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Global Tax Alert

G20 Leaders' Summit Declaration reiterates endorsement of OECD workplan for development of new international tax rules

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The G20 Leaders' Summit in Osaka, Japan on 28-29 June 2019 concluded with the issuance of a Declaration¹ on key topics discussed at the meeting, which included a paragraph on international tax developments. The tax language in the Declaration closely follows the language in the communiqué issued at the conclusion of the meeting of the G20 Finance Ministers and Central Bank Governors on 8-9 June 2019.

In advance of the Leaders' Summit, the Organisation for Economic Co-operation and Development (OECD) issued a report titled *OECD Secretary General Tax Report to G20 Leaders*² in which the progress on several active OECD tax projects is discussed. The most prominent is the project on addressing the tax challenges of the digital economy, for which the OECD released an ambitious workplan on 31 May 2019 for revising existing profit allocation and nexus rules and developing new global minimum tax rules with a target for final agreement in 2020.

The G20 Leaders' Declaration, like the Finance Ministers' communiqué, endorses the workplan and expresses the strong commitment to working to reach a consensus-based solution with a final report by 2020. The Declaration also follows the communiqué in welcoming developments with respect to tax transparency, calling on countries to execute the Convention on Mutual Administrative Assistance in Tax Matters, and expressing support for tax capacity building in developing countries.

Implications

The tax language in both the Leaders' Declaration and the earlier Finance Ministers' communiqué is consistent with the output from prior G20 meetings, reflecting support for the OECD's tax work in the areas discussed. Companies should, in particular, take note of the G20 Leaders' endorsement of the OECD's current workplan for revised profit allocation and nexus rules and new global minimum tax rules as well as the aggressive timeline for this ambitious project.

Endnotes

1. https://www.g20.org/pdf/documents/en/FINAL_G20_Osaka_Leaders_Declaration.pdf.
2. <http://www.oecd.org/tax/oecd-secretary-general-tax-report-g20-leaders-june-2019.pdf>.

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