The Commission is fully committed to ensuring the timely implementation of the global agreement reached by the Inclusive Framework on 8 October 2021 on a two-pillar solution to address tax challenges arising from the digitalisation of the economy. On 22 December 2021, the Commission put forward a proposal for a Directive implementing the global agreement on minimum effective taxation. The proposal follows closely the OECD Model Rules agreed by the Inclusive Framework on 14 December 2021.

Regional aid aims to support economic development in disadvantaged areas of the EU, while ensuring a level playing field between Member States. The EU guidelines on regional State aid allow Member States to support the least favoured European regions in catching up and to reduce disparities in terms of economic well-being, income and unemployment.

Regional State aid implemented in accordance with State aid rules do not conflict with the application of the substance carve-out of the Commission’s proposal. The substance carve-out, determined as a percentage of payroll costs and tangible assets, reduces the amount of tax base, subject to minimum effective taxation. The 15% minimum tax rate applies to all income including State aid granted, once the adjustments for substance carve-outs have been made.

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1 COM(2021) 823 final.
2 2021/C 153/01.