

To: Taxation WG, Public Affairs & Communication Committee

## The Council releases the text of the directive on ensuring a global minimum level of taxation for multinational enterprise groups

Today 22 December, the Council published on the Official Journal of the European Union the text of the [Directive](#) on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union.

Effective implementation of the directive will limit the race to the bottom in corporate tax rates. The profit of the large multinational and domestic groups or companies with a combined annual turnover of at least €750 million will be taxed at a minimum rate of 15%. The new rules will reduce the risk of tax base erosion and profit shifting and ensure that the largest multinational groups pay the agreed global minimum rate of corporate tax.

The agreement comes after Hungary agreed to lift its veto in exchange for lowering the amount of EU funds frozen (from €7.5bn to €6.3bn) and for the approval of its €5.8bn COVID-19 Recovery Plan, which was pending in light of concerns on the application of the rule of law mechanism.

### Background

On 22 December 2021 the European Commission (EC) adopted a proposal for a Council Directive on ensuring a global minimum level of taxation for multinational groups in the European Union (Pillar Two). The rules laid down in the Directive proposal are consistent with the agreement reached by the Implementation Framework (IF) on 8 October 2021 and follow closely the Organisation for Economic Co-operation and Development (OECD) Model Rules agreed by the IF and published on 20 December 2021. On 12 December, the Council [reached](#) an agreement on the proposal for a Directive on ensuring a global minimum level of taxation for multinational groups in the EU.

### Next steps

The directive has to be transposed into member states' national law by the end of 2023.

### For more info

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