Kluwer International Tax Blog

Is There a Leak in the OECD's Global Minimum Tax Proposals (GLOBE, Pillar Two)?

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Summary

There might be a leak in the OECD's global minimum tax proposals (GLOBE; Pillar Two). To address the remaining challenges of base erosion and profit shifting (BEPS) by large multinational enterprises the OECD envisages a global minimum level of company taxation and top-up taxation by countries up to that level where other countries do not adhere to the new standard. The objective is to reach political consensus mid this year within the Inclusive Framework, a tax policy discussion platform of the OECD uniting around 140 countries. A blueprint on the system's technical design is currently being debated. If put in place as now devised the Pillar Two system may be prone to be gamed. Parties having an interest in this would be able to raise the minimum level at their discretion – without actually paying more tax – to accordingly circumvent the application of the top-up taxation mechanisms. The key lies in the strategic use of differences between tax accounting and commercial accounting, particularly those in relation to the qualification of financial instruments as debt or equity. Underneath lies the choice to base the Pillar Two system on transfer pricing and single-entity financials. If left unaddressed a new world of tax planning opportunities would likely emerge. Please read further below on how the planning would work, together with references to some alternative reform options to address the challenges raised in international company taxation.

1 Introduction

When I read the Report on the Pillar Two Blueprint of the Inclusive Framework on Base Erosion and Profit Shifting ('BEPS'), recently presented by the OECD, the thought or perhaps better the question came to my mind as to whether, perhaps, there is a leak in the proposals forwarded. The thinking behind the Pillar Two project is to achieve a global minimum level of company taxation for large multinational enterprises and top-up taxation by countries up to that level where other countries do not adhere to the newly established standard. The envisaged creation of such a global minimum level of taxation and its global enforcement should end any unbridled tax competition in the area of multinational business income taxation. The ambition expressed within the Inclusive Framework is to reach political consensus mid this year (2021). If it were to be found that parties, having an interest in this, would be able to raise the minimum level more or less artificially, for example, to accordingly circumvent the application of the top-up taxation mechanisms, this would not, I can imagine, enhance the effectiveness and stability of the system. In this contribution I expand a little on the thought that came to mind when reading the plans – or perhaps now with the elaboration below rather the hypothesis. Only time will tell, of course, if, and if so how, any of this will turn to work out in practice in future. Anyway, here, for the development of some thoughts on the matter, and for the enthusiast.

2 Global minimum level company tax harmonisation

Pillar Two is about achieving a global minimum level company tax harmonisation. At the heart of the project lies the (yet to be determined) minimum level of taxation, the ‘global minimum rate’. This minimum level constitutes the benchmark against which the effective company tax payable in a country (‘effective tax rate’, ‘ETR’) is assessed. The domestic tax is reviewed on its merits, i.e., to determine whether it reaches the required minimum level. The blueprint as it is currently proposed focuses on an ETR benchmark analysis on a country-by-country basis (‘jurisdictional ETR’). The core element of this is the so-called ‘GLOBE tax base’. GLOBE stands for Global Anti Base Erosion. Please do not be tempted to think that the plans forwarded here contain measures to address company tax avoidance. That is not the case. The OECD speaks in terms of ‘addressing remaining BEPS challenges’. The report on Pillar Two however is a proposal for a global benchmark company tax system to curb tax competition.

