

## Osler submission on the OECD Pillar One and Pillar Two Blueprints

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Earlier in 2020, the OECD published blueprint reports on Pillar One and Pillar Two (the “Pillar One and Pillar Two Blueprints”) and launched a public consultation process on its two-pillar approach to international tax, with comments due from stakeholders by December 14, 2020.

The Pillar One proposals would allocate additional taxing rights to market jurisdictions in respect of automated digital services or consumer-facing businesses and replacing various unilateral tax measures targeted at non-resident multinational corporations (including the digital services tax that formed part of the [2020 Fall Economic Statement](#)). The Global Anti-Base Erosion (GloBE) proposal under Pillar Two would introduce a global minimum tax (at a rate to be determined) to prevent the shifting of profits to certain low-tax jurisdictions.

Osler [submitted comments \[PDF\]](#) to the OECD on Pillar One and Pillar Two Blueprints.

On Pillar One, our comments were principally directed to:

1. the need for participating countries to agree to abandon unilateral measures as a precondition to their participation in Pillar One;
2. the practical issues that remain outstanding under Pillar One which highlight the importance of effective dispute resolution procedures (including beyond Amount A); and
3. the need for the OECD (or others) to consider practical “Plan B” alternatives in the event that a broad consensus on Pillar One is not obtained in a timely manner.

On Pillar Two, our comments were principally directed at the need to:

1. carefully define the scope of Pillar Two such that the proposals are focused on the intended policy objectives;
2. address the practical issues that remain outstanding under the GloBE proposal; and
3. ensure that the GloBE proposal is designed in a co-ordinated manner that prevents double (or multiple) taxation and minimizes administrative complexity and compliance costs.

The OECD will meet again in early 2021 to consider the comments received from stakeholders. If a consensus is reached, this could then start a years-long process of adopting and implementing new rules through domestic legislation and multilateral changes to tax treaties.

Please contact any member of our [National Tax Group](#) should you have any questions or comments on the Blueprints or any other tax matters.