Committee Overview

Leadership
• Chair: Will Morris, PwC
• Deputy Chair and Chair Elect: Alan McLean, Royal Dutch Shell

Modalities
• Spring and fall meetings at the OECD Headquarters in Paris
• Monthly virtual meetings with Members; ad-hoc meetings on special topics as needed
• Regular meetings and contact OECD CTPA Secretariat and CFA Delegates
• Written submissions on range of tax issues addressed by OECD
• Joint conferences and roundtables with Business at OECD Members (e.g., CNI, BDI, Keidanren, USCIB), OECD and government

BIAC Tax Committee Expert Groups on
• Tax and digital
• Tax and environment
• VAT/GST
• CRS
Committee Objective

Committee Objective: Promote international tax rules that support cross-border trade and investment, and foster inclusive growth

Policy Recommendations

• Implement the OECD international tax standards to ensure inclusive and growth-oriented taxation according to value creation and to enhance tax certainty, including tax dispute prevention and resolution, benefitting companies large and small as well as tax administrations

• Advance a sustainable multilateral consensus on guidance and implementation of the OECD/G20 Inclusive Framework Project on the taxation of the digitalizing economy, with appropriate business engagement

• Ensure that the OECD tax and environment agenda is cross-cutting and broad in scope, and that it takes into account the potential impacts on innovation, growth and employment

• Address the tax treatment of an increasingly mobile workforce with a focus on implications of cross-border teleworking during the recovery from the Covid-19 pandemic
Areas of Involvement

Current Agenda
- BEPS implementation (current focus on Pillar One and Pillar Two Agreements)
- Tax Certainty (prevention and resolution, cooperative compliance/ICAP)
- Tax & Development
- Environment, Sustainability and Governance
- VAT/GST
- Common Reporting Standard

Key Issues Ahead
- Tax & Environment (BIAC Tax and Environment Principles)
- Digitalization of Tax Systems
- Broader tax impact of remote work and employee mobility
Pillar One and Two Implementation: 2021 Activities

• Provided comments on OECD’s 2020 review of the BEPS Action 14 Minimum Standard on January 11, highlighting taxpayers’ experiences with cross-border dispute resolution and suggestions for improvement

• Participated in OECD’s public consultation on Pillar One and Two on January 14 and 15

• Formation of Business Advisory Groups (BAGs) in early 2021 to provide OECD with business input on Pillar One and Two implementation

• Held hybrid tax committee meeting on November 5 to discuss business involvement in the implementation of Pillar One and Two

• Issued letter to BIAC members highlighting key areas of engagement and next steps

• Issued letter on November 16 to relevant OECD members (Digital Economy (TFDE) and Working Party 11 on Aggressive Tax Avoidance (WP11) regarding the OECD/G20 project on Addressing the Tax Challenges Arising from the Digitalization of the Economy) regarding the need for broad and proactive business input in the Pillar One and Two implementation process
  • Received positive response from Chair of CFA on 20 December 2021

• In progress: drafting Pillar Two letter to the OECD which will highlight issues that would severely impact the operation of Pillar Two, or make them very difficult for taxpayers to comply with, or tax authorities to administer
Pillar One and Two Implementation: 2022 Outlook

OECD Timeline

- **Pillar 2**
  - Model rules for GloBE

- **Pillar 1**
  - Conclude the text of the Amount A multilateral convention (MLC) and its Explanatory Statement
  - Develop model rules for Amount A domestic legislation
  - Model treaty provision for STTR

- **Pillar 2**
  - Develop multilateral instrument (MLI) for STTR

Dec 2021 → Early 2022 → Mid 2022 → End 2022 / 2023

- P2 key issues letter
- P1 & 2 technical letter
- P2 consultation

BIAC Timeline

- P1 consultation (including Amount B)

- **Pillar 1**
  - Amount A MLC open to signature

- **Pillar 2**
  - Finalize work on Amount B
  - Amount A MLC enters into force

- **Pillar 2**
  - Implementation framework for GloBE
Other Direct Tax Issues: 2021 Activities

**Tax Certainty**
- Facilitate tax certainty discussions through Pillar One and Pillar Two work
- Business contribution to OECD/Forum on Tax Administration’s Tax Certainty Day

**Tax & Development**
- Work with OECD CTPA to incorporate business input and case studies in its tax morale deliverables [in progress]

**ESG, Tax and Environment**
- Issued *Business at OECD (BIAC) Principles for Addressing Tax and the Environment*
Other Direct Tax Issues: 2022 Outlook

• **Tax Certainty:** International Compliance Assurance Programme (ICAP), dispute avoidance, dispute prevention, as well as renewed focus on dispute resolution

• **Tax & Development**
  • Issue revised BIAC Statement of Tax Principles for International Business and BIAC Statement of Tax Best Practices for Engaging with Tax Authorities in Developing Countries.
  • Continue working with OECD CTPA to incorporate business input and case studies in its tax morale deliverables