The system is modelled on the separate-accounting- / arm’s-length-pricing system (SA/ALS), as well known in international corporate taxation. The starting point for the GLOBE base calculation in a country is the commercial accounting profit of the relevant taxable corporate group entities in the respective to be assessed jurisdiction. The commercial profits are pooled at country level, something called ‘jurisdictional blending’. The starting point for establishing the GLOBE base is the profit determination, as based on the accounting rules and principles (IFRS, US GAAP, et cetera) that apply in the residence jurisdiction of the ultimate parent company of the corporate group involved. It is permitted to resort to single-entity financial statements for GLOBE base assessment purposes. This holds if the accounting principles that underlie the preparation of these single-entity financials sufficiently align with those used for the preparation of the consolidated financial statements. Subsequently, some adjustments are made to these commercial profits. The blueprint for instance includes a rudimentary participation exemption regime and provides for a vertical loss offset mechanism. In addition to this, something like a minimum tax-free amount or a basic allowance applies, called the ‘formulaic substance-based carve-out’, set as a percentage of tangible fixed assets and labour costs in the jurisdiction concerned. Furthermore, and this is rather important, the arm’s-length standard applies to the pricing of cross-border intra-group transactions. The exercise culminates in the newly devised GLOBE foundation concept of business income. This GLOBE base then constitutes the denominator in a fraction of which, in short, the corporate tax due in the relevant jurisdiction, the so-called covered taxes, is included in the numerator. The fraction accordingly produces the effective tax rate in that country, the so-called jurisdictional ETR. The jurisdictional ETR, then, is compared to the (to be) agreed upon minimum rate to see if additional taxation, top-up taxation, by another country is required.

Top-up taxation comes into play if and to the extent that the effective tax rate in a country is below the minimum level. Then, corporation tax bills are raised to that minimum level in some other country, or other countries operating in concert. Here we see the concept of export neutrality emerging as an implicit tax policy objective underlying the Pillar Two project (‘same amount of tax payable regardless of where one invests'). To effectuate the envisaged top-up taxation the blueprint provides for four measures:

- the 'subject to tax rule' ('STTR');
- the 'income inclusion rule' ('IIR');
- the 'switch-over rule' ('SOR'), and;
- the 'undertaxed payments rule' ('UTPR').

The STTR is a subject-to-tax gateway criterion for source tax rate reduction eligibility in tax treaty scenarios. The IIR is a Controlled Foreign Companies (CFC) like rule-complex, but then applicable also in relation to low-taxed active (i.e., operational) income instead of top-up taxation as we generally recognise it under CFC-regimes on low-taxed passive (i.e., portfolio investment) income of controlled letter box companies. The SOR concerns a juridical double tax relief measure switching-over from the exemption mechanism to an ordinary credit-like mechanism for income attributable to permanent establishments (PEs) abroad, applicable also to low-taxed active PE-income. Finally, the UTPR concerns a deduction limitation measure on outbound payments to low-taxed foreign group companies, i.e., a measure basically similar to those we know in relation to inter-affiliate interest payments but having a much broader scope to also include inter-affiliate royalty payments and certain payments for services rendered. The blueprint provides for an ordering rule. The STTR comes first, then the IIR/SOR, and lastly the UTPR. The IIR adopts a top-down approach. First, the eyes are on the ultimate parent jurisdiction. This country is first in line to subject the multinational enterprise involved to top-up taxation. If the parent jurisdiction were to be not participating in the Pillar Two project and, hence, not to subject the foreign low-taxed income to top-up tax in the hands of the parent company involved, the eyes will move downwards in the company chain structure. In that event the focus will be put on any intermediate jurisdictions lower in the corporate chain, in search of the first one in line, top-down, that is participating in the Pillar Two project and accordingly subjects the respective intermediate group company involved to top-up taxation. Aside the IIR stands the analytically related SOR that is applied simultaneously. The UTPR, lastly, operates as a safety net measure, as a backstop.

The devised system technically is quite complex, and the measures will need to be applied in all jurisdictions where the multinational enterprise concerned operates its economic activities. For reasons of administrative simplicity, the blueprint provides so-called simplification options, that go by names such as the 'country-by-country reporting ETR safe-harbour', the 'de minimis profit exclusion', a 'single jurisdictional ETR calculation to cover several years' and some 'tax administrative guidance'. These simplification options remain unaddressed here.

