



18th ATAIC TECHNICAL CONFERENCE

3-5 OCTOBER 2023, İSTANBUL

CONFERENCE REPORT



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18th ATAIC TECHNICAL CONFERENCE

The 18th ATAIC Technical Conference has been held in Istanbul, Türkiye, with international participation from 15 different countries and 5 international organizations. With 46 international participants and domestic participants, total number of participants exceeded 100.

The flow and content of the sessions and discussions are stated below.

DAY 1 | 3 October 2023, Tuesday, 10:00 - 11:00

Opening Ceremony

- Recitation of the Holy Quran
- Inauguration speech by the Chairman of the 18th ATAIC Technical Conference
- Speech by the Chairman of the 17th ATAIC Technical Conference
- Welcoming remarks of the Minister of Treasury and Finance of Türkiye
- Formal Photograph

The opening speech was held by Mr. Bekir Bayraktar, the Chairman of the 18th ATAIC Technical Conference.



Bekir Bayrakdar, Chairman of the 18th ATAIC Technical Conference, Commissioner of Revenue Administration, Türkiye



Bekir Bayrakdar graduated from Istanbul University, Faculty of Political Sciences in 1995. In 1996, he was appointed as Assistant Tax Inspector and in 2001 as Tax Inspector. Between 2005 and 2008, he served as the Head of Kocaeli Tax Office. He was then appointed as Istanbul Treasurer. He served in this position between 2008 and 2014, and in 2014 he became the General Director of Accounting. After serving in this position for one year, he took office as the Head of Istanbul Tax Office in 2015. Bekir Bayrakdar, who served in this position for four years, has been serving as the Commissioner of the Revenue Administration since 2019.

In his inaugural speech as the Chairman of the 18th ATAIC Technical Conference, Mr. Bayrakdar gave a brief information about the digital change faced by the Turkish Revenue Administration from a historical perspective. In this context, he emphasized electronic declaration and interactive tax office as milestones together with VAT Refund Risk Analysis System and Refund Analysis Practices as online modules.

In accordance with the founding principles of ATAIC, Mr. Bayrakdar stated the Workshop on "Pillar II Implementation" held at the Malaysian Tax Academy on May 9-11, 2023 that Türkiye has participated and the workshop on "Pillar 1 Implementation" to be organized by Saudi Arabia on October 10-11, 2023, that Türkiye will participate. He added that in the 2nd Workshop on "Digital Solutions in Tax Administrations" organized by ATAIC at the Training Center in Ankara, in 2022, Türkiye shared its experiences in the context of digital transformation efforts.

He made his concluding remarks by stating that we are closely following the work carried out within the scope of the "Two-Pillar Solution to Address Tax Challenges Arising from the Digitalization of the Economy", which is being carried out by 143 countries that are members of the Inclusive Framework, including Türkiye, which has been working extensively to address tax challenges arising from digitalization.

Following Mr. Bayrakdar's speech, Dato' Sri Dr. Mohd Nizom Sairi held his speech as the Chairman of the 17th ATAIC Technical Conference.



Dato' Sri Dr. Mohd Nizom Sairi, Chief Executive Officer of Inland Revenue Board of Malaysia, Chairman of the Commonwealth Association of Tax Administrators (CATA), Head of the Executive Council for the Association of Tax Authorities of Islamic Countries (ATAIC), Chair to Study Group on Asian Tax Administration and Research (SGATAR)



Dato' Sri Dr. Mohd Nizom Sairi was appointed as the Chief Executive Officer of Inland Revenue Board of Malaysia on 19 October 2021. Dato' Sri Dr. Mohd Nizom Sairi has a wealth of knowledge on the operations and administration of direct taxes in Malaysia. He started his career with the Inland Revenue Board of Malaysia more than 35 years ago serving in various senior capacities including Director of Compliance Department, Director of Investigation Department, State Director of Perak, Director of Malaysian Tax Academy, Deputy CEO (Management) and Deputy CEO (Tax Operations) before his appointment as Chief Executive Officer. Dato' Sri Dr. Mohd Nizom Sairi is Chairman of the Commonwealth Association of Tax Administrators (CATA) for the 2021-2024 term. He is also Head of the Executive Council for the Association of Tax Authorities of Islamic Countries (ATAIC) for the 2021-2023 term and Chair to Study Group on Asian Tax Administration and Research (SGATAR) for the term 2022/2023.

