MNE group is located in a third country jurisdiction, the top-up tax due by a constituent entity located in a Member State in accordance with Article 13(2) shall be reduced to zero in the first **three** years of the initial phase of the international activity of that MNE group notwithstanding the requirements laid down in Chapter V.

Or. en

## Amendment 37

### Proposal for a directive Article 47 – paragraph 3 – point a

*Text proposed by the Commission*

(a) it has constituent entities in no more than **six** jurisdictions; and

*Amendment*

(a) it has constituent entities in no more than **two** jurisdictions; and

Or. en



## Amendment 38

### Proposal for a directive

#### Article 47 – paragraph 3 – point b

*Text proposed by the Commission*

(b) the sum of the net book value of the tangible assets of all the constituent entities of the MNE group other than the constituent entities located in the reference jurisdiction does not exceed EUR **50 000 000**.

*Amendment*

(b) the sum of the net book value of the tangible assets of all the constituent entities of the MNE group other than the constituent entities located in the reference jurisdiction does not exceed EUR **40 000 000**.

Or. en

## Amendment 39

### Proposal for a directive

#### Article 47 – paragraph 4 – introductory part

*Text proposed by the Commission*

4. The period of **five** fiscal years referred to in paragraphs 1 and 2 shall start from the beginning of the fiscal year in which the MNE group falls within the scope of this Directive for the first time.

*Amendment*

4. The period of **three** fiscal years referred to in paragraphs 1 and 2 shall start from the beginning of the fiscal year in which the MNE group falls within the scope of this Directive for the first time.

Or. en

## Amendment 40

### Proposal for a directive

#### Article 50 – paragraph 1

*Text proposed by the Commission*

1. The top-up tax due by an ultimate parent entity located in a Member State in accordance with Article 49 shall be reduced to zero in the first **five** fiscal years, starting from the first day of the fiscal year in which the large-scale domestic group falls within the scope of this Directive for

*Amendment*

1. The top-up tax due by an ultimate parent entity located in a Member State in accordance with Article 49 shall be reduced to zero in the first **three** fiscal years, starting from the first day of the fiscal year in which the large-scale domestic group falls within the scope of

the first time.

this Directive for the first time.

Or. en

#### **Amendment 41**

##### **Proposal for a directive Article 50 – paragraph 2**

*Text proposed by the Commission*

*Amendment*

**2. For large-scale domestic groups that are in scope of this Directive when it enters into force, the five-year period abovementioned shall start on 1 January 2023.**

**deleted**

Or. en

#### **Amendment 42**

##### **Proposal for a directive Article 51 – paragraph 1 – point b**

*Text proposed by the Commission*

*Amendment*

(b) it establishes a minimum effective tax rate of at least **15** % below which a constituent entity is considered as low-taxed;

(b) it establishes a minimum effective tax rate of at least **21** % below which a constituent entity is considered as low-taxed;

Or. en

#### **Amendment 43**

##### **Proposal for a directive Article 52 – paragraph 2**

*Text proposed by the Commission*

*Amendment*

2. The power to adopt delegated acts referred to in **Article** 51(3) shall be conferred on the Commission for an

2. The power to adopt delegated acts referred to in **Articles** 51(3), **13(8b)**, **21(8a)** and **29(5a)** shall be conferred on the

indeterminate period of time from the date of entry into force of this Directive.

Commission for an indeterminate period of time from the date of entry into force of this Directive.

Or. en

#### **Amendment 44**

##### **Proposal for a directive Article 52 – paragraph 3**

###### *Text proposed by the Commission*

3. The delegation of power referred to in **Article 51(3)** may be revoked at any time by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

###### *Amendment*

3. The delegation of power referred to in **Articles 51(3), 13(8b), 21(8a) and 29(5a)** may be revoked at any time by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

Or. en

#### **Amendment 45**

##### **Proposal for a directive Article 52 – paragraph 5**

###### *Text proposed by the Commission*

5. A delegated act adopted pursuant to **Article 51(3)** shall enter into force only if no objection has been expressed by the Council within a period of two months of notification of that act to the Council or if, before the expiry of that period, the Council has informed the Commission that it will not object. That period shall be extended by two months at the initiative of the Council.

###### *Amendment*

5. A delegated act adopted pursuant to **Articles 51(3), 13(8b), 21(8a) and 29(5a)** shall enter into force only if no objection has been expressed by the Council within a period of two months of notification of that act to the Council or if, before the expiry of that period, the Council has informed the Commission that it will not object. That period shall be extended by two months at the initiative of the Council.

**Amendment 46**

**Proposal for a directive  
Article 52 a (new)**

*Text proposed by the Commission*

*Amendment*

**Article 52a**

**Committee procedure**

**1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.**

**2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.**

**Amendment 47**

**Proposal for a directive  
Article 53 a (new)**

*Text proposed by the Commission*

*Amendment*

**Article 53a**

**Review**

**By... [five years after the entry into force of this Directive], the Commission shall review the application of this Directive and report to the Council on its operation. The report shall address whether there is a need to amend this Directive in light of changes and developments in the international tax context, in particular regarding the implementation of the GloBE Model Rules outside the Union and the development of other, unilateral approaches towards minimum effective taxation of MNE groups. The report shall**

*assess the impact of the substance-based income inclusion provision, the implementation of the optional qualified domestic top-up tax and the treatment of distribution tax systems on the effectiveness of ensuring a minimum effective level of taxation. The report shall consider the impact of the Directive on the revenues of least developing countries and shall evaluate the impact of a threshold reduction for MNE Groups and large-scale domestic firms. Where appropriate, the report shall be accompanied by a legislative proposal.*

Or. en

## **Amendment 48**

### **Proposal for a directive Article 53 b (new)**

*Text proposed by the Commission*

*Amendment*

#### *Article 53b*

##### *Delimitation clause*

- 1. This Directive shall not affect the application of domestic or agreement-based provisions on controlled foreign company rules within the meaning of Article 7 of Council Directive (EU) 2016/1164, concerning the right of Member States under Article 3 of that Directive to adopt provisions aimed at safeguarding a higher level of protection for domestic corporate tax bases, especially where stricter controlled foreign company rules follow the recommendations of the 2015 Final Report on Action 3 of the OECD/G20 Base Erosion and Profit Shifting Project.*
- 2. This Directive shall not affect the application of domestic provisions on alternative forms of minimum taxation of domestic groups or companies.*

