BUSINESS at OECD

November 10, 2022

To: Tax Treaties, Transfer Pricing and Financial Transactions Division
Organisation for Economic Cooperation and Development
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Re: *Business at OECD* (BIAC) comments to OECD's Public Consultation Document "Progress Report on the Administration and Tax Certainty Aspects of Amount A of Pillar One – Two-Pillar Solution to the Tax Challenges of the Digitalisation of the Economy"

Dear Secretariat Team,

Thank you for the opportunity to comment on the public consultation document "Progress Report on the Administration and Tax Certainty Aspects of Amount A of Pillar One – Two-Pillar Solution to the Tax Challenges of the Digitalisation of the Economy" (the "Document"). This paper covers another important area of the Pillar One project that is critical for the business community, as providing certainty is the only way to ensure that there will be no double taxation of income. Given the scope of the project and the novelty of many of its provisions and defined terms, tax authorities will find it challenging to interpret these provisions, particularly as they apply them for the first time. It is critical to the success of the project that Amount A can be administered in practice and that the tax certainty provisions are both significant and meaningful.

Our response is structured in two main appendices. In Appendix I, we have summarized the main aspects of our response, which are set out in further detail in the table of detailed comments that follows thereafter (consistent with the previous *Business at OECD* (BIAC) responses to Pillar One consultations). Based on the issues identified during our review of the administrative framework presented in the Document, we have also put forward an alternative approach to simplify and streamline this framework and particularly the process for availing of relief from double taxation. Our alternative proposal (presented in Appendix II) embraces the concept put forward by the Secretariat, that the Amount A Tax Return and the Common Documentation Package would act as a streamlined tax filing for Amount A tax liabilities to market jurisdictions. However, our proposal also has an expanded scope as it is equally applicable from a double tax relief perspective. We believe that a comprehensive and centralized administrative process is crucial to the success of Amount A and Pillar One more generally.

We would also like to draw your attention to some key issues identified in our feedback, which are as follows:

1) ***Streamlined administrative filings:*** As noted above, we welcome the proposed centralized filing approach for market jurisdictions, and have sought to expand this further to achieve a more comprehensive filing process for all aspects of Amount A.

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2) ***Timing of relief:*** We believe that it is critically important that any timing gaps between the payment of Amount A tax liabilities in market jurisdictions and the receipt of double tax relief in relieving jurisdictions is minimized to the greatest extent possible, to limit the risk of significant cash flow issues arising for business. Our suggested approach in Appendix II seeks to achieve this.

3) ***Method of relief:*** We note that there is currently optionality in the Document in respect of the mechanisms which can be used to provide relief from double taxation. However, as noted previously, we continue to have significant concerns that the use of foreign tax credits systems to provide relief will lead to double taxation outcomes. We believe that our proposals in Appendix II provide an appropriate and efficient method of providing double taxation relief, with the added benefit of minimizing the risk of these double taxation outcomes arising.

We thank you for the opportunity to comment. We would be pleased to respond to any questions arising from our general and specific comments provided, as well as the opportunity to discuss our alternative proposal in Appendix II in further detail. We would also be pleased to work with you and the TFDE in order to progress the Tax Certainty aspects of this consultation further.

Sincerely,

Alan McLean
Chair, *Business at OECD* (BIAC) Tax Committee

William H. Morris
Chair Emeritus

Cc: Hanni Rosenbaum, Executive Director, *Business at OECD* (BIAC)

Appendix I

Summary of Key Issues and Considerations

Administration

While we recognize and appreciate the opportunity to comment on the administrative aspects of Pillar One as this building block is being developed, we note that there are strong and repeated qualifications and reservations in the Document, suggesting that there is still no consensus today on the proposed mechanisms and processes among the Inclusive Framework. It will be particularly important for the business community to have the opportunity to comment on a new version of the Document for a renewed consultation once a consensus has been reached on all main features of the system.

In our view, the administrative options presented in the Document will unfortunately create significant challenges for businesses and will struggle to achieve the goals of having a simplified and efficient solution for the administration of Pillar One. We believe that a more comprehensive administrative system is required for the implementation of Pillar One to be a success, and we have set out below (and in Appendix II) some elements of the administrative provisions that we believe should be modified to achieve this.

1. **Reliance on current tax administration processes and systems infrastructure.** At the outset, we note that there appears to be a desire throughout the Document to incorporate the administrative aspects of Pillar One into existing tax administration systems and frameworks wherever possible. While we appreciate why the Secretariat and TDFE may wish to rely on existing tax administration systems, we believe that Amount A is a reallocation of tax to market countries outside of existing transfer pricing systems, and a new administrative system will be needed to accommodate the novel approach of Amount A. We also believe that it will be important that the mechanisms for calculating and administering Amount A are codified in the MLC, and that the MLC should be used to bring greater clarity to a range of issues, which would help to make the entire Amount A process much more manageable.

2. **Optionality for jurisdictions providing double taxation relief.** We recognize that the Secretariat has attempted to introduce a form of streamlined filing for Amount A payments to market jurisdictions. However, we note the comment in the Document that jurisdictions "*will be able to self-determine how to tax Amount A income and implement double taxation relief, subject to guardrails outlined in the Model Rules and Multilateral Convention*". We have particular concerns that, while backstop provisions have been introduced in respect of the provision of double taxation relief, existing double taxation relief processes and methods are anticipated to be used by relieving jurisdictions. In particular, we continue to have significant concerns that the use of foreign tax credits systems to provide relief will lead to double taxation outcomes. These systems were designed for a different tax regime based on taxing rights and source of income of specific transactions, whereas Pillar One is a new and unique taxing systems whereby relieving jurisdictions are determined based on a profitability formula with no required connection to any transaction or jurisdiction. Thus, the only way to ensure

the avoidance of double taxation under Pillar One is to design a new relief system specifically for these rules. This remains a key issue for business. In our view, the successful implementation of Amount A is highly contingent on the development of a system which allows for a significant level of integration and coordination between businesses and tax administrations. We believe that our proposal for an alternative method of administering Amount A in Appendix II would be for the benefit of all parties concerned.

3. **Single and multiple taxpayer approaches.** We note that two options are currently provided in the Document, namely a single taxpayer approach and a multiple taxpayer approach. We appreciate that these options are still being considered and developed further. However, more information would be required before some of our members would be able to provide a detailed opinion on which approach would be preferable from a business perspective.

   Based on the current proposals in the Document, however, there are a number of concerns applicable to both suggested approaches (e.g., tax registration requirements, the taxation of intragroup payments, currency issues, information sharing and confidentiality, effective double tax relief etc.). As noted throughout our response, we believe that most of these concerns could be addressed through the development of a comprehensive MLC that clarifies the treatment of these issues and allows for the administration of Amount A to be completed in a streamlined manner. We would therefore welcome the opportunity to engage with the Secretariat further on designing an efficient and effective mechanism for administering Amount A, as we believe the design of a comprehensive solution is a crucial building block for the success of Pillar One.

Tax Certainty

1. **Role of MNEs in certainty processes**. While we acknowledge and appreciate that MNEs have been provided a role in the tax certainty processes, this role unfortunately appears to still be too limited. In addition, we wish to re-iterate our comments from our previous consultation response that the scope and timing of the advanced certainty processes should be revisited. We believe that a fully functional tax certainty process would benefit businesses and tax administrations and would improve the chances of achieving the efficient adoption and implementation of Amount A of Pillar One.

   We would therefore like to see much more emphasis placed on Advance Certainty, which we in turn believe would significantly reduce the level of effort (and possible rework) arising from the Comprehensive Certainty process. In this respect, it seems critical to *Business at OECD* (BIAC) members that the scope of Advance Certainty be extended to the other methodology-based elements of Amount A (e.g., the MDSH, treatment of withholding taxes, identification of relieving jurisdiction, segmentation, scope carve-outs and the treatment of mergers and de-mergers).

   The Advance Certainty Process should also actually provide certainty in advance, particularly as early certainty will be critically important from a financial statement reporting perspective.

As a result, the Advance Certainty process should start much earlier than after the close of the first year that a group is in-scope of Amount A. We believe that early tax certainty should form the cornerstone of a centralized and streamlined administrative system for Amount A. The adoption, calculation and administration of Amount A is likely to pose significant challenges for businesses and tax administrations, particularly in early years due to the fundamental differences associated with Amount A, when compared against existing international tax norms. While there is still a window of opportunity to do so, all parties could work collaboratively to agree a full-solution approach. In this regard, we would welcome the opportunity to engage further with the Secretariat and the TFDE on the design of a broader tax certainty process.

2. **Internal control process.** In our previous consultation response, we raised concerns regarding the proposal for detailed reviews of the MNE's internal controls and systems, as part of the tax certainty panel process. Our concerns related to the time it will take to identify the experts, time it will take for the expert to develop a sufficient understanding of the MNE's systems, and the lack of guardrails on what data/information such experts can request. We acknowledge that steps have been taken in the Document to limit the scope of these control reviews by placing greater reliance on the work of external auditors, however, we are still very concerned about potentially intrusive and time-consuming internal control reviews being carried out, which are unlikely to be effective from a cost-benefit perspective. We have therefore provided suggestions in our detailed feedback in respect of how the proposals for reviewing internal controls could be improved.

3. **Panel composition.** While we welcome the clarification that representatives of tax administrations will sit on Review Panels, we have provided additional feedback and suggestions on how the Review Panel process can be improved. We note that the composition of Determination Panels is still being considered in further detail by Inclusive Framework members. There remains insufficient details for our members to reach a final position on the issue of the composition of Determination Panels, as noted in our previous consultation response. We would welcome further information on the composition of these panels once available, at which point we will be better placed to provide further comments.

4. **Confidentiality.** We welcome the inclusion of additional references on the need to preserve the confidentiality of information. However, the proposals remain very light on details on how this will be achieved. As the MLC is developed, more emphasis should be placed in this area as it is a critical requirement for business, including the imposition of meaningful penalties arising from the release of confidential information by tax administrations and panel members. Moreover, we continue to believe that jurisdictions should only be provided with the information required to verify the tax due to that jurisdiction under Amount A or the relief double taxation which the jurisdiction is required to provide. We do not believe that it is necessary for all of the information that is included in a group's Amount A Tax Return and Common Documentation Package to be shared with all Affected Parties. There should also be a materiality/relevance threshold relating to the participation and sharing of documents. This remains a critical issue for business.

5. **The inclusion of mandatory deadlines.** We also welcome the inclusion of mandatory deadlines throughout the tax certainty sections of the Document. While the inclusion of these deadlines is helpful, we note that a consensus has not yet been reached on these deadlines which remain in square brackets throughout. It also appears that there are a number of cases where extensions to deadlines are permitted, and we have some concerns that this could result in tax certainty procedures being prolonged unnecessarily.