3 Gaming the system

3.1 ETR inflation and ETR deflation strategies

When I read through the blueprint, I was struck by the idea that the ETR determination as it currently stands perhaps might be played. The GLOBE base seems a bit naively designed. The GLOBE base as it is currently devised lacks any measures against intra-group transactions aimed at strategically inflating the ETR in low-tax jurisdictions (neither GAARs nor SAARs),[1] aside the arm's-length standard perhaps – i.e., dependent on how one perceives the operation of the arm's length standard: as a mechanism to divide tax base, to target tax abuse, or perhaps to facilitate such; a matter that is in the eye of the beholder. One may think here in terms of structures or arrangements utilising hybrid loans or similar hybrid financial instruments that do not modify the numerator in the ETR fraction (covered taxes) but do modify the denominator in the ETR fraction (GLOBE base). This would drive the ETR upwards, or downwards, dependent on the design and direction of the structuring operation. If companies were to have a finger on the button here, they would have their hands too on the application – or not – of the envisaged top-up tax mechanisms, at least to a certain extent. Pillar Two, then, would be leak. That would seem quite problematic, at least potentially, and for that the matter seems worth some further exploration.

Incentives to circumvent Pillar Two top-up taxation via jurisdictional ETR manipulation

For individual companies and, moreover, for individual countries, there is an inherent incentive to circumvent the effective operation of Pillar Two. For individual companies, a minimum tax payable equals a minimum tax-cost incurred. For countries, a minimum tax equals a floor to their abilities to instrumentalise their corporate income tax systems, for instance as a policy instrument to bind investment to their territories: tax competition. If it were to be found that opportunities would exist to adjust, more or less contrived, the GLOBE base in accordance with the applicable rule-complexes put in place, the operation of the top-up tax mechanisms would become prone to be circumvented via various legal means. That would pave the way to all sorts of new routes to strategise on the effective tax burden. This could perhaps be of some interest to countries and companies that strategically position themselves on the brink of what is still acceptable, at the bare minimum, for instance for tax policy considerations and cost-optimisation considerations respectively. Pillar Two is intrinsically unstable, as it leaves the incentive in place to continue competing on the tax cost.

In jurisdictions where the effective tax burden is close to the minimum level, or even below it, an incentive arises to steer upwards the ETR without altering taxes due, with hybrid financial arrangements for instance. Companies that position themselves on the verge may want to shake off the application of the top-up tax mechanism (STTR, IIR, SOR, UTPR). Countries that position themselves on the verge – I can imagine – may be inclined to facilitate such endeavors. Boosting the ETR can be done, of course, by increasing the covered taxes, the numerator in the ETR fraction. But paying more tax, obviously, does not yield that much in terms of tax costs savings. Alternatively, one may perhaps be tempted to look at the GLOBE base, the denominator in the ETR fraction, to see if it can be narrowed down. Then, the amount of tax due, the covered taxes, does not alter but the ETR nevertheless may be steered upwards: 'ETR inflation'. Such a narrowing down of GLOBE base could perhaps be organised by setting up hybrid interest flows within the group and turning the group entities in the low-tax jurisdictions into group debtors. The interest flows set-up will have to be absorbed at the receiving end of the financial transaction, in the hands of the group creditor. That could be organised perhaps by driving down the ETR in high-tax jurisdictions – where the tax level sits comfortably above the minimum, and where one has some ETR room for manoeuvre, to put it that way, in consequence – by broadening the GLOBE base, the denominator in the ETR fraction, with aforementioned interest flows involved: 'ETR deflation'.[2]

At the same time, it is necessary that the financial arrangement established is hybrid. There needs to be a difference in the qualification of the relevant financing arrangement for the purposes of applicable accounting law (IFRS, US GAAP, et cetera) on the one hand and for corporation tax purposes in the countries involved on the other, a mismatch or disparity that is. In the numerator, after all, we do not want to experience any effects. Only the denominator needs to be altered. It should not be too hard, I imagine, to take care of this. In practice, there is a lot of experience I understand in setting up hybrid financial arrangements that qualify as debt capital under applicable civil laws and applicable accounting law, and which qualify as equity capital for corporate tax purposes in the relevant countries involved, and on which the remunerations paid (interest for civil law and accounting law purposes; dividend for company tax purposes) are not deductible in the hands of the group debtor and are not taxable in the hands of the group creditor (dividend; participation exemption). A long-term subordinated profit participating loan, perhaps, could be an example of this. Some more common financial instruments may be eligible too, perhaps, to be put into place to produce a difference in qualification, preferred shares, for example. These qualify for tax purposes in some countries as equity, for instance in the Netherlands (see Dutch Supreme Court, 7 February 2014, ECLI:NL:HR:2014:181 and ECLI:NL:HR:2014:224). Commercially, under the operation of accounting rules, these qualify as debt (see, for instance, IAS 32). Sometimes, under certain circumstances, the qualification of preferred shares as debt or as equity is at the relevant company's discretion, in the Netherlands, for instance (see the 'Richtlijnen voor de Jaarverslaggeving' (Dutch GAAP) 290). Whereas such hybrid instruments have been used in the past sometimes, pre-BEPS and pre-ATAD 2 (i.e., the EU's Anti Tax Avoidance Directive) that is, to commercialise differences between countries in the qualification of financial transactions for company tax purposes (hybrid mismatch arrangements), it may quite well now turn out to become possible, perhaps, to utilise similar strategies under future Pillar Two operation to turn the ETR-determination knob; at least I could imagine.

