

G20 Finance Ministers and Central Bank Governors' meeting communiqué reiterates commitment to addressing the tax challenges of digitalization of the economy

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Executive summary

On 18 July 2020, the G20 Finance Ministers and Central Bank Governors met via videoconference. At the conclusion of the meeting, a joint communiqué (the [communiqué](#)) on key topics discussed at the meeting was issued. The communiqué stresses the importance of continuing to advance the work on addressing the tax challenges of the digitalization of the economy and reaffirms the G20's commitment to reaching a global, consensus-based solution.

In advance of the meeting, the Organisation for Economic Development and Co-operation (OECD) and other multilateral bodies issued several tax-related documents for the G20 Finance Ministers' and Central Bank Governors' consideration.¹ Among these documents is the annual [OECD Secretary-General Tax Report](#) to the G20 on progress on the international tax agenda. A Global Tax Alert on this report will be forthcoming.

Detailed discussion

As is typical, the communiqué includes a paragraph on tax matters of interest to the G20 Finance Ministers and Central Bank Governors. It begins by indicating their intention to continue their cooperation for a globally fair, sustainable, and modern international tax system. It further acknowledges that the COVID-19 pandemic has impacted the work of addressing the tax challenges of the

digitalization of the economy and stresses the importance of the G20/OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS) continuing to advance the work on the two-pillar approach to the project through the report on blueprints for each pillar that is to be submitted at the next meeting of the G20/OECD Inclusive Framework on 8-9 October 2020. The communiqué also expresses the commitment to make further progress to overcome the remaining differences, reaffirming the G20's commitment to reaching a global, consensus-based solution.

In addition, the communiqué welcomes the progress made on tax transparency and automatic exchange of information, noting in particular the agreement on model [rules for interested countries for reporting by platform operators with respect to sellers in the sharing and gig economy](#).² It also welcomes the annual BEPS Progress Report of the G20/OECD Inclusive Framework on BEPS, which is included as part of the OECD Secretary-General Tax Report, and the Progress Report of the Platform for Collaboration on Tax, noting the continued G20 support for developing countries in strengthening their tax capacity.

Implications

The G20 communiqué confirms the OECD's current plan to develop blueprints for both Pillar One on new nexus and profit allocation rules and Pillar Two on new global minimum tax rules, to be discussed by the member jurisdictions of the Inclusive Framework at its early October meeting and subsequently reported on to the G20 Finance Ministers and Central Bank Governors before their meeting on 15-16 October. It also makes clear the continued interest of the G20 in securing global consensus on new rules that will significantly change the international tax architecture under which multinational businesses operate.

Taxpayers should monitor the ongoing developments with respect to this important project and consider taking the opportunity to engage with policy makers in the OECD and in G20 and other countries on the implications of changes being developed.

Endnotes

1. OECD Secretary General Letter to the G20 Finance Ministers and Central Bank Governors (July 2020); OECD Secretary General Tax Report to the G20 Finance Ministers and Central Bank Governors - July 2020 (including the G20/OECD Inclusive Framework on BEPS: Progress Report July 2019 - July 2020); Platform for Collaboration on Tax Progress Report 2020 (IMF, OECD, UN and WBG).
2. See EY Global Tax Alert, [OECD releases model rules for data reporting by platform operators for sellers in the sharing economy](#), dated 8 July 2020.

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