Our detailed comments are provided below:

Para	Topic	Issue	Recommendation
Part I – Administration of Amount A			
General	Lack of consensus	We have noted that a significant number of issues remain unagreed throughout the document.	• As further detail and proposals emerge for open issues, we would welcome the opportunity for the business community to provide input and comments.
General	Common Documentation Package	Although a simplified documentation process is appreciated, we understand that the contents of the Common Documentation Package are still being considered. We will need to understand in more detail what will be required in that documentation.	• The amount of documentation required to apply for the tax certainty processes is critical to the practicality of the procedure. We need a much clearer picture for each of the types of rulings and to understand how this differentiates with/supplements the tax return that will be filed. • We are concerned with the proposal that the Common Documentation Package will be circulated to a wide range of recipients. If the amount of information required is extensive and goes beyond what is necessary (e.g., agreed-upon methodology, information typically included in the Master File or the country-by-country report), we would recommend that only relevant information should be exchanged by the Lead Tax Administration on a confidential basis with parties with a relevant and material interest. Any confidentiality concerns should absolutely be addressed prior to the document's circulation. • Further comments on confidentiality and the desire for a centralized streamlined filing system are provided throughout our response.
Section 1, para 2	Administration Framework	Reliance on current tax administration and systems infrastructure	• It is welcome that the Document states that an "*Administration Framework that minimises the compliance burden on taxpayers and administrative burden on jurisdictions is essential to make the new regime effective, efficient and administrable both for Covered Groups and tax administrations*" and that compliance should be coordinated and streamlined. • We are however concerned that the Administration Framework is being developed to allow tax administrations to deal with Amount A through existing tax administration and systems infrastructure. In our view, it is not realistic or desirable to adopt this as a design principle. Amount A

Para	Topic	Issue	Recommendation
			represents a radical transformation of the current international tax system, moving to a formulaic, group-based calculation, and this also necessitates changes to how tax administrations operate.
Section 1, FN 4	Double taxation relief	Jurisdictions can choose an exemption or credit system for elimination of double taxation at their discretion, and there are insufficient rules to avoid double taxation.	• As recognized in the Document, the use of tax credit mechanisms to relieve double taxation creates significant additional complexity, particularly in the case of multiple relieving jurisdictions, and where local year-ends differ between local entities and / or with the financial year-end of the Covered Group. In our view, effective relief from double taxation should be facilitated through the provision of tax refunds. In this regard, we note that footnote 4 currently states that under either the exemption or the credit method, "*domestic modifications are likely to be required to ensure double taxation relief is effective*". We agree with this statement and believe that a tax refund should be provided, or at least that a refund should be provided where actual relief from double tax is not secured (i.e., a back-stop refund mechanism). If the choice is between the exemption method and the tax credit method, our strong preference is for the exemption method to apply. • In this regard, we note that footnote 4 suggests that relieving jurisdictions will be free to decide how best to provide double taxation relief. As noted in our introductory comments, in our view, a consistently agreed solution is required to streamline the compliance process, given the complexity of Amount A. • In a scenario where credit systems are allowed, we believe that strong guardrails must be provided for tax credit systems to ensure that double taxation relief is actually realized in a reasonable amount of time. Credit systems often have limitations (timing and otherwise), and bolting eliminations mechanisms onto existing credit systems could lead to ineffective double tax relief or could displace other relief that when considered together will not provide full double tax relief to Amount A taxpayers.

Para	Topic	Issue	Recommendation
			• A credit system that does not provide for immediate relief (and relies on carry-forwards) may lead to cash flow issues and/or double taxation (e.g., if credits keep getting carried forward because of lack of sufficient limitation or taxable income in future years). This reality appears to be acknowledged in the Document. • A rule could be implemented that requires a refund be provided if credits cannot be used immediately, as we note that securing refunds can be a challenging process in certain jurisdictions. Effective real-time relief should be provided for through the MLC. Please refer to our wider comments below on the application of the proposed backstop mechanism in Article 19. • A rule that permits relieving jurisdictions to limit credits to taxable income, without a timeframe for guaranteed relief is, in our view, an unreasonable approach. We believe that an exemption system would be much less complex, but if a credit system remains an option, we strongly recommend that universally applicable rules for credit systems be provided for a consultation in the near future, so that stakeholders can ensure that these systems will meet the stated goal of providing double tax relief under Pillar One eliminations.
Section 2.1, para 2	Taxation of Amount A	Appropriate guardrails are required in relation to how profits allocated to a jurisdiction under Amount A are taxed	• We note that jurisdictions will be provided with flexibility in determining how Amount A will be incorporated into their domestic income tax base, with jurisdictions free to tax Amount A income in any manner that they deem appropriate. As noted above, this flexibility in market countries is likely to increase the risk of double taxation and / or delay double tax relief where countries are, at the same time, permitted to provide relief through credits, not exemptions. • While we welcome the comment that guardrails will be developed on how Amount A will be taxed as part of the development of the MLC, it is important that the guardrails introduced are robust, ensuring that the

Para	Topic	Issue	Recommendation
			applicable tax rate cannot be higher than the main corporate tax rate applicable in a jurisdiction. • Footnote 7 suggests that the jurisdictions will not be required to allow group relief to offset Amount A liabilities, but that the option to do so will be available to jurisdictions if they decide to make a policy decision to allow such relief. In our view, as Amount A is being treated as income that has been reallocated to that jurisdiction (on a jurisdictional basis), it would seem reasonable from a non-discrimination perspective for group relief to be made available to groups in the same manner as it applies under existing domestic tax provisions. For example, group relief is generally allowed for a branch as well as a corporation doing business in a jurisdiction. Therefore, MNE's that are subject to tax directly on Amount A should be afforded the same treatment as an actual branch.
Section 2.2, para 6 Section 3.2, Article 13	Confidentiality and filing requirements	While the need for confidentiality is recognized, taxpayer confidentiality is still not adequately addressed in the Document. The full contents of the Amount A Tax Return and Common Documentation Package should not be shared with each jurisdiction.	• While we appreciate the greater emphasis on and references in the Document to confidentiality, we believe that more clarity on confidentiality obligations and consequences for breaches is still required. • We also wish to re-emphasize our previous comments that the full Common Documentation Package, covering sensitive worldwide data, should not be shared with every participating country. Jurisdictions should only be given access to information necessary to calculate the tax due on their allocation of Amount A / the relief for double taxation that they are required to provide, recognizing that the information that relieving jurisdictions require will necessarily be more extensive than market jurisdictions. • For example, tax administrations of market jurisdictions should not have access to data on revenues sourced to other jurisdictions, the application of the MDSH in other jurisdictions, and the allocation of the elimination of double taxation as this information should not be required to determine that Amount A has been applied in respect of its jurisdiction.

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			• We are concerned that the language in paragraphs 6 and 9 (see below) implies that each jurisdiction will be checking the calculation of Amount A for every country in which the Covered Group has revenue sourced under Amount A, as well as the allocation of elimination of double taxation. This would seem to raise the prospect of multiple audit questions working against the objective of administrative simplicity. • As noted in our introductory comments, we believe that there should be a single, comprehensive Amount A Tax Return filed with the Lead Tax Administration that includes the initial amount A residual profits for each jurisdiction, the net amount A for the jurisdiction after application of the marketing and distribution safe harbor, withholding taxes, and other adjustments, the applicable tax rate, and the net amount A tax (or amount to be relieved) for each jurisdiction. All Amount A calculations should be included in the comprehensive centralized Amount A Tax Return rather through individual tax returns filed with every jurisdiction. Rather than provide all Amount A information to all countries, the Lead Tax Authority should, in our view, only provide information that is relevant and material to market jurisdictions via a separate schedule or a centralized directory. • Paragraph 7 suggests that there will be further information included in the Common Documentation Package that is relevant to the Tax Certainty Framework. Consideration should be given as to whether there is any duplication with either Country-by-Country Reporting or the Mater File information so that reporting requirements can be simplified.
Section 2.2, para 9 Section	Information for tax audits	The filing of the Amount A Tax Return and the Common Documentation Package will not affect a jurisdiction's right or ability to request further information or clarification from a liable entity (or other members of a Covered Group)	• We agree with the commentary in the Document that jurisdictions should not implement unilateral, additional information requirements related to Amount A. • While we acknowledge that the right to request information for audit purposes can be suspended during a Comprehensive Certainty Process, it is concerning, for example, that the Document suggests that jurisdictions will retain the right or the ability to request information as part of a review or

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		in relation to Amount A as part of a review or audit.	audit. It is also not clear to us from the Document whether a tax administration could launch a tax audit after a Tax Certainty Ruling has been granted. • More generally, the lack of appropriate guardrails for audit information requests is a cause of concern for business as it is unclear, for example, whether a request for relief under the Amount A elimination mechanisms could act as a trigger for jurisdictions to launch audit proceedings. • We therefore believe that it should be clarified that audit information requests in respect of Amount A should be conducted via the collective tax certainty processes introduced under Pillar One, and not as separate audits conducted unilaterally by tax administrations. Otherwise, such requests will significantly undermine the administrability and certainty goals of the Pillar One framework. As noted above, we believe that the early completion of a comprehensive Advance Certainty Process would, in our view, greatly reduce the volume of Amount A disputes and the need for requests for information on the back end.
Section 2.3, para 12 - 17 Section 2.7, para 39-41	Local tax filings	A standardized filing procedure does not appear to be provided for jurisdictions where a Covered Group has an existing taxable presence or where an entity has a right to relief from double taxation in a relieving jurisdiction (i.e., the entity is a relief entity).	• We appreciate that a form of streamlined compliance has been introduced in the Administration provisions of the Document. However, there seem to be some exceptions which will likely have the effect of undermining the overall objective of streamlining. While the Document states that cases where streamlined compliance would not be available will be “very limited”, we believe that there are insufficient guardrails currently to ensure that is the case, particularly as the determination of the availability of streamlined compliance procedures appears to be left at the discretion of individual jurisdictions in certain instances. • If an entity has an existing presence in a jurisdiction, it seems that a Covered Group will be required to take the adjustments from the Amount A tax return and Common Documentation Package and incorporate these adjustments into local tax returns, as streamlined filing is determined on an entity-by-entity basis. This would undermine the compliance savings

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			achieved by the centralized filing approach and Common Documentation Package. Further consideration should therefore be given to eliminating duplicative local filing requirements for the effective application of Amount A. • In this regard, we would strongly encourage the Secretariat to consider addressing the payment of Amount A liabilities and provision of effective relief from double taxation through a streamlined centralized process, in light of the differences between the Amount A proposals and existing corporate tax frameworks. We believe that trying to integrate Amount A compliance into existing tax administration processes and systems is likely to give rise to unnecessary levels of complexity for both businesses and tax administrations. For example, there may be differences between the local tax year-end and the global financial statement year-end of the Covered Group, in which case guidance should be provided on how to account for those differences. In addition, filing due dates for tax returns can often fall well before the filing of the Amount A return (e.g., the tax return is due in many jurisdictions within 3-4 months of the close of the fiscal year). If Amount A claims for double tax relief were required to be included in these local tax returns, this could create an annual requirement to file a significant number of amended tax returns. In line with our comments elsewhere in this response, we believe a streamlined compliance approach is needed, and we have provided a suggested alternative approach in Appendix II. • No tax return in respect of matters associated with Amount A should be required in any jurisdiction before the overall Amount A Tax Return and Common Documentation Package has been filed. If this is not the case, we believe that the process will become extremely complex to administer for groups with a significant global presence, due to the fact that Amount A estimates would need to be included in local filings.

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			• Under a decentralized tax filing structure, the identification of entities with a filing obligation in a market jurisdiction could prove to be challenging, since the allocation of relief is formulaic and without market connection. A portion of each relief entity's income may need to be allocated to every market jurisdiction, which would exponentially increase the compliance burden.
Section 2.3, para 14	Tax registration requirements	A requirement to register for a tax ID in every jurisdiction where a group does not have a taxable presence seems unnecessarily burdensome, particularly where the multiple taxpayer approach is adopted.	• We agree with the acknowledgement in the Document that it is not feasible that a taxpayer could request tax identification numbers for multiple non-resident entities liable for tax under Amount A, particularly given the likelihood that these entities could change year-on-year. It also does not seem feasible to impose other related local requirements, such as the requirement to have a local bank account, in situations where a group is not resident and potentially has no existing presence in a jurisdiction. In our experience, it can take a significant period of time (e.g., weeks or even months) to complete the tax registration process in some jurisdictions, and this can prove to be a costly process for the business as well. • In our view, the MLC should be sufficiently detailed to prevent Inclusive Framework members from imposing these type of requirements on in-scope groups, with Amount A payments and compliance completed in a centralized streamlined manner. • To the extent that obtaining a Tax ID is considered essential, we would strongly support a more simplified process being created for completing tax registrations, allowing for just one registration per Covered Group being necessary to satisfy Amount A obligations. The potential requirement for resident representatives and local bank accounts (included in paragraph 14) are good examples of where the administrative burden is disproportionate to alternative tax compliance processes.
Section 2.4, para 20 - 31	Timing of returns and mechanisms	The approach suggested for availing of double taxation relief for Amount A in relieving jurisdictions is impractical, as it may require	• As noted elsewhere in our response, the proposed rules for double taxation relief are overly reliant on domestic procedures and practice, with excessive optionality given to relieving jurisdictions on how to relieve double taxation. This will create complexity for taxpayers and increases the

Para	Topic	Issue	Recommendation
Article 19	double taxation relief	estimation and filing of returns for amount A before the liability for amount A is known and defers repayment of "relief" leading to a significant cashflow mismatch. Para 22 also notes that issues could arise where a group has entities with year-ends that do not conform to the year-end of the UPE, stating that *"it may be the case that the tax is paid in relation to Amount A income in a market jurisdiction after the lodgment of the income tax return for the relevant Period for relief entities in relieving jurisdictions. This issue may be further exacerbated where the Period in which Amount A is calculated (i.e., the UPE's fiscal year) and the tax year of the relief entity are not aligned, as the relief entity will have Amount A income for the Period that straddles two income tax years in the relieving jurisdiction."*	likelihood that ultimately double taxation is not fully relieved. To address this, the MLC should be more specific regarding how double taxation should be relieved (preferably specifying that the exemption method should be used) and should also clarify other aspects of double tax relief, such as restrictions on any limitation rules. • While we welcome the inclusion of a back-stop mechanism in Article 19, we are concerned that the draft provisions provided are not sufficiently detailed and binding to provide re-assurance that double taxation will be effectively eliminated. • In particular, it is not clear how the backstop mechanism would apply in practice, in cases where market jurisdictions have ratified the MLC but there is a delay in relieving jurisdictions completing ratification processes. In this period, it is not clear how the double tax relief process would operate and whether Covered Groups would be able to access relief in a timely manner. We would therefore appreciate if further clarity could be provided. • Indeed, it unclear to us why there is a presumption in footnote 18 that relief for Amount A cannot be given before Amount A tax has been paid in other countries. Amount A is a redistribution of taxable income and, if for this example, this were a transfer pricing adjustment, each jurisdiction would have its own rules for the timing of tax payments thereon. As noted above, requiring relief to be claimed via local tax returns (as well as requiring proof of payment of Amount A liabilities) is likely to create significant compliance challenges for Covered Groups. We refer to our suggested alternative in Appendix II, which also includes an illustrative example of the compliance challenges which could arise under the existing proposals. • Given the formulaic nature of Amount A, relief of double taxation in jurisdictions where profits are currently realized should not be contingent on proof of payment, particularly given the lack of familiarity tax

Para	Topic	Issue	Recommendation
			administrations have with the tax systems of other jurisdictions. If the concept of proof of payment is retained, there should be a standard definition of what will be considered to represent proof, including a fall-back method of certification from the tax authority that it has received payment (or the equivalent of payment). • It is an important feature of Amount A for business that double tax relief should be provided at the same time as Amount A payments are required, to avoid the risk of potentially significant cashflow mismatches that are recognized in the Document. The backstop mechanism should therefore act as a final true backstop, but relief should be made available earlier in the process in a streamlined fashion. • The filing of an Amount A Tax Return and the payment of Amount A tax in any one country should not be required until after the deadline for filing the global Amount A Tax Return. The suggestion of an 18-month filing period in the Document seems a reasonable suggested timeframe. As this date is most likely to fall after the local corporate income tax filing and payment deadlines in a given jurisdiction, an extension to the relevant filing deadlines in the jurisdiction should be provided, or alternatively a new separate filing process created for Amount A. • The tax administration of the relieving jurisdiction should be required to provide relief or refund the "relief amount" at the same time that payment is made, or by a specified due date shortly after the Amount A Tax Return is filed. We also believe that relief should not be delayed by treaty processes which are not designed for Amount A. As noted in the Document, there could be material cashflow and creditworthiness/rating issues if there is a significant delay between payment of Amount A and receipt of relief. • Further clarity would also be required on the impact that non-conforming years would have on double taxation relief. We believe that the development of a centralized system to administer the payment and

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			double tax relief elements of Amount A could help alleviate these issues and we have outlined a suggested approach in Appendix II.
Section 2.5, para 35 Section 2.6, para 38	Currency conversions	The approach suggested to use the average exchange rate to translate Amount A liabilities into the payment currency in para 35 is at odds with para 38, which seems to leave it open to a jurisdiction to choose the currency required by the relevant jurisdiction. Where there are depreciating currencies, this will result in economic losses / hedging costs for the taxpayer.	• Please see below our comments regarding currency conversions in Section 2.8.3.
Section 2.7, para 44 Section 2.8, para 46 - 65 Section 2.9, para 66 - 79	Single taxpayer v multiple taxpayer approaches	The Document provides two options for to co-ordinate Amount A: - The "single taxpayer" approach according to which a single Group Entity in each Covered Group is liable for the Amount A tax in all market jurisdictions, and that Group Entity could be separate from the Group Entity or Group Entities entitled to relief from double taxation; and - The "multiple taxpayer" approach according to which one or more Group Entities from each jurisdiction that is required to eliminate double taxation ("relieving jurisdictions") are liable for	• As an initial comment, more information would be required before some of our members would be in a position to provide a detailed opinion on which approach would be preferable from a business perspective. For example, we believe that concerns about the use of a designated single taxpayer approach would be greatly reduced if elimination of double taxation was provided by way of a tax refund (or an exemption instead of a credit system). That being said, we would welcome the opportunity to engage with the Secretariat further on the design of an efficient and effective mechanism for administering Amount A, as we believe the design of a comprehensive solution is a crucial building block for the success of Pillar One. • Based on the current proposals in the Document, there are a number of concerns applicable to both suggested approaches (e.g., tax registration requirements, the taxation of intragroup payments, currency issues, information sharing and confidentiality, effective double tax relief etc.). • We therefore believe that the majority of these concerns could be addressed through the development of a comprehensive MLC, which

Para	Topic	Issue	Recommendation
		the Amount A tax, combined with a multiple taxpayer approach in which a single Group Entity ("the agent") coordinates payment and compliance as an agent on their behalf. While it is noted that delegates have expressed support for the single taxpayer approach, there is a lack of consensus currently and concrete proposals have not been developed.	clarifies these issues and allows for the administration of Amount A in a streamlined manner.
Section 2.8, para 46 - 65	Multiple taxpayer approach	Issues identified with the multiple taxpayer approach	• While some members believe that the multiple taxpayer approach could be more straight-forward, as it is more closely aligned with existing international tax systems, this view is not consistently shared amongst members and a number of issues have been identified. ○ The multiple taxpayer approach could vary from year-to-year, giving rise to significant tax compliance obligations. ○ Issues could also arise in respect of identifying specific entities liable in a jurisdiction under the multiple taxpayer approach and the allocation of relief (e.g., using a waterfall, pro-rata, etc.). In particular, where there are a large number of entities in a jurisdiction (e.g., in a conglomerate scenario), the use of a pro-rata approach would give rise to significant levels of complexity, which in turn could create the risk of a significant number of disputes. • The agent function suggested is, in our view, unlikely to alleviate much of the complexity surrounding this approach, and unfortunately therefore offers little in the way of administrative convenience. Where an agent function is provided, we would recommend that as much flexibility as possible is granted to groups to choose an appropriate agent.

Para	Topic	Issue	Recommendation
			• Paragraph 50 notes that the consequences of the payments between liable entities and the agent would need to be considered, including the application of withholding taxes. We recommend that the MLC makes clear that withholding taxes should not apply to such payments (please also see our similar comments on the single taxpayer approach in paragraph 69). • We also note that there is potential for the agent to be exposed to foreign exchange differences and these should be included in the reimbursement, and not be subject to additional taxation.
Section 2.8.3, para 60 Section 3.4, Article 15	Secondary liability	There should not be secondary liability for local entities. The scope of the secondary liability provisions placed on the UPE in Article 15 is too broad.	• Local resident entities in market jurisdictions should not be secondarily liable for Amount A liabilities. It is important that there is consistency and certainty across how the rules are applied, and that will be more difficult to sustain if market jurisdictions unilaterally enforce liabilities against local entities that are not relieving entities. • We believe that the scope of secondary liability provisions outlined in Article 15 needs to be clarified in greater detail. As currently proposed, Article 15 potentially exposes a UPE (and its directors) to a range of legal obligations around the world, without a uniform and understood status. We believe that there needs to be a standard approach to ensure the collection of Amount A liabilities is treated as a civil matter, with the liability placed on UPE directors, jurisdictional boundaries and the mechanisms for dispute resolution clarified in further detail. Without appropriate safeguards, there is a concern that the directors of the UPE would be placed in an unmanageable legal position. In our view, the Document is overly concerned about non-payment of tax due on Amount A, whereas Covered Groups will in fact pay the liabilities that they owe.
Section 2.8.3, para 64	Payment currency	The requirement for Covered Groups to convert their Amount A tax liability into the local currency of multiple jurisdictions is overly burdensome.	• We recommend that Covered Groups should not be required to employ complicated currency management practices in order to comply with Pillar One obligations (particularly in jurisdictions where they may not maintain operations).

Para	Topic	Issue	Recommendation
Section 3.6.1, para 5 Article 17		In certain cases, the requirement could also have an impact on currency markets, particularly if multiple groups within the scope of Amount A have calendar year-ends.	• We have included specific recommendations on how currency issues could be managed in our alternative proposal in Appendix II. These proposals recognize that there may be a requirement for payments and refunds to be made in a local currency but seeks to minimize the risk of FX exposures arising for a group. • It would be preferable if Covered Groups were provided with the option to make payments in the same currency used to report in their Amount A return, or other agreed currency denominations (e.g., EUR, USD). We also believe that, where the rules require the payment of Amount A in the local currency, there should be a provision which allows a taxpayer to jointly agree with the relevant tax administration to use a different currency. • The use of local currencies is likely to give rise to issues for businesses. For example, we note that there are cases where the official exchange rate applicable in a jurisdiction has a significant degree of variance from the actual exchange rate applied to currency conversions for that jurisdiction, with payments made in the local currency (if translated at the official exchange rate) representing a higher economic burden for groups. These jurisdictions are typically constrained from an FX liquidity perspective – it would therefore be helpful if the Covered Group making the tax payment would have the right to access the FX liquidity at the same exchange rates, for its own imports, blocked dividends etc. • We also believe that relieving jurisdictions should be required to ensure that foreign currency is available for the repatriation of tax that has been refunded in local currency. • Where payments are converted into local currencies, we have concerns with the proposed approach suggested in Article 17. Article 17(1) permits translation into the presentation currency at rates used in the financial statements. However, Article 17(5) requires income tax and amounts eligible for relief to be translated back into local currency at a different rate

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			– namely the Average Exchange Rate for the period. This will give rise to an arithmetic difference purely due to the different rates applied and may result in the taxation of a fictious foreign exchange difference. The requirement to translate at the Average Rates in Article 17(5) also creates a burden on groups to recompute balances using an entirely new set of exchange rates. • We further note that under IAS29 Financial Reporting in Hyperinflation Economies, for the purposes of the Group consolidated financial statements the income statement of entities in hyperinflation economies is translated at the period end foreign exchange rate instead of the average rate for the financial period.
Section 2.9, para 66 - 79	Single taxpayer approach	Issues identified with the single taxpayer approach	• Based on the current information provided, some members have suggested that the single taxpayer approach could be preferable. However, a number of concerns with the single taxpayer approach have been identified. o The single taxpayer approach seems to have issues with how to address the elimination of double taxation effectively, particularly where credit relief is applied. The Document also highlights the potential risk of withholding tax applying on intra-group payments (see comments below). o There is concern among some members that the single taxpayer approach would centralize FX risk in a single company which may need to be hedged and requires a single company to create multiple touchpoints with tax administrations around the world. o Concerns have also been raised that the use of a single taxpayer approach could limit a group's ability to make returns to shareholders if the tax charge sits with the UPE and dividends cannot be repatriated in a sufficiently timely manner from subsidiaries to cover the tax cost and create sufficient reserves to enable dividends to be paid, unless the rules create a form of tax-free reimbursement that allows the tax liability to be pushed-down into the relieving jurisdictions. With multiple tiers of companies in a

Para	Topic	Issue	Recommendation
			group, it can take several years for reserves to be distributed to the UPE. • Where a single taxpayer approach is adopted, we agree that the UPE may not be the appropriate single taxpayer in all instances. We believe that taxpayers should have the option to select the entity within the group that would perform the function of the single taxpayer. In our view, the Document is overly concerned about the non-payment of tax due on Amount A income, however, groups in-scope of Amount A will pay the liabilities that are owed.
Section 2.9, para 69	Intragroup payments to meet Amount A tax liabilities	The application of withholding taxes and other tax consequences on intra-group payments to ensure that the single taxpayer is sufficiently funded to settle its Amount A liability does not seem appropriate. It is also unclear whether the settlement of any withholding taxes could become a condition for obtaining relief from double taxation in a Relieving Jurisdiction.	• We believe that payments between entities in respect of a Covered Group's Amount A tax liability (e.g., by liable entities to a single taxpayer) should not create an incremental tax liability for the group. • In this respect, the MLC should specifically prohibit Inclusive Framework members from applying withholding taxes or other taxes (e.g., indirect taxes) to such intra-group payments.
Section 2.10	Identifying relief entities in a jurisdiction		• The use of metrics to push relief down to the legal entity, in our view, simply adds complexity and could result in the requirement for low-profit entities to provide relief. • We believe that the same methodology and tiering for determining the elimination jurisdiction should be used, as this would result in an allocation to those entities that contributed under those formulas. Our proposed alternative in Appendix II follows this approach. • Any method that reduces the number of legal entities responsible would be welcomed, as it is currently envisaged that each responsible entity would

Para	Topic	Issue	Recommendation
			be required to file for relief under local law, which will add complexity and increase administrative burdens. • Where a consolidated group exists for tax purposes in a jurisdiction, we believe that the allocation of relief down to the legal entity level within that group should not be required. In this scenario, it seems reasonable that the head of the consolidated tax group should be the liable entity or at least could elect to be the liable entity (e.g., similar to the elections provided in Pillar Two). • The identification of the relief entity, as discussed in paragraph 83, should come with the overriding obligation to make the identification in such a way that it maximizes the prospects of the taxpayer securing double taxation relief. For example, an entity should not be selected that benefits from the offset of foreign tax credits, as giving relief under Amount A may simply result in foreign tax credits becoming unrelieved, in turn resulting in double taxation.
Section 2.11, para 99 - 101	Suspension of payments	Where payments are suspended, the Document suggests that market jurisdictions should be compensated for the delay in the receipt of the relevant revenues. Given that commercial rates of interest relevant to some market jurisdictions may exceed interest rates available to Covered Groups, this could result in a significant cost for Covered Groups.	• We believe that payment of tax due under Amount A should be suspended until the relevant tax certainty processes have been completed. • Suspending payments creates an incentive for tax administrations to complete the certainty process and ensures that taxpayers do not need to request refunds from tax administrations. • In our view, taxpayers should not be required to compensate market jurisdictions where a suspension of payments has arisen. It would seem more appropriate that, where there is a delay in the reallocation of taxes under Amount A, market jurisdictions should be compensated by the relieving jurisdictions that have collected tax on the profits that are reallocated under Amount A. This would be entirely consistent with the premise of Amount A, which is a redistribution of taxable income and not of tax payments. On this basis, we do not believe that interest and/or other

Para	Topic	Issue	Recommendation
			penalties should not be required to be paid by taxpayers to market jurisdictions throughout the suspension period. • To the extent that if proves to be challenging to achieve consensus on this issue, further consideration could be given to using alternative mechanisms, such as the posting of a guarantee (rather than actual cash) for Amount A tax liabilities for the duration of the relevant certainty processes (which should have a relatively short timeframe). Business would need to be consulted further if any such proposal was to materialize. • Paragraph 101 contemplates that the likelihood of significant adjustments arising should reduce over time, however, in our view, this underestimates the degree of business evolution that takes place and also the evolution of tax authority positions in areas such as transfer pricing, which is one of the main causes of tax disputes currently.
Section 2.11, para 103	Requirement to amend returns	The Document refers to the need to amend tax returns where the outcome of a Comprehensive Certainty Review differs from the position filed by the Covered Group in its Amount A Tax Return and Common Documentation Package.	• Given the existing level of complexity envisaged for Amount A tax compliance procedures, we believe that the final outcome of a Comprehensive Certainty Review should be reflected in the current period tax return filings.
Section 2.12, para 106	Exchange of Information	The proposed automatic exchange of information provisions envisage the Common Documentation Package and Amount A Tax Return being shared with a wide range of recipients.	• We refer to our comments above which outline our concerns regarding the excessive sharing of information. In particular, we recommend that information be shared only with the affected jurisdictions.
Section 2.12, para 111	Interaction with Pillar Two	Further analysis required on the interaction of Amount A with the Pillar Two rules.	• We note and agree with the comment that further work will need to be performed to consider the interaction of Amount A with the Pillar Two calculations.

Para	Topic	Issue	Recommendation
			• From a Pillar Two perspective, it appears that GloBE Income will not be adjusted by Amount A but the calculation of Adjusted Covered Taxes will need to be adjusted in the jurisdiction which has the accounting income. We would welcome further clarity on this point, particularly in light of the formulaic approach being used for Amount A allocations. • Our expectation is that, because book income is not moving but the taxing rights are being reallocated under Pillar One, the taxes paid in the market jurisdictions would be reallocated back to the relieving jurisdictions where the book income remains. This would prevent the application of Pillar One distorting effective tax rates in the relevant relief entities. We note in particular, the OECD Commentary on Article 4.2 of the GloBE Model Rules, at paragraph 29, which states: *Tax on net income of a Constituent Entity under Pillar One would be treated as a Covered Tax under the GloBE Rules as a tax with respect to income or profits. Because Pillar One applies before the GloBE Rules, any income tax with respect to Pillar One adjustments will be taken into account by the Constituent Entity that takes into account the income associated with such Tax for purposes of calculating its GloBE Income or Loss. The treatment of Pillar One taxation will be further addressed through Administrative Guidance to be developed as part of the Implementation Framework.* • We welcome that the GloBE Implementation Framework will further clarify the treatment of Pillar One taxation. As shown in our alternative administrative solution and the illustrative example in Appendix II, it will be critically important that the timing of payment / relief for Amount A is streamlined, to allow these elements of Amount A to flow into a group's Pillar Two calculations. We believe that this further supports the need for a comprehensive streamlined process to be developed for Amount A.

Para	Topic	Issue	Recommendation
Section 3.1, para 8 Article 12	Application of penalties	Relevant entities (i.e., those liable to tax on Amount A or eligible for double taxation relief) will be liable for non-filing or late filing penalties in each relevant jurisdiction, in accordance with the domestic rules of that jurisdiction.	• We believe that the application of penalties in a range of jurisdictions for a late filing is not reasonable. In our opinion, penalties should be limited to the entity responsible for filing the Common Documentation Package and the Amount A Tax Return (e.g., the UPE). • We also believe that all penalties and / or interest should be waived until initial Advance Certainty Reviews have been completed.
PART II – Tax Certainty Framework for Amount A			
General	Time limits	Time taken to complete tax certainty processes.	• The addition of clear time limits for each step in the tax certainty process for Amount A is welcome, as it avoids the potential circularity of the previous processes. Including these time limits shows how long it could take a taxpayer to achieve certainty, particularly if a taxpayer is subject to multiple certainty processes (e.g., for a single period a group could undertake reviews for follow-up scope certainty, scope certainty and comprehensive certainty). • We would however suggest: ○ looking for opportunities to shorten time limits where possible, e.g., when constituting a Review Panel; ○ undertaking more parts of the process concurrently, e.g., moving to a Determination Panel, even where discussions on the outcome of a Review Panel are ongoing; and ○ further limiting opportunities for Affected Parties to disagree with the findings of a Review Panel.
General	Common Documentation Package	The Amount A certainty process requires Groups to provide sensitive operational, commercial and contractual information.	• We note that the Document continues to suggest that the proposed Common Documentation Package would be submitted to numerous recipients. • This requirement raises concerns both from a confidentiality and administration perspective. We believe that it would be preferrable that any agreed documentation is submitted to the Lead Tax Administration and

Para	Topic	Issue	Recommendation
			a more limited set of information relevant to the local jurisdictions be provided to Affected Parties. • While the Document does provide some further detail regarding confidentiality, the requirements need significant further development to ensure that robust and detailed protections are provided to participants.
General	Disclosed Segments	The concept of Disclosed Segments artificially carves up the value chain of integrated businesses engaged in Extractive Activities. There is the potential for profitable segments to become subject to Pillar One regulations, with less profitable and/or loss-making segments ignored. Given that key interdependencies exist throughout the entire value chain of these businesses integrated oil and gas companies, there is a risk that segmentation will lead to unequitable outcomes.	• Disclosed Segments should not apply to integrated businesses.
General	Scope of information submitted as part of tax certainty processes	Approval of Common Documentation Package required from all group entites.	• While we welcome the update which clarifies that powers of attorney will not be required to confirm that all group entities agree with the documentation provided, we note that there still appears to be a requirement for all group entities to confirm that they agree with the contents of the Common Documentation Package. • We believe that it would be more appropriate to allow the Coordinating Entity to submit the Common Documentation Package on behalf of the Covered Group, with any necessary approvals or sign-offs provided by the UPE.

Para	Topic	Issue	Recommendation
Section 1.1, para 3	Advance Certainty Process	The scope of an Advance Certainty Review remains overly restrictive.	• We regret that the scope of Advance Certainty has not been extended to other aspects of the Amount A methodology that are applied consistently across periods, for example, in respect of adjustments made to the Amount A tax base and Elimination Profit, the definition of payroll and depreciation expenses etc. Advance Pricing Agreements (APAs) provide a precedent for this methodological approach to advance certainty. • Other matters such as the type of documentation that would be required to support the Covered Group's Revenue Sourcing approach should also be addressed during an Advance Certainty Process, since documentary requirements are one of the most important considerations in systems setups. • As noted elsewhere in this response, we believe that comprehensive and timely tax certainty processes are critically important to achieving an effective implementation of Amount A. We understand that aspects of the Amount A calculation are formulaic in nature, and it has therefore been considered unnecessary for these elements to be the subject of advance certainty arrangements. However, in our view, the main benefit of a comprehensive advance certainty process for businesses is to help ensure the accuracy of financial statements. Securing the agreement of all parties on new and complex issues up-front should reduce the scope for issues arising post-filing that were unanticipated. We would encourage the Secretariat and TDFE to further expand the scope of tax certainty processes to the application of the Marketing and Distribution Safe Harbor, the Elimination Rules and to any domestic business exception mechanism as a result.
Section 1.3, para		The objective of a Scope Certainty Review is to provide a Covered Group with binding certainty that it is not within the scope of Amount A.	• It would be helpful if a Covered Group could complete a Scope Certainty Review with the Lead Tax Administration directly. A provision could be added that the outcome of this certainty process would be shared in the case of unilateral challenges from tax administrations in other jurisdictions.

Para	Topic	Issue	Recommendation
		Where Covered Groups are out of scope for Amount A, it will be challenging for the group to determine which parties should be classified as Listed Parties, as this determination involves further calculation beyond the calculations required when assessing whether or not a Group is in scope (e.g., revenue sourcing to market jurisdictions).	• Where Listed Parties are required to be identified for the purposes of a Scope Certainty Review, it would be useful if further clarity could be provided on how this process should be completed, given that the threshold tests to determine whether a group is in-scope and the relevant exclusions (i.e., Extractive Group or Regulated Financial Services) can be completed at the level of the UPE for the Group and Disclosed Segment.
Section 1, para 6 - 7	Transitional rules	Formalization of transitional rules	• We welcome the formalization of transitional rules into the tax certainty process. This is important for the initial periods when the Amount A rules apply, when both taxpayers and tax administrations will need time to get up to speed.
Section 1.4, para 13 – 14 Section 2.3.2, para 48	Internal control reviews		• It would be helpful to understand the more specific intended processes and level of review of Internal Control Reviews completed by Expert Advisory Groups, to better comment on how this process can be made streamlined, practical, and efficient. In particular, we note that an internal control framework is designed to provide reasonable assurance that data is accurate, and these control frameworks are reviewed in this context by independent external auditors. If the process undertaken by the Expert Advisory Group seeks to impose a standard that goes beyond reasonable assurance, this may result in internal control frameworks becoming impractical to implement and maintain. • We note that the Document states that an opinion of auditors may be considered but may not be conclusive. To better facilitate review, more reliance should be placed on existing auditors that have greater knowledge of taxpayers' systems and business practices. The type of data required for analysis under Pillar One is unique (not generally used for tax calculations), extremely voluminous, complicated, and non-standardized. Consideration could also be given to the possibility of an independent external auditor providing an attestation on the reliability of a taxpayer's systems.

Para	Topic	Issue	Recommendation
			• We have concerns that information which is taken from the financial statements and adjusted for the purposes of Amount A calculations could become the subject of an Internal Controls Review by the Expert Advisory Group, as this could cover a wide-range of data which has already been independently audited. • It may also prove challenging for businesses to engage with the Expert Advisory Group, if the composition of the group is not aligned with the specific needs of the business being reviewed. For example, there is the potential for language barriers to be created if the experts selected are not proficient in the working language of the business under review. A requirement to perform translations during a systems audit would, we believe, put significant pressure on review timelines. • It is imperative that we set proper guidelines to ensure this process does not become a fishing expedition, get bogged down in excessive granularity, or monopolize an unreasonable or a disproportionate amount of resources from taxpayers. Given the granularity of data, and that the relevant data relates to individual users and customers, it is important that this process does not put confidential or otherwise non-public information at unnecessary risk. • To avoid these risks and unintended consequences, we believe that more detailed guidelines be developed for this audit and released for consultation, so stakeholders can collaboratively work out the most reasonable approaches. • We also believe that Affected Parties should not be able to challenge the decision of the Expert Advisory Group on Internal Control Reviews, on the basis that the Expert Advisory Group, leveraging the work performed by independent external auditors, will be better placed to reach determinations due to their expertise and access to the relevant

Para	Topic	Issue	Recommendation
			information. This would seem to us to be the rationale for forming the Expert Panel.
Section 1.2, para 6	Reasonable measures	The definition of Reasonable Measures	• To avoid duplication, we will not reiterate our prior points on revenue sourcing, however, we believe that the points made on the need for practical solutions, including availability of data, should be taken into consideration of what it means to take "reasonable measures" under these certainty rules.
Section 1.5, para 17	Review Panels	Panel composition	• The Review Panel should be solely made up of government officials from the Lead Tax Administration, surrender countries, and market jurisdictions subject to oversight from their respective governments and confidentiality protocols under the multilateral convention.
Section 1.5, para 19	Review Panel findings	A requirement that all Affected Parties agree with the recommendations of a Review Panel or Lead Tax Administration could block the progression of a majority agreed position.	• We believe that it is preferable from a policy perspective to progress the review when a recommendation has won the agreement of a supermajority of Affected Parties. • In our view, there should also be materiality threshold to minimize the opportunity for jurisdictions with little or no revenue at stake to delay the process.
Section 1.8, para 25	Review of Common Documentation Package	We note that the Tax Certainty Framework contains an option for any number of tax administrations to cooperate and undertake a review of a Group's Amount A Common Documentation Package on a coordinated basis, though the process for this cooperation is deliberately left flexible and tax administrations may choose not to participate.	• While we acknowledge that an option is provided to a Group to make a late application for comprehensive certainty when tax administrations launch this review, we remain of the view that the Lead Tax Administration should always act as the chair and should oversee any review initiated where a Group does not itself request certainty. • The Lead Tax Administration should also be responsible for ensuring that only relevant and material taxpayer information is provided to other relevant parties to ensure confidentiality of taxpayer information.
Section 2.1, para 2 - 3	Development of additional guidance	We note that guidance may be developed for tax administrations on how Scope Certainty Reviews, Advance Certainty Reviews and	• We welcome the suggestion that examples and guidance would be developed. In particular, it would be worth considering whether issues which have been resolved during tax certainty processes could be

Para	Topic	Issue	Recommendation
		Comprehensive Certainty Reviews should be undertaken, which would incorporate the feedback of groups and that this guidance could continued to be developed once the MLC has entered into effect.	published (in a redacted format) for other taxpayers to potentially use as precedent. This should be made centrally available in English.
Section 2.2.1, para 2	Scope Certainty Review	The process of achieving scope certainty can be lengthy given the involvement of multiple tax authorities. The burden on tax authorities and taxpayers would be substantial if Scope Certainty is sought on an annual basis. However, it seems that a failure to seek annual confirmation exposes a Covered Group to challenges from tax authorities in market jurisdictions.	• Once a Scope Certainty Outcome has been obtained, we propose that the Covered Group be given an option for this outcome to apply for a period of 5 years, subject to self-assessment by the group. As part of this self-assessment, the Covered Group could file an annual return confirming amongst other things, that there are no changes in critical assumptions, and also submit its numbers for the profitability and threshold tests.
Section 2.2, para 3	Confidentiality	Further information required regarding the confidentiality of information.	• We refer to our comments above on the confidentiality of information, which are equally applicable from a tax certainty perspective.
Section 2.2.1, para 19 Section 2.3.2, para 18	Arm's Length Principle	The Document notes that there are requirements for certain arm's length principle adjustments to be made to ensure the consistency of information.	• Given that some transfer pricing adjustments may be significant and such adjustments may potentially take Groups in and out of the scope of Amount A in the period for which the adjustment relates, it would be helpful for Groups to be provided with the flexibility to reflect such adjustments in the period they relate or when the adjustment was made. • We note that further work is to be undertaken by Inclusive Framework members which will consider whether earlier periods should be re-opened, and an adjustment taken into account in the Period to which the adjustment relates. We propose Groups are provided with the flexibility to reflect transfer pricing adjustments in the period they relate or when the adjustment was made, and that Groups document the approach taken in the Scope Certainty Documentation Package.

Para	Topic	Issue	Recommendation
			• In addition, where there is an ongoing transfer pricing audit or litigation, it would be helpful if the rules addressed how this should be treated when it comes to the Scope Certainty Review for Amount A.
Section 2.3.2, para 8	Composition of Expert Panel and role of Observers	We note that criteria that nominated specialists are expected to meet shall be agreed by the Parties, but it is for each Party to determine whether its nominated specialists meet these criteria. The Document recognizes that not all Parties will have tax officials with the requisite training and experience needed to join the Expert Panel. Tax officials may also be permitted to act as observers to work of an Expert Advisory Group to gain experience.	• Where an Expert Advisory Group is adopted, we continue to suggest that there be a formal evaluation process to ensure candidates are qualified and meet rigorous background check specifications. There should also be a process to remove experts from the Expert Panel. • While we acknowledge that there is some updated language stating that "an observer would be subject to the same confidentiality requirements as tax officials participating on the Review Panel, including with respect to information obtained by its tax administration under exchange of information provisions in the Convention", we believe that more rigor should be applied to evaluating this process. If this approach is adopted, we recommend that observers undergo a robust background screening and adhere to strict confidentiality guidelines, with oversight by the tax authority which sponsors them. Further clarity is required regarding capacity building initiatives and how the training of experts will be completed. • In addition, observers should be trained by the Lead Tax Administration of the taxpayer and only permitted if both the Lead Tax Administration and Group agree. • For completeness, we also wish to restate our belief that as much reliance as possible should be placed on the work of independent external auditors. In particular, we believe that an attestation provided by the external audit should provide a sufficient level of assurance that appropriate controls are in place.
Section 2.3.2, para 11	Proposal of Changes Inconsistent	Where a Scope Certainty Review or Follow-Up Scope Certainty Review for the same Period concluded with	• We note that the exception "unless this is necessary for the correct application of the Convention" remains in the Document.

Para	Topic	Issue	Recommendation
	with Review Panel Findings	an agreed Scope Certainty Outcome, an Affected Party, including a member of the Review Panel, that was a Listed Party for that Scope Certainty Review, should not propose changes that are inconsistent with that Scope Certainty Outcome "unless this is necessary for a correct application of the Convention".	• We believe that this guidance is vague and could swallow the rule. The current wording and process could therefore result in all cases going to the Determination Panel.
Section 2.3.2, para 24	Right to challenge	The thresholds for changes remain too low.	• We have previously provided comments on the de minimis thresholds of 1% and 5% that were set for any Review Panel requests to change amounts in a Covered Group's documentation. While we note that our suggestions were not accepted, we still believe that these thresholds are too low and recommend that the thresholds are increased to at least 5% and 10% respectively or at least the greater of a fixed amount and these percentages.
Section 2.3.2, para 40 - 41	Updated Documentation Package	Lack of input from Coordinating Entity in preparing amended Common Documentation Package.	• We welcome the provision of a 90-day timeframe for Coordinating Entity to prepare and file an amended Common Documentation Package. We would however recommend that this time limit is able to be extended, where specific facts and circumstances necessitate and extension and are agreed between the Coordinating Entity and the Lead Tax Administration. • We remain of the view that the Coordinating Entity should be given a meaningful role in the process and an opportunity to provide feedback and perspective on changes requested to the Common Documentation Package.
Section 2.3.2, para 27, 67	Data availability	We appreciate the clarification that a Review Panel will not propose a different revenue sourcing methodology for a prior year without confirming first that proposed	• N/A

Para	Topic	Issue	Recommendation
		methodology data is actually available.	
Section 2.3.2, para 29 Section 2.3.3, para 3	Removal from a certainty process	The consequences for acting in a "non-transparent" or "uncooperative" manner (including incomplete information) are very significant – losing protections of the Review Panel process.	• We believe that, if this action is taken, the relevant failures should clearly be material to the outcome of the process. We would therefore also propose that all panel members must agree that a material failure has occurred (and not the two-thirds majority that is currently envisaged). If the behaviour of a Covered Group is so unacceptable to warrant removal of certainty protections, it seems that would be clear to all panel members. • Where a tax certainty process had previously been discontinued due to the late provision of requested information by the taxpayer, there is a requirement to start a new certainty process that a written confirmation is provided that "the issues which resulted in the late provision of information or in acting in an uncooperative or non-transparent manner have been addressed and will not recur". In practice, it may be difficult to provide this confirmation, if a Covered Group is not yet aware of the information that will be requested in the new tax certainty process.
Section 2.3.2, para 66	Advance Certainty Review	Timeframe to make system changes after the conclusion of an Advance Certainty Review.	• Our understanding was that the Advance Certainty Review was intended to allow Covered Groups to confirm the methodologies required to source revenues for Amount A purposes, in advance of building the potentially complex systems required to identify the relevant data needed to complete this sourcing exercise. • We are therefore disappointed that it appears that, if systems changes are required to be made, the time period in which to do so is shortened (as the time period commences from the date of the application request).
Section 2.3.2, FN69	Participation in the panel process	Risk to certainty and administrability	• While there may be interest in exploring how all interested Inclusive Framework members can participate in the panel process (as referenced in footnote 69), we believe that the most important focus should be achieving tax certainty in an administrable manner.

Para	Topic	Issue	Recommendation
			• We therefore believe that any compromises to allow for the greater engagement and interaction of Inclusive Framework members should not undermine the overall objectives of the tax certainty process.
Section 2.3.3, para 2	Covered Periods	We note that Lead Tax Administration may undertake the reviews for up to [four] Periods most closely preceding or most closely following the Period specified in the request for Comprehensive Certainty, simultaneously with the review for that Period.	• We recommend that reviews may be undertaken for at least five years.
Section 2.4.1	Determination Panel	It seems that alternative outcomes will only be presented by the Lead Tax Authority and Competent Authorities to the Determination Panel for consideration.	• While we note that written explanations can be provided by the Coordinating Entity with respect to the issues being presented to the panel, it appears that suggested outcomes can only be provided by tax administrations. • We believe it would be appropriate for a Coordinating Entity to have the opportunity to provide a suggested outcome to the Determination Panel, as in certain cases, the taxpayer may be the entity that is the party with the least interest in the final outcome of the proceedings.
Section 2.4.2	Determination Panel	Panel composition	• We note that the composition of Determination Panels is still being considered in further detail by Inclusive Framework members. There remain some differences of opinion among our members on the composition of Determination Panels, as noted in our previous consultation response. We would welcome further information on the composition of these panels once available, at which point we will be better placed to provide further comments. • Where independent experts form part of the Determination Panel, we believe that the requirement for a period of 12-months may not be sufficient and that a 24-month independence period would be preferable.

Para	Topic	Issue	Recommendation
Section 2.6.2, para 5	Fees	The Tax Certainty Framework, including the Tax Certainty Secretariat, shall be funded by [annual fees payable by Parties / fees payable by Groups making a request for certainty [to be agreed]].	• Our members have differing views on whether there is a need for a Tax Certainty Secretariat or whether this role could be completed by Lead Tax Administrations. • If a Tax Certainty Secretariat is introduced, we believe that the secretariat should be funded by fees payable by Parties and not by the Groups making requests for certainty. • This approach would be in line with the approach set out in Part III of the Document, Tax Certainty approach for issues related to Amount A, where each Contracting Jurisdiction bears the fees and expenses of the members of the dispute resolution panel.
Section 2.6.3, para 7	Evidence to challenge a sourcing decision	Any challenge by an Affected Party in respect of the sourcing of revenue should not be based on evidence of a single transaction.	• As revenue sourcing assessments will not be prepared on a transaction-by-transaction basis, we believe that, where a revenue sourcing decision is being challenged, the evidence provided by an Affected Party should be material in nature and should not relate to a single transaction.
Section 2.6.3, para 15	Critical Assumptions	There is a lack of clarity regarding what types of Critical Assumptions are being considered.	• We believe that there is a need to further clarify the current definition of what constitutes a Critical Assumption. We would welcome the inclusion of examples of the types of issues that are being considered.
Part III – Tax Certainty for Issues Related to Amount A			
General	Impact on developing countries	We continue to believe that the tax certainty proposals for Amount A and issues relating to Amount A will pose a significant administrative burden on developing countries relative to their existing obligations. This may discourage them from participating in the approaches more broadly, or it may mean that they are unable to engage on an equal footing with other countries where they do participate.	• Additional support (and/or funding) could be considered to ensure that the framework is appropriate for providing the right tax outcomes and certainty over them to all interested parties. We would welcome further opportunities to engage on this topic.

Para	Topic	Issue	Recommendation
General	Multilateral relationships	The provisions of Article [X] and Article [Y] appear to be applicable to bilateral relationships, as opposed to applying in a multilateral situation.	• We continue to be disappointed that these provisions do not appear to have been drafted to apply in a multilateral situation. While Bilateral MAP processes are indeed challenging, in our experience, significant issues arise in multilateral scenarios and jurisdictions are not currently required to consider such situations. We believe that the MLC could be used to rectify this issue, which would really help the current dispute resolution process.
General	Language of MAP proceedings	There does not appear to be any reference in the Document of the language to be used when making a MAP filing. It is unclear if this is left up to local MAP guidance, which could potentially result in MAP filings needing to be made in local languages.	• In issues related to Amount A, the cases are likely to concern multiple jurisdictions and there will therefore likely be multiple bilateral MAPs (in a scenario where a multilateral process is not created). • If no multilateral process will be created, we believe that there should be an option provided to use an agreed language for completing MAP filings (e.g., English).
Section 1	Adjustments for Related Issues	Timing of adjustments for related issues (telescoping).	• Adjustments made with respect to related issues should be taken into account in the year in which the adjustment is made by reporting the relevant income amounts, as adjusted, in the Amount A Tax Return for that year. We do not believe that groups and tax administrations should be required to report and deal with adjustments in the year to which the adjustment relates. • However, as noted in our previous consultation response, if the MNE does not have sufficient profits in the adjustment year, it could result in an over-allocation of Amount A in the dispute year. We therefore believe that taxpayers should be able to elect for either approach, including to electively take back the Amount A impacts to the year in question. • More broadly, we believe that this issue demonstrates the importance of introducing an early and more comprehensive Advance Certainty Process, which should substantially reduce the volume of Amount A related disputes. Early advance certainty is included as the first step of our suggested alternative filing approach in Appendix II. A streamlined and centralized filing process (where the Amount A Tax Return and Common

Para	Topic	Issue	Recommendation
			Documentation Package are treated as recognized supplementary tax returns in market and relieving jurisdictions) could also help to make it easier to accommodate the outcome of dispute resolution proceedings related to Amount A, with adjustments for dispute outcomes made via one commonly recognized return.
Section 2.2.1, para 10	Extension of MAP outcomes	It is welcome that the Document indicates that MAP outcomes may be extended by Competent Authorities to subsequent years.	• N/A
Section 2.3 Article [Y]	Mutual Agreement Procedure – No Existing Tax Agreement	Support for extension of tax certainty where there is no existing tax agreement.	• We strongly support the extension of mutual agreement procedure (MAP) in situations where there is no existing tax agreement. This is critical to stabilizing the existing international tax system, without which there can be no certainty in the determination of Amount A.
Section 2.4.1 Article [Z], para 1, FN 115	Definition of Related Issues	A broad definition of Related Issues should be adopted.	• A broad definition of Related Issues should be adopted to provide maximum certainty for taxpayers and tax administrations. There should be no limit based on quantitative materiality or based on scope. • In respect of quantitative materiality: o small issues will still affect the calculation of Amount A; o similar disputes arise across multiple periods and hence a dispute that is immaterial for a given period can be material in aggregate; and o it is difficult to rationalize why significant disputes should be resolved, but smaller ones should be left unresolved. • In respect of scope, any dispute that impacts the profits earned by a taxpayer in a jurisdiction has the potential to impact the calculation of Amount A, and hence any such dispute should be covered by the Related Issues definition.
Section 2.4.4	Definition of "Member of	Extension to multilateral cases	• We note that the current definition provided includes the phrase "tax liability to either jurisdiction directly affected". We would suggest that this definition could be expanded to address scenarios where there are three

Para	Topic	Issue	Recommendation
	the Covered Group"		jurisdictions involved (as may be the case in certain permanent establishment scenarios).
Section 2.4.5, para 7	Contact information	Information to be included in a MAP request includes "contact person(s) in that jurisdiction" and the MAP request need to be filed in each location separately.	• In MNE situations, it is often not likely that there is an appropriate contact person in each location, but rather the appropriate contact is part of a central tax team. We recommend that this requirement is removed as a result and note that an equivalent requirement does not exist in current MAP practice.
Section 2.4.5, para 7	Copy of request to other Competent Authorities	There is a requirement to provide a copy of the MAP submission request and all supporting documentation.	• We note that a MAP submission request with all supporting documentation can be a heavy package. We therefore believe that it would be preferable to remove the requirement for duplicate copies of submissions to be circulated, with reliance instead placed on identifying the date on which information was filed.
Section 2.4.5, para 7	Written statement	There is a requirement to provide a written statement that the MAP case may involve taxation connected with a Related Issue.	• We would question whether a written statement is necessary, as the case will need to be described in detail and analysed as part of the MAP request.
Section 2.4.5, para 7	Additional documentation	There is a final requirement for "information necessary to undertake substantive consideration of the case" to include any other information or documentation required by either Competent Authority in accordance with its published MAP guidance.	• We are concerned that this provides scope for Competent Authorities to make repeated requests for additional information, which in light of our other comments above, could serve to prolong the process. • In this regard, we appreciate the comment in footnote 120 that work is ongoing to protect against any repeated or unreasonable Competent Authority requests for additional information using this provision and we would welcome the inclusion of guardrails in this respect. • We would also note that the ability for Competent Authorities to rely on domestic MAP guidance could potentially be problematic, particularly as this guidance will be different in all jurisdictions and also subject to change.
Section 2.5, para 1	Inclusion of anti-avoidance rules	Domestic anti-avoidance rules should be in scope.	• We believe that domestic anti-avoidance rules should be covered under the provisions of Article [X] to ensure that they are not used to over-allocate profit to a jurisdiction, while bypassing the certainty process or undermining other aspects of Pillar One.

Para	Topic	Issue	Recommendation
Section 2.6.1, para 1(a)(i) Article 19	Article 19	Considering that the scope of the Amount A MLC is multilateral in nature, and broader than the existing networks of bilateral tax treaties, it is important that that the proposed (bilateral) dispute resolution mechanism for issues related to Amount A should apply in circumstances where there is not an existing bilateral tax treaty between the two jurisdictions in place.	• We believe that it is important that the language of paragraph 1(a)(i) in square brackets is included, to ensure that scope of the mandatory and binding dispute resolution mechanism for issues related to Amount A is not limited to parties that are linked by way of existing bilateral Tax Agreements.
Section 2.6, FN 127	Request for a dispute resolution panel	Rules for requesting a dispute resolution panel should not require quantitative analysis (particularly since may change during certainty process).	• A Covered Group should not be required to demonstrate the specific quantitative impact that resolution of the Related Issue would have, especially since this would not be certain in any case before completion of other certainty processes. In our view, it should be sufficient to explain why it is the type of issue that could have an impact on the application of Amount A rules.
Section 2.6.2, para 2(b)(i)	Binding effect of the dispute resolution panel	Acceptance of the decision by the taxpayer is required within a 30-day period.	• It would be helpful if an extension of this deadline to 60 days could be provided.
Section 2.6.2, para 2(b)(ii)	Binding effect of the dispute resolution panel	A final decision of the courts of one of the Contracting Jurisdictions can render a dispute resolution panel invalid.	• We note that a new request for a dispute resolution panel may be made, unless the Competent Authorities agree that such a new request should not be permitted. We believe that further detail is needed on the circumstances when Competent Authorities can make this determination.
Section 2.6.3, para 6	Determination of the "start date"	Where neither Competent Authority makes a request for additional information, the start date of the two-year period is still tied to Competent Authority action. The options provided are either (a) when both have sent confirmation or (b) at	• If no action is taken by any Competent Authority within a defined period, there does not currently appear to be any provision that would result in the two-year period being deemed to have started. Where there is no reaction at all from any Competent Authority, we believe that the two-year period could be deemed to start within a defined number of days from the submission of the request.

Para	Topic	Issue	Recommendation
		least one Competent Authority has sent confirmation.	
Section 2.6.4, para 8 - 9	Suspending Dispute Resolution Panels	Guidelines should guard against the overuse of extensions by Competent Authorities.	• The draft provisions in the Document suggest that Competent Authorities are permitted to extend timelines when they agree the Covered Group failed to provide additional material information requested by either Competent Authority. • While it is appreciated that the requirements note that the information must be "material", it is important that this exception is not overused by making repeated, unusually burdensome, or late requests that unfairly prolong timelines. • It would be welcome if additional guidance could be provided on the meaning of uncooperative conduct and when information will be considered to be of a "material" nature.
Section 2.6.12, para 28	New agreement post-arbitration	There should not be a possibility of changing the outcome following arbitration, since that will result in gaming outcomes and undermine incentives for reasonable proposals throughout the process.	• Given that the dispute resolution process uses a last-best offer approach to decision making, the subsequent ninety-day period provided to Competent Authorities to decide to agree to a separate proposal is unwarranted and deters from the overall objective of accelerating resolution and certainty, particularly when it is considered that two-years will have passed at this stage since the commencement of the original MAP proceedings. • The chosen proposal would currently already have been provided by one of the Competent Authorities, so that Competent Authority should already believe it is a supported solution. Allowing for another round of negotiations would prolong resolution and could introduce an element of bargaining to the dispute resolution negotiations, which in our view seems to be contrary with the objectives of these rules.
Section 2.7	Extensions	The Covered Group should be able to confirm that an extension proposed (resulting in a delay beyond two-years) is acceptable.	• Notification to the Covered Group alone should not permit Competent Authorities to continue to reset the MAP timeline for resolution beyond two years. We believe that a Covered Group should be provided the opportunity to confirm whether the new proposed timeframe is reasonable for resolution, which if accepted, would ensure an extension of time.

Para	Topic	Issue	Recommendation
			• We appreciate that the Document notes that any delay should be short, given the objective is timely resolution, however, it would also be helpful if more explicit rules and timing guidelines could be provided to reinforce that objective.

Appendix II

Proposal for a Streamlined Administrative Process for Amount A

We believe that the development of a comprehensive filing solution for Amount A, which reflects the suggestions made above, would be consistent with the approach recommended in the Inclusive Framework Statement on October 8, 2021 (the "October Statement"), which provided that:

> *"The tax compliance will be* ***streamlined (including filing obligations)*** *and allow in-scope MNEs to manage the process through a single entity"*

We are therefore concerned by the level of complexity that will inevitably be created by the approaches currently envisaged in the Document which will be exacerbated by the proposal to allow countries to provide relief from double taxation via credits, not exemptions. We further highlight additional complications that may arise from the fact that local tax year-ends may precede or follow the financial statement year of the Covered Group, and tax return filing due dates that can vary significantly across the globe. We recognize that the proposals presented in the Document are at concept stage and would be developed and refined in further detail, however, we believe that relying on traditional methods to administer Amount A will result in significantly greater complexity. By way of example, *Business at OECD* (BIAC) business advisory group members estimate that, if taxpayers are required to file amended returns in relieving jurisdictions, this could require them to file amended returns for potentially several hundred group entities[1].

We also acknowledge the need to apply Pillar One tax effects (both payment and relief) before concluding country-level Pillar Two analyses that will also be imposed on Covered Groups and tax administrations. In our view, this will only be possible if Amount A of Pillar One can be administered in an efficient manner.

We believe that there is an opportunity to revise and further develop the current streamlined approach presented in the Document, to better deliver the administrative simplification that the Inclusive Framework is seeking to achieve. At its core, Amount A seeks to reallocate income to market jurisdictions, while providing relief from double taxation to businesses from relieving jurisdictions at the same time. It is therefore critical that the design of a streamlined centralized system captures both payment and double tax relief.

We believe that a revised streamlined system could potentially operate in the manner outlined below. We recognize that this solution could be developed further, and we would welcome the opportunity to work with the Secretariat and the TFDE in doing so.

1. The Covered Group initially completes a comprehensive Advance Certainty Review process (i.e., not subject to the scope limitations of the current Advance Certainty Review process proposed).

[1] The estimates provided range from approximately ten group entities to several hundred entities depending on the nature of the business and the relevant group structure.

This process would be completed before the start of the Covered Group's financial accounting period for which it was subject to Amount A[2].

2. The Amount A Tax Return and Common Documentation Package would be filed with the Lead Tax Administration of the UPE of a Covered Group (as proposed, within twelve months of the Covered Group's financial year-end).
   - This filing should include the measurement of Amount A, revenue by country, and the *computation* of Amount A allocations by country, inclusive of the application of the MDSH and withholding tax.
   - The filing should also include information regarding:
     i. the allocation of the elimination of double taxation by country, as calculated in accordance with the jurisdictional elimination mechanisms provided for in the final Amount A provisions.
     ii. a further allocation of the elimination amount for each jurisdiction identified in (i), to the legal entities in that jurisdiction. A potential method of allocation could be to apply a pro-rata approach based on an entity's proportionate share of the excess return on depreciation (RoDP) for the jurisdiction[3], provided that such legal entity would have been classified as either Tier I or Tier II if it had been the only legal entity in the jurisdiction. An alternative allocation could also be agreed directly with the relief jurisdiction based on the group's facts and circumstances, as a means of simplification.
     iii. the weighted average federal tax rate before the application of tax losses or tax credits for each entity identified in (ii), based on the most recently filed local corporate tax return (where relevant), or in the case of a consolidated tax filing election, the federal tax rate of the consolidated tax filing group based on the most recently filed local consolidated tax return. For simplicity, this will be described as the "weighted average federal tax rate" in the remainder of the steps.

   This information will feed into the double tax relief claim process in step 7.

3. The Lead Tax Administration would only share relevant information with the various affected market and relieving jurisdictions (as proposed, within 15 months of the Covered Group's financial year-end) in a jurisdiction specific schedule.
   - Market jurisdictions would receive all information relevant to the measurement of Amount A in their market, inclusive of consideration of the MDSH.
   - Relieving jurisdictions would necessarily receive all information relevant to the computation of global Amount A inclusive of the MDSH, as well as the elimination amount allocated to each entity in the jurisdiction and the weighted average federal tax rate for that entity.

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[2] We recognize that this may not be achieved in the first period that Amount A applies, but it should be achieved and achievable in all subsequent periods.

[3] For completeness, we note that we have chosen excess RoDP as the allocation methodology as it is aligned with the currently envisaged elimination jurisdictional allocation methodology. We do still have concerns regarding the appropriateness of RoDP as a metric for allocating elimination balances and refer to our previous comments in this regard. If an alternative metric is ultimately chosen in the finalized rules, this could potentially be used in place of excess RoDP in the step above.

The schedules provided as part of the Amount A Tax Return and the Common Documentation Package would be considered to represent a recognized supplementary tax return filing in each of the affected jurisdictions.

Payments to Market Jurisdictions

4. The Covered Group would designate a legal entity to make payments of the Amount A liabilities on behalf of the relieving legal entities (the "designated payment entity").
   - The market jurisdictions would assess the tax due based on the Amount A income allocated to that jurisdiction and would issue tax collection notices to the entity designated by the Covered Group.
   - The local statutory federal tax rate applicable to corporate income in the jurisdiction would be used to calculate the Amount A liabilities due.
   - The assessment notices would be:
     i. Based on the data provided in the schedules (which would be presented in the functional currency of the financial statements of the Covered Group); and
     ii. Raised in the functional currency of the financial statements of the Covered Group.

   This would remove the requirement to register for tax identification numbers in market jurisdictions as currently is envisaged in the Document, or would at least streamline the process with a standard Amount A specific tax registration being completed for a single group entity.

5. Payments of Amount A liabilities are made by the designated payment entity (as proposed, within eighteen months of the Covered Group's financial year-end). The payments would be converted into the local currency of the relevant market jurisdiction, using the spot rate applicable on the date that the payment is made.

6. The designated payment entity of the Covered Group would allocate the Amount A taxes paid to the elimination countries and legal entities, following the approach outlined in step 2. This would represent a tax expense in each of their legal entity income statements.
   - We recognize that this is an important step, since the net change in corporate tax for the legal entities in the elimination countries will have a downstream impact on the Pillar Two effective tax rate calculations in those jurisdictions.

   The designated payment entity would have an intercompany receivable due from the relevant relief entities, which would be tax neutral and not give rise to additional tax, including withholding tax.

Elimination of Double Taxation

7. At the same time that the payment is made by the designated payment entity in the Covered Group to the market jurisdictions, the relieving jurisdictions would provide relief, by way of a tax refund. The tax refunds due would be calculated using the data provided as part of the Amount A Tax Return and Common Documentation Package schedules, which would have been shared by the Lead Tax Administration with the relieving jurisdictions as part of the schedules noted in step 3 above.

As such, the refunds would be based on:

- The Amount A elimination jurisdictional allocations, calculated in accordance with the Pillar One Amount A elimination mechanism.
- The further allocation of this elimination amount to the relevant legal entities in the jurisdiction, based on a proportionate share of excess RoDP, provided the legal entity would have been classified as either Tier I or Tier II if it had been the only legal entity in the jurisdiction. An alternative allocation could also be agreed directly with the relief jurisdiction based on the group's facts and circumstances, as a means of simplification.

At the level of each legal entity, the calculation would be:

- Amount A elimination allocation * weighted average federal tax rate

The aggregated amount of double taxation relief for the jurisdiction would be provided by way of a tax refund to the designated payment entity. An alternative would be for the refund payments to be made directly to the relevant relief entities. Where the refund is paid to the designated payment entity, it would have an intercompany payable balance due to the relevant relief entities, which would be tax neutral and not give rise to additional tax, including withholding tax.

From a currency perspective, the following would apply:

- Double tax relief calculations would be prepared using the data from the schedules – these amounts would have been provided in the functional currency of the financial statements of the Covered Group.
- Payment of the tax refunds would be completed in the local currency of the relieving jurisdiction, with the currency conversion being based on the applicable spot rate on the date that the payment is made.

Based on the steps above, double taxation relief should therefore have been allocated to the relevant legal entities in relieving jurisdictions. This would represent a tax reduction in their income statements. Here again, we recognize that there may be requirements to do so from a Pillar Two perspective (despite the jurisdictional nature of the GloBE effective tax rate calculation).

Information Requests

8. Requests for information from jurisdictions could be facilitated via the Lead Tax Administration, based on existing information request procedures. This would allow the Covered Group to have a single point of contact for managing Amount A issues. However, it is anticipated that fewer requests should arise where the Covered Group has completed a comprehensive Advance Certainty Review.

* * * * *

In relation to our proposal for a streamlined double tax relief filing process, we make this recommendation for the following reasons:

- Amount A is a formulaic approach to allocation income to market jurisdictions that is unique and different from the premise of current taxation systems. It therefore seems appropriate to also apply a formulaic approach to double taxation relief that is unique and specific to this new taxation system.
- Applying double taxation relief based on the Common Documentation Package and allocation schedules (noted in step 3) should, in our view, fits well with the proposal in step 1 for an early Advance Certainty Review process to be introduced.
- Creating a streamlined double tax relief filing process, which is considered to be a recognized supplementary return by relieving jurisdictions and is coordinated from a timing perspective, will have significant administrative benefits and will also be critically important to ensuring the accuracy and consistency of financial statements (which is also important from a Pillar Two perspective), particularly where there are non-wholly owned entities.
- Similarly, using the weighted average federal tax rate as the basis for calculating double tax relief has the benefit of being a tax rate that is easily verifiable from previous tax return filings[4].
- This would also eliminate the need for businesses to rely on foreign tax credit relief, which as noted in our response, can give rise to significant risks of double taxation.

We have provided below a simplified example to illustrate where we see administrative issues potentially arising with the current proposals for availing of double tax relief. We have also included a high-level example of how our alternative proposal would operate as a comparison.

Background Facts and Assumptions

- The example below is prepared for the calendar year 2024.
- For simplicity, the example below does not consider currency issues.
- The relieving entities do not have a presence in market jurisdiction A or B. As a result, a streamlined filing approach should be possible via the centralized Amount A Tax Return and Common Documentation Package. The filing position in market jurisdictions could be more complicated where the relieving entities have a presence in the market jurisdiction (under the existing proposals).
- The example assumes that the financial reporting year ends for each entity are consistent. Where financial reporting year-ends differ across jurisdictions, this has the potential to further complicate the analysis. We have provided some illustrative examples of these differing filing deadlines in Appendix III.
- For simplicity, we have assumed that all three entities in jurisdiction C and both entities in jurisdiction D are entitled to relief from double taxation. We have included an illustrative elimination allocation for each entity in the tables below.

[4] We recognize that there may be non-Amount A adjustments which arise as a result of routine tax audit procedures and that these could have an effect on the weighted average federal tax rate applicable to a given relief entity in a particular year. A streamlined approach could also be designed to correct for the impact of these post-filing adjustments from an Amount A perspective.

	Market Jurisdiction A	Market Jurisdiction B	Relieving Jurisdiction C	Relieving Jurisdiction D
P1 Filing Deadline	Dec 2025	Dec 2025		
P1 Payment Deadline	June 2026	June 2026		
P2 Filing Deadline	March 2026	March 2026	March 2026	March 2026
Local Tax Filing Deadline	August 2025	March 2026	Sep 2025	Feb 2026
Amount A Allocation / (Elimination)	150	350	(300)	(200)
Standard CT Rate	30%	20%		

Relieving Jurisdiction C	Entity 1	Entity 2	Entity 3	Total
Amount A (Elimination)				(300)
Elimination Allocation	210	30	60	
Taxable Income and Rates	10%	20%	10% (50% income) 20% (50% income)	
Weighted Average Tax Rate	10%	20%	15%	

Relieving Jurisdiction D	Entity 1	Entity 2	Total
Amount A (Elimination)			(200)
Elimination Allocation	120	80	
Weighted Average Tax Rate	20%	5%	

<u>**Tax amounts due / owed**</u>

From a tax liability / tax refund perspective, the balances applicable to each entity are therefore as follows:

Market Jurisdiction A

- Amount A income of 150 is allocated to jurisdiction A.
- The Amount A tax liability is assessed as 45 and is payable in June 2026.

Market Jurisdiction B

- Amount A income of 350 is allocated to jurisdiction B.
- The Amount A tax liability is assessed as 70 and is payable in June 2026.

The payments made by the designated payment entity would result in a tax expense in the income statements of the relief entities and an intercompany payable to the designated payment entity.

Relieving Jurisdiction C

- Based on the elimination amounts allocated to each relief entity, the double taxation relief in jurisdiction C should be:
    - Entity 1: 210 * 10% = 21
    - Entity 2: 30 * 20% = 6
    - Entity 3: 60 * 15% = 9
    - Total relief: 36

Relieving Jurisdiction D

- Based on the elimination amounts allocated to each relief entity, the double taxation relief in jurisdiction D should be:
  - Entity 1: 120 * 20% = 24
  - Entity 2: 80 * 5% = 4
  - Total relief: 28

As noted previously, the double tax relief would be allocated to the relevant relief entities in the relieving jurisdictions, based on the allocations provided in the relevant schedules. This would represent a tax reduction in their income statements and in the case where the tax refund has been made to the designated payment entity there would be an intercompany receivable from the designated payment entity.

Tax Filing Implications

Current Proposals per Document

Market Jurisdiction A and B

- In market jurisdictions A and B, the filing deadline should be 31 December 2025 and would be completed via the Amount A Tax Return and Common Documentation Package.
- The payment deadlines for the Amount A tax liability in the market jurisdictions would fall in June 2026.

Relieving Jurisdiction C

- Where the relief claim needs to be processed via the local tax returns, this would require three amended returns to be submitted, as the local filing deadline for the period is September 2025.
- It would likely prove challenging to submit a claim for double tax relief within the local filing deadline, as the Common Documentation Package and the Amount A Tax Return are not required to be filed until December 2025.
- If proof of payment is required before double tax relief is processed, this could potentially result in a significant time gap between the original deadline for filing the return and the amended return being submitted.

Relieving Jurisdiction D

- In this case, the deadline locally for filing a claim for relief is February 2026. It may therefore be possible to make the relief claim on time in the relevant tax returns, as the Common Documentation Package and Amount A Tax Return would have been filed in December 2025.
- However, where proof of payment is required before the double tax relief is processed by tax administrations, there will likely still be a gap between the filing deadline and double tax relief actually being realized.

It is worth noting that the example above is intended to illustrate the issues identified in the detailed comments section of this consultation response. If the example above was extrapolated across a group with multiple group entities in multiple jurisdictions (each with different filing deadlines), the timing issues identified above are likely to be significant. As noted above, based on our feedback from *Business at OECD* (BIAC) business advisory group members, this could be a significant administrative burden for some groups.

Tax Filing Implications

Revised BIAC Proposal

Market Jurisdictions A and B

- The analysis would be broadly similar to the analysis set out above.
- The main differences would be the requirement for an early Advance Certainty Process and information being shared with market jurisdictions via schedules.

Relieving Jurisdictions C and D

- The Amount A Tax Return and Common Documentation Package would be filed in December 2025.
- As part of this process, the Lead Tax Administration would share a schedule with relieving jurisdiction C and D within 3 months, confirming the relevant amounts to be relieved for each legal entity (as calculated above). The total double tax relief for the jurisdiction would be 36 for jurisdiction C and 28 for jurisdiction D.
- The information shared by the Lead Tax Administration would be considered to represent a recognized supplementary tax return filing, requesting relief from relieving jurisdictions C and D.
- At the same time that payments are being made to market jurisdictions, the relieving jurisdictions would make tax refund payments either to the relief entities or to the designated payment entity of the Covered Group.

Appendix III

Illustrative Examples of Tax Filing Deadlines

1. Covered group financial year-end: 30 September 25
2. Representative local corporate tax return due dates (below)
3. Proposed Pillar One timeline: 12-18 months (30 September 26-31 March 27)
4. Proposed Pillar Two timeline: 15 months (31 December 25)

Jurisdiction	Local Tax Year-end	Local Tax Return Due Date (including extension)	# Months from Local Tax Year-end to Return Due Date
India	31 March 2025	30 November 2025	8
Australia	30 June 2025	15 January 2026	7.5
Japan	30 June 2025	30 September 2025	3
Germany	30 June 2025	29 February 2026	8
United Kingdom	30 September 2025	30 September 2026	12
France	30 September 2025	15 January 2026	3.5
Canada	30 September 2025	31 March 2026	6
Ireland	30 September 2025	23 June 2026	9
Singapore	30 September 2025	30 November 2026	14
United States	30 September 2025	15 July 2026	10
China	30 December 2025	31 May 2026	5