Mr. Sairi conveyed his welcoming remarks and gratitude to the host country Türkiye, the ATAIC Permanent Secretariat and the participants of the Technical Conference. He stated that ATAIC will be celebrating its 20th anniversary on October 15th of this year. He also added that the first ATAIC Annual Technical Conference was held in Malaysia on October 4, 2004. From a historical perspective, he mentioned the events that have taken place under the ATAIC umbrella in the 20 years of its history. With a current membership of 30 countries, ATAIC is growing in the international arena and there's a need for more efforts in information sharing, joint training programs, conferences and publications. During the Covid-19 challenge, thanks to technology, the ATAIC Technical Conference is still an important event in the ATAIC agenda in both the virtual and physical sense.

The theme of this year's conference is an important issue that will be on the agenda in the present and the coming times. With the digital revolution gaining momentum, different approaches to taxation and international taxation will be much discussed in the future. Tax itself is not only money but also equity and trust for the economy. In today's digitalized world, physical presence has lost impact and issues like proliferation of intangibles and competing jurisdictions for tax advantages are gaining significance. Therefore an international compromise is gaining importance.

Since 2014, there have been efforts to improve cooperation in the international agenda with the BEPS project, and now the OECD has released the action plan for the two-pillar solution. Despite the release of GloBE rules, the commentaries and the administrative guides that follows show the importance of issues and discussions in the implementation of these rules. These discussions highlight the importance of adoption of GloBE rules in domestic jurisdictions and readiness of countries for the implementation of this framework. The risk of being lost in translation and assessing the impact of global minimum tax on tax incentives are also other challenges.

In this conceptual framework, skill enhancement and capacity development are gaining importance and ATAIC is playing a proactive role in this regard with such joint activities in terms of two-pillar solution and Exchange of Information (EOI) issues.

ATAIC Flag Handover Ceremony

Following Mr. Sairi's speech, there has been ATAIC flag handover ceremony.



After the ATAIC flag handover ceremony, Dr. İsmail İlhan HATİPOĞLU held his speech on behalf of Minister of Treasury and Finance, Türkiye as the Deputy Minister of Treasury and Finance.



Dr. İsmail İlhan HATİPOĞLU, Deputy Minister of Treasury and Finance, Türkiye



Dr. İsmail İlhan Hatipoğlu, Deputy Minister of Treasury and Finance, graduated from Ankara University, Faculty of Political Sciences, Department of Finance in 1988. He completed his Master's degree at Ankara University Institute of Social Sciences, Department of Business Administration in 2019 and completed his PhD studies at Ankara Hacı Bayram Veli University, Department of Finance in March 2023, which he started in the fall semester of 2019.

In 1989, he started his work at the Ministry of Finance as a trainee Revenue Controller by winning the competition exams in which he participated. He was appointed Revenue Controller in 1992 and Chief Revenue Controller in 2000. Between May and December 1997, he conducted research on the EU tax system in the United Kingdom. Deputy Minister Dr. Hatipoğlu served as the Head of Department of the General Directorate of Revenue in 2003, Head of Department and Revenue Controller of the Revenue Administration in 2005 and Deputy Chairman of the Revenue Administration in 2007. He was then appointed to the Directorate General of Budget and Financial Control in 2009. Between 2016 and 2018, he served as Deputy Undersecretary of the Ministry of Finance. During his tenure at the Ministry of Finance, Dr. Hatipoğlu served as the Chairman of the Internal Audit Coordination Board between 2009 and 2019, as a member of the State Support Monitoring and Supervision Board between 2010 and 2018, and as the Second Chairman of the same board after 2015.

Dr. Hatipoğlu taught *Public Financial Management, Risk Management and Practices* and *Public Financial Management and Control* courses in the Internal Audit and Internal Control Master's Program at Ankara University Institute of Social Sciences.