• **ESG**
  • Tax & environment & carbon pricing issues
  • OECD MNE Guidelines stock taking

• **Digitalization of Tax Systems:** supporting the OECD’s digital transformation work
  • Tax administration 2030
  • Small and medium sized enterprises (SMEs): improving compliance and reducing burdens
  • Development of new standardized reporting requirements to facilitate international exchange of information on those selling goods and services through the sharing and gig economy

• **Broader tax impact of remote work and employee mobility**
VAT/GST: 2021 Activities

Supporting the OECD Consumption Tax Unit and OECD CFA Working Party 9 on consumption taxes in their VAT/GST work

**Covid-19 VAT/GST response measures internationally taken by governments coordinated by the OECD**
- Supported the OECD from an operational and business practical perspective on evaluating the VAT/GST measures taken by governments and shared our recommendations with the OECD and governments
- Participated in an international webinar organized by the OECD where we presented our findings to governments from around the world

**Implementing a comprehensive VAT/GST Digital Strategy**
- Actively supported the OECD in a 3 days global virtual workshop on VAT providing business input and the business perspective through the active participation of BIAC VAT/GST TAG business members in numerous sessions of the webinar

**OECD report on “The impact of the growth of the sharing/gig economy on VAT/GST policy and administration”**
- Actively supported the OECD in the development of the report by providing business input from impacted businesses
- Participated in an international webinar organized by the OECD where the report was presented and where we were actively involved as BIAC VAT/GST TAG business members in numerous sessions sharing the business perspective

**Regional VAT Digital Toolkits**
- Actively supported the OECD with business input in the development of the VAT Digital Toolkit for Latin America and the Caribbean that was published in June 2021
- Actively involved from a business perspective in the OECD’s current work on the development of VAT Digital toolkits for the Asia Pacific region and for Africa – both are work in progress
- Actively participated in virtual workshops organized by the OECD in this context and did provide business input

**Working Party 9 Business Consultation**
- In November 2021 we actively participated in a virtual WP 9 meeting presenting the business perspective on the work currently done by WP 9 and were also highlighting areas in which future VAT/GST work of WP 9 is required from a business perspective

**Supporting the implementation of the OECD VAT/GST recommendations internationally**
- In 2021 we were able to set up and facilitate dialogues between business and governments around the world with the aim to provide business input based on international best practices in order to help governments implement the OECD VAT/GST recommendations in a consistent way internationally, which is a win – win for both governments and business
Common Reporting Standard: 2021 Activities

The Common Reporting Standard (CRS) Business Advisory Group (BAG) work with the OECD CFA Working Party 10 (WP10) has focused primarily on:

- The optional module to extend the CRS’ scope to the sale of goods and the rental of means of transportation (i.e., the sharing/gig economy platform seller issue)
- The first comprehensive review of the CRS

- CRS BAG met with WP10 in May and provided business’ views on the draft optional module rules—that were approved by the CFA, following revisions, in June.
- The May consultation addressed six separate issues on which we provided detailed comments prior to the meeting and discussed at length at the meeting. Most of the meeting focused on bringing electronic money (e-money) products in scope. Significant progress has been made since the meeting, with deliverable scheduled to be released in a joint effort with the digital asset work.
VAT/GST & CRS: 2022 Outlook

• VAT/GST
  • Continue to actively support the OECD and WP 9 in its VAT/GST work, such as
    • Development of VAT Digital toolkits for the Asia Pacific region and for Africa
    • Consistent implementation of the OECD VAT/GST recommendations globally
    • VAT/GST work which is taken up under the new WP 9 mandate, still to be decided by WP 9

• CRS
  • WP10 meeting likely will be held during Q1 2022
  • Detailed discussions with WP10 next year on digital asset issues
Upcoming *Business at OECD (BIAC)* Tax Meetings

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<tr>
<th>Date</th>
<th>Meeting</th>
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<tbody>
<tr>
<td>4-Jan 2022</td>
<td><em>Business at OECD (BIAC)</em> member briefing on P2 agreement (online)</td>
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<tr>
<td>Jan-2022 (TBC)</td>
<td>LATAM member briefing on tax</td>
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<td>18-Jan</td>
<td><em>Business at OECD (BIAC)</em> Tax Committee Call</td>
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<td>21-Feb</td>
<td><em>Business at OECD (BIAC)</em> Tax Committee Call</td>
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<td>23-Mar</td>
<td>BDI BIAC/OECD Tax Conference (Hybrid/Berlin)</td>
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<td>29 - 30 March</td>
<td><em>Business at OECD (BIAC)</em> Tax Committee Meeting (Hybrid)</td>
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<td>26-Apr</td>
<td><em>Business at OECD (BIAC)</em> Tax Committee Call</td>
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<td>31-May</td>
<td><em>Business at OECD (BIAC)</em> Tax Committee Call</td>
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<td>6-7 Jun</td>
<td>USCIB BIAC/OECD Tax Conference</td>
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<td>Nov-2022 (TBC)</td>
<td>Keidanren BIAC/OECD Tax Conference</td>
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*Additional calls will be scheduled in January and February of 2022 to discuss responses to Pillar Two Commentary. We expect there will be an intense program of calls to discuss these matters throughout the year to address additional P1/P2 consultation.*
# Tax and Fiscal Policy Committee Leadership 2021

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Title/Position</th>
<th>Organization</th>
<th>Location</th>
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<tbody>
<tr>
<td>Chair</td>
<td>Mr. William Morris</td>
<td>Deputy Global Tax Policy Leader</td>
<td>PwC LLP</td>
<td>UNITED KINGDOM</td>
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<tr>
<td>Chair elect January 2022</td>
<td>Mr. Alan McLean</td>
<td>Executive Vice President, Taxation and Corporate Structure</td>
<td>Royal Dutch Shell plc</td>
<td>NETHERLANDS</td>
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<tr>
<td>Vice Chairs</td>
<td>Dr. Jesper Barenfeld</td>
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<td>Volvo Group</td>
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<td></td>
<td>Mr. Giorgio Bigoni</td>
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<td>Philip Morris Czech Republic</td>
<td>CZECH REPUBLIC</td>
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<tr>
<td></td>
<td>Mr. Rick Minor</td>
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<td>UNITED STATES</td>
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<td></td>
<td>Mr. David Murray</td>
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<td></td>
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<td></td>
<td>Mr. Daniel Smith</td>
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<td>UNITED STATES</td>
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<td></td>
<td>Mr. Werner Stuffer</td>
<td>Senior Vice President Tax</td>
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<td>GERMANY</td>
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<td></td>
<td>Ms. Louise Weingrod</td>
<td>Vice President, Global Taxation</td>
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<td>UNITED STATES</td>
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<td></td>
<td>Ms. Karine Uzan Mercié</td>
<td>Group Head of Tax</td>
<td>Lafarge-Holcim</td>
<td>SWITZERLAND</td>
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<tr>
<td>Extended Bureau Member</td>
<td>Mr. Karl-Heinz Haydl</td>
<td>Business Co-chair BIAC VAT/GST Chair and Co-Chair of the OECD TAG on VAT/GST</td>
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<td></td>
<td>Mr. Keith Lawson</td>
<td>Common Reporting Standard (CRS) Business Advisory Group</td>
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### Business at OECD (BIAC) Tax Committee Publications

<table>
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<th>Date</th>
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<tr>
<td>16 November 2021</td>
<td>Business at OECD (BIAC) letter to the Chairs &amp; Members of the Task Force on the Digital Economy (TFDE) and Working Party 11 on Aggressive Tax Avoidance (WP11) regarding the OECD/G20 project on Addressing the Tax Challenges Arising from the Digitalization of the Economy</td>
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<tr>
<td>August 2021</td>
<td>BIAC Statement of Tax Principles for International Business- updated format</td>
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<tr>
<td>January 2021</td>
<td>Business at OECD Comments on MAP BEPS Action 14</td>
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<tr>
<td>December 2020</td>
<td>Business at OECD (BIAC) Written Response to the OECD Public Consultation on the OECD/G20 Inclusive Framework on BEPS Reports on the Pillar One and Pillar Two Blueprints</td>
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<tr>
<td>November 2020</td>
<td>Statement of Tax Best Practices for Engaging with Tax Authorities in Developing Countries- updated format</td>
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<tr>
<td>September 2020</td>
<td>Business at OECD Comments on PCT Toolkit on Tax Treaty Negotiations</td>
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<td>June 2020</td>
<td>Business at OECD Media Release on OECD Digital tax project</td>
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<td>April 2020</td>
<td>Business at OECD statement on OECD Tax Policy Priorities amid COVID-19</td>
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<tr>
<td>March 2020</td>
<td>Business at OECD Comments on BEPS Action 13 Consultation</td>
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Business at OECD (BIAC) Tax Committee Contacts

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Pillar One and Two Technical Annex
Pillar One: New Nexus

**New taxing right**
A share of residual profit allocated to market countries using a formulaic approach

**Fixed ‘baseline’ return**
For marketing and distribution functions based on the arm’s length principle

**Tax certainty**
Through effective dispute prevention and resolution mechanisms

**Amount A**
Largest and most profitable businesses

**Amount B**
All businesses

**Tax certainty**
All businesses
Pillar Two: Global Minimum Tax

**Income inclusion rule**
Large multinational groups pay a minimum level of tax in each country in which they operate

**Undertaxed payments rule**
(backstop)

**Subject to tax rule**
Source country taxation of specific types of intra-group payments
Gross level taxation (not a tax on net profits)

**Carve-out** to accommodate tax incentives for substantial business activities