

Treasury Welcomes Clear Guidance on Pillar Two Global Minimum Tax, Tax Credit Protections

February 2, 2023

Guidance Adopted by Consensus of the 142 Countries and Jurisdictions in the OECD/G20 Inclusive Framework Delivers Greater Certainty for U.S. Taxpayers and Protects Key Climate Incentives

WASHINGTON – Today, the OECD/G20 Inclusive Framework released a package of technical and administrative guidance that achieves clarity on the global minimum tax on multinational corporations known as Pillar Two, and provides critical protections for important tax incentives, including green tax credit incentives established in the Inflation Reduction Act. The guidance was agreed by consensus of all 142 countries and jurisdictions in the OECD/G20 Inclusive Framework and forms part of the common approach under which countries that adopt the rules agree to implement them. Pillar Two provides for a global minimum tax on the earnings of large multinational businesses, leveling the playing field for U.S. businesses and ending the race to the bottom in corporate income tax rates.

The publication of this package follows the release of the Model Rules in December 2021 and Commentary in March 2022, as well as rules for a transitional safe harbor in December 2022. The newly released guidance provides greater certainty for issues of top concern for U.S. taxpayers and helps sustain incentives critical to achieving Biden-Harris Administration climate goals, and will be incorporated into a revised version of the Commentary that will replace the prior version.

The package includes guidance on over two dozen topics, addressing those issues that Inclusive Framework members identified are most pressing. This includes topics relating to the scope of companies that will be subject to the Global Anti-Base Erosion (GloBE) Rules and transition rules that will apply in the initial years that the global minimum tax applies. Also included is guidance on domestic minimum taxes, known as Qualified Domestic Minimum Top-up Taxes (QDMTTs), that countries may choose to adopt.

“The continued progress in implementing the global minimum tax represents another step in leveling the playing field for U.S. businesses, while also protecting U.S. workers and middle-class families by ending the race to the bottom in corporate tax rates,”

said **Assistant Secretary of the Treasury for Tax Policy Lily Batchelder**. “We welcome this agreed guidance on key technical questions, which will deliver certainty for green energy tax incentives, support coordinated outcomes and provide additional clarity that stakeholders have asked for.”

The package of guidance provides certainty on several key issues. Examples include:

- Protection of the Low-Income Housing Tax Credit (LIHTC) as well as green tax credits, including those that were included in the Inflation Reduction Act.
- Clear and administrable treatment of taxes paid under the existing U.S. GILTI global minimum tax regime.
- A consensus statement by all Inclusive Framework members that Pillar Two was intentionally designed so that top-up tax imposed in accordance with those rules will be compatible with common tax treaty provisions.

[For the Administrative Guidance on the Global Anti-Base Erosion Model Rules \(Pillar Two\)](#)