3.2 Jurisdictional ETR-planning; a numerical example

The effects can be illustrated with a stylised numerical example. Multinational Enterprise 'Group Q' consists of three group companies, ParentCo in Country X, Sub1 OpCo in Country A and Sub2 OpCo in Country B. First the starting points:

- *Country A*. In Country A, the corporate tax base is $1,000. The corporation tax due by Sub1 OpCo in Country A is $80. For the sake of convenience, let us assume that the GLOBE base in Country A is also $1,000. The ETR (covered tax / GLOBE base) is 80/1,000=8%.
- *Country B*. In Country B, the corporate tax base is also $1,000. The corporation tax due by Sub2 OpCo in Country B is $140. The GLOBE base in Country B is also $1,000. The ETR (covered tax / GLOBE base) is 140/1,000=14%.
- *Country X*. Country X applies a Pillar Two modelled Income Inclusion Rule (IIR). Let us assume that the globally agreed on minimum tax level is 10%.
- *Effect*. ParentCo is subject to Pillar Two style top-up taxation in Country X. The effective tax rate in Country A is 2 percentage points too low (8% instead of 10%). ParentCo therefore owes the Country X tax authorities $20 additional top-up tax (2/1,000*100=20). For the sake of completeness, ParentCo receives an IIR credit, some kind of tax-credit carry forward eligibility that is, a tax-voucher basically eligible to be exchanged for some tax relief at some point.

Fig. 1 Base Case – Top-Up Taxation

	Corporate Tax Base	**GLOBE Base**	**Tax payable**	**Jurisdictional ETR**	**Top-Up Tax (minimum rate 10%)**
Country A (low tax)	1,000	1,000	80	8%	
Country B (high tax)	1,000	1,000	140	14%	
Country X (IIR, top-up tax)	n/a	n/a	n/a	n/a	*20 top-up tax*

Now let us start structuring:

- *Financial arrangement*. We have Sub1 OpCo (group debtor) in Country A to take on a loan from Sub2 OpCo (group creditor) in Country B and have it pay $400 interest on it (loan: principal amount $10,000, arm's length interest: 4%). The loan issued and interest payments made are recognised as such in the single-entity financials of both Sub1 OpCo and Sub2 OpCo, i.e., as debt/receivable and as interest respectively. With the obtained resources Sub1 OpCo acquires a corporate shareholding, for instance via an internal acquisition (intra-group acquisition) or external acquisition (third party acquisition), to which the GLOBE participation exemption applies. Alternatively, Sub1 OpCo could utilise the obtained means to perhaps finance a capital contribution or a dividend distribution, and set-up a cash-carrousel accordingly, perhaps if the operation of the GLOBE participation exemption would turn out to not produce a mismatch between exempt dividend income or exempt capital gains on the one hand and any GLOBE-base-deductible financial expenses on the other; or whatever transaction, to be honest, as long as the funds in Country A do not generate any (immediate) revenue. The financial arrangement is eliminated on consolidation in the group's consolidated financial statements (IFRS, et cetera).
- *Hybrid*. The loan taken on has characteristics of an equity arrangement – e.g., subordinated, long-term maturity, profit participating (e.g., (variable) interest payable depending on profits), et cetera. The financial arrangement is structured in such a way that the financial instrument involved qualifies as equity capital for corporation tax purposes in both Country A and Country B, and is tax-treated accordingly in both countries. Remunerations paid (interest for civil law and accounting law purposes; dividend for company tax purposes) are non-tax-deductible in Country A and are not taxable in Country B (participation exemption). Note that no 'deduction and no inclusion mismatch ('D/NI') outcome' arises here, since the remunerations paid are both taxable and non-deductible. So, any BEPS Action 2 measures or ATAD 2 measures will not kick-in consequently. The taxable base in both Country A and Country B remains $1,000. The corporation tax due in Country A remains unchanged at $80. Corporation tax payable in Country A remains unchanged at $140.
- *ETR fluctuations*. The Pillar Two-modelled IIR in Country X lacks, as said, any GLOBE anti-abuse instrumentation. In Country A, considering Sub1 OpCo's interest payment to Sub2 OpCo, the GLOBE base now moves downward to $600 (1,000-/-400=600). The corporation tax due in Country A nevertheless remains $80. The ETR in Country A, initially 8%, moves upward to 13.3% (80/600*100%=13.3%). In Country B, the GLOBE base now moves upward to $1,400 (1,000+400) considering the interest payments received by Sub2 OpCo from Sub1 OpCo. The corporation tax due in Country B nevertheless remains $140. The ETR in Country B, initially 14%, moves downward to 10% (140/1,400*100%=10%).[3]
- <u>*Effect*</u>. At the level of ParentCo, after the implementation of the financing structure, there is no top-up taxation due. The effective tax rate in Country A is 13,3% and in Country B 10%. The minimum tax level (10%) is nicely met. Accordingly, there is no reason to subject ParentCo to additional tax ($0 additional tax instead of $20). The application of any Pillar Two top-up tax measures is effectively shaken off. The proposed 'jurisdictional blending' has been de facto transformed into a 'worldwide blending' by means of a GLOBE base shifting operation from Country B (high tax) to Country A (low tax), by creating interest charges, more or less contrived, under admittedly business-like (arm's length) considerations. In the light of recent developments in the case law of the Court of Justice of the EU in *Lexel* (C-484/19), any engaging into such a tax-induced arm's length structuring arrangement may quite well end-up not constituting any tax-abuse, considering the third-party market conformity of the financing conditions. Any finding of tax abuse may even become more difficult if a more common financial instrument is used to this

end, such as a cumulative preferred shareholding

Fig. 2 Post Tax-Structuring – No Top-Up Taxation

	Corporate Tax Base	**GLOBE Base**	**Tax payable**	**Jurisdictional ETR**	**Top-Up Tax (minimum rate 10%)**
Country A (‘high’ tax)	1,000	600	80	13.3%	
Country B (‘high’ tax)	1,000	1,400	140	10%	
Country X (IIR, top-up tax)	n/a	n/a	n/a	n/a	*0 (zero top-up tax)*

3.3 What if this would work?

So, what if this would work? (To be honest, I do not immediately see why it would not, but of course I can be wrong.) This would mean that companies and facilitating countries would be able to reverse the effective operation of Pillar Two to at least a significant extent. This, by strategically focusing on the setting up of ETR inflation structures. Countries that might be a little more cynical when it comes to endorsing the Pillar Two initiative would now be enabled to enjoy a free lunch basically, as any participation in the project would not really make that much of a difference substantively at the end of the day. The operation of the system would, in any event and to some extent at least, be at the discretion of the multinational firm involved. It would, after all, be given the key to having more or less discretionary access to the ‘top-up tax switch-on/off button’. In any case the ‘jurisdictional blending model’ would actually be transformed into a ‘global blending model’, which we know is somewhat less effective when it comes to curbing tax competition, particularly if the minimum rate agreed upon remains rather modest.[4]

Jurisdictional ETR-planning opportunities lie in the strategic use of mismatches between tax rules and accounting rules

The potential ETR-planning opportunity identified here lies in the strategic use of mismatches between the corporate tax systems of countries and the GLOBE base provision in the Pillar Two blueprint. The ETR fraction with the company tax in the numerator and the GLOBE base in the denominator could accordingly be optimised. And via this way, the OECD might even create a whole new ETR tax planning world as a corollary. As soon as any stakeholders and other interested parties develop a taste for it, there are probably countless variations on the planning strategy forwarded above that one may think of. The real problem lies deeper, and that is the OECD’s choice to base the envisaged jurisdictional blending model on the SA/ALS-model. Multinational firms control the way they arrange and transfer price intra-group legal transactions. The decision to base the GLOBE-system on the recognition of intra-group legal realities as a starting point for GLOBE base computation purposes, transfer pricing that is, renders firms to accordingly control jurisdictional ETRs, at least to a certain extent. With its choice here for SA/ALS-modelling the OECD introduces the same vulnerabilities in its Pillar Two proposal that lie at the heart of the troubled – also SA/ALS-based – company tax architecture that the proposal is seeking to address.

At the heart lies the transfer pricing based jurisdictional ETR modelling

An obvious response here would be to start thinking of introducing symptom-fighting anti-tax-abuse measures. We have seen the exact same responses in company taxation last decades. In that event one would have to basically include the entire BEPS 2015 package in the GLOBE base. I do not think that doing such a thing would improve the manageability of the system. It would for instance require the tax authorities of the residence jurisdiction of the ultimate parent company (or any of the intermediate jurisdictions lower in the company structure under IIR's top-down approach) to master and address any possible mismatches arising as a result of local disparities between tax law and accounting rules in all countries in which the multinational firm involved is operative, i.e., around the world. Then we will end up having to deal with two problematic corporation tax systems. Moreover, such a move would not address the underlying root cause of the problem, the SA/ALS-modelling. For that, one would need to really start looking for some more fundamental tax reform options.[5]

4 Closing comments

Is Pillar Two leaking? It looks a bit like it, although we never know of course what the future holds for us. My feeling here is that perhaps we should reconsider. Is this really the solution? Aren't there some more creative and more robust solutions to think of to address the fundamental challenges raised in international company taxation? I think there are. Several reform options have been suggested in literature, such as cash flow taxes, formulary systems, and residual profit split models. I myself came-up with a tax model that divides global economic profits of business enterprises among countries on the basis of a destination-based revenue key.[6] Less complicated perhaps, more robustly I think, business friendly, you would not need a minimum rate to address the tax competition issue, and countries would remain autonomous when it comes to what the contribution of business income taxation should be to the tax mix composition. A fault confessed is half redressed. We will see.

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[1] Kindly note that the blueprint contains a section on 'adjustments for permanent differences' (section 3.3.4). This section sets out the adjustments required to more closely align the GLOBE base with the corporate income tax base in the relevant jurisdictions involved. It introduces analyses involving the introduction of a participation exemption mechanism, the addressing of covered taxes and covered taxes on excluded income, stock-based compensation, bribes, fines and penalties, gains and losses on restructuring, investment returns of life insurance policy holders, and an adjustment for Pillar One outcomes. The report forwards a general observation that 'adjustments may be required where differences between tax and financial accounting could have a disproportionate impact on the outcomes under the GloBE rules'. It however remains completely silent on recognizing or even noticing – let alone the addressing of – any potential issues raised involving a strategic utilization of hybrid financial arrangements or other kinds of mismatches between GLOBE and company taxation to steer jurisdictional ETRs.

[2] Perhaps countries that position themselves substantively above the minimum level (e.g. bigger countries) will not be that eager to leave their jurisdictional ETRs into the discretionary hands of multinational firms. Then, their local company tax burdens will remain relatively high, however

without the jurisdictional ETR, since deflated, showing for that. What then tell the world? I can imagine that these countries would not be that eager too to raise their company tax burdens to target ETR deflation strategies. There seems little promise in seeking to raise tax costs to higher levels, you will only provide more room for GLOBE base shifting while furthering a negative bias, relatively, towards domestic investment. Instead, I can imagine, such countries would rather proceed to try to defend their jurisdictional ETRs, perhaps by taking the position that their domestic ETRs are deflated due to a permanent difference between the GLOBE base and the company tax base. A likely response could then be to interpret the inbound proceeds from the hybrid financial arrangement involved, i.e., the hybrid income, as a dividend exempt from the GLOBE base (for instance based on section 3.3.4 blueprint). In such a case the ETR will not be subject to deflation anymore while the tax cost remains the same. The consequence however of all that would be the introduction of a deduction and no inclusion (D/NI) mismatch in the GLOBE base. That would make the problem identified here to grow in significance.

[3] Let us assume that Country B in response would seek to try to defend its jurisdictional ETR, as set forth in the footnote directly above. The country would then proceed to interpret the hybrid interest as an exempt dividend for GLOBE purposes to align its GLOBE base with its company tax base. Such a requalification of interest into dividend for GLOBE base computation purposes in the current example would lead Sub2 OpCo's GLOBE base to not move upward to $1,400 but instead to remain at a level of $1,000. That would result in the jurisdictional ETR to not move from 14% to 10%, but rather to stay put at 14%, thereby introducing the aforementioned D/NI-mismatch in the GLOBE-base system.

[4] *See* for instance the Oxford University Centre for Business Taxation study on the impact of the Pillar Two initiative entitled 'The OECD Global Anti-Base Erosion ("GloBE") proposal', available at https://www.sbs.ox.ac.uk/sites/default/files/2020-02/OECD_GloBE_proposal_report.pdf).

[5] This, all separate from the intrinsic problems underlying the Pillar One initiative I wrote earlier on in Intertax, *see* Maarten F. de Wilde, 'On the OECD's 'Unified Approach' as Frankenstein's Monster and a Dented Shape Sorter', Intertax, Vol. 48 (2020), Issue 1, pp. 9-13.

[6] *See* M.F. de Wilde, 'On the Future of Business Income Taxation in Europe', World Tax Journal, Vol. 12 (2020), No. 1.

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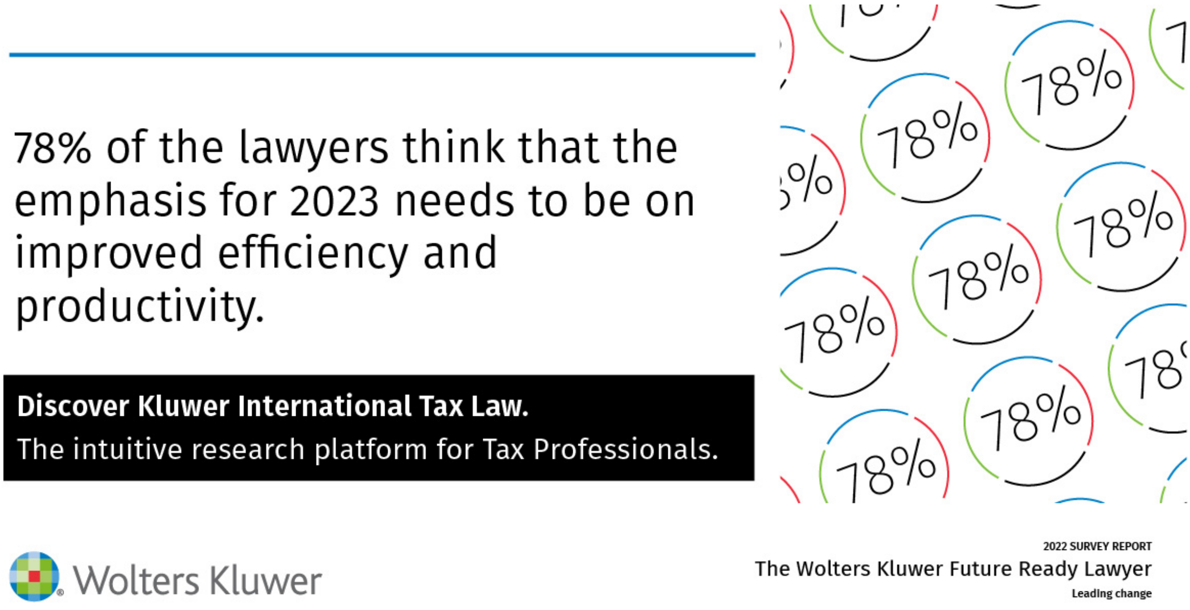

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