Dr. İsmail İlhan HATİPOĞLU started his remarks by emphasizing the importance of such platforms like ATAIC in enhancing collaboration among countries and in coping global problems. He explained the importance of tax systems and policies for macroeconomic and financial stability and, with a view to the future, signaled the importance of designing sustainable and efficient policies in the context of the digital economy.

By addressing the studies regarding correlation between sound tax systems and development in developing countries, he mentioned the expectations from BEPS Framework in contributing the development concerns of developing countries. But developing countries have limited capacities for the implementation of Action Plan. In this respect, Türkiye has a role in stressing inclusive improvements in policy design in this new paradigm. He also mentioned the important role of the two-pillar solution in providing a sound tax system and a sustainable source of financing for developing economies. In this context, the integration of developing countries into the new international tax framework and cooperation in capacity building are also important for a sustainable global economy, as he stated. ATAIC has such a mission and importance in this respect.

Mr. Hatipoğlu concluded his speech by emphasizing his sincere welcome, wishing for a fruitful conference and good recommendations for first-time visitors to explore Istanbul.

ATAIC Formal Photograph



DAY 1 | 3 October 2023, Tuesday, 11:30 - 12:30

SESSION 1 – Overview of Pillar I and Pillar II

Basic Features and Taxation of Digital Economy (A general overview of Pillar I and Pillar II)

- Background and context of Pillar I and Pillar II
- Validation, implementation and future projections
- Revenue effects and economic impact of Pillar I and Pillar II, and unilateral measures
- The GloBE rules and Tax Incentives.



SPEAKER: David Bradbury, Deputy Director, Centre for Tax Policy and Administration, Organisation for Economic Co-operation and Development



David is Deputy Director of the OECD's Centre for Tax Policy and Administration, where he plays a key role in the OECD's work on taxation. He was a key contributor to the OECD's BEPS project and the ground-breaking international tax agreement to address the tax challenges arising from the digitalisation of the economy. Before joining the OECD, David was a lawyer and then a Member of the Australian Parliament, where he was a minister, including the Assistant Treasurer with responsibility for tax policy.

Mr. Bradbury started his opening remarks with a brief information about the background of the process mentioning digitalization and globalization, BEPS project, 2015 BEPS Action 1 Report, remaining dissatisfaction which led to unilateral actions, 2018 Interim Report, 2019 Policy Note and October 2021 Statement on a Two-Pillar Solution. In the context of the overview of the two-pillar solution, he dealt with Amount A, Amount B, Global Minimum Tax and the Subject-to-Tax Rule. His explanations on the implementation of the two-pillar solution included an emphasis on the global minimum tax, subject-to-tax rule, MLC, arm's length principle and the stakes of the process as revealed by the impact assessments. While exploring the details of the outcome statement of 11 July 2023, he mentioned Amount A and the MLC, Amount B, STTR model and STTR MLI, and implementation support. With respect to Amount A and the MLC, he mentioned as substantive features scope, nexus, revenue sourcing, tax base determination, profit allocation, elimination of double taxation, tax certainty, administration, removal and standstill of digital services tax and other similar measures, as well as MLC-specific measures. After giving brief information about Amount B, he moved on to Pillar Two.

In the context of Pillar II, he started with Global Minimum Tax with emphasis on common approach, Model GloBE Rules and commentary, Administrative Guidance, implementation and capacity building support. He then provided details on jurisdictions taking steps to implement the GloBE rules on a country-by-country and region-by-region basis, followed by details on tax incentives and the global minimum tax. In the context of the Subject-to-Tax Rule (STTR), in addition to the definition, he explained issues such as the Model Treaty Provision and commentary agreed, Multilateral Instrument and Explanatory Statement and implementation and capacity building support.

Impact assessment was a major theme of his presentation, and he touched on key findings from Pillar One and Pillar Two, as well as the evolution of in-scope MNEs and profit for the years 2016-2021, mainly the number of in-scope MNEs and residual profit. In the context of Pillar I he stated in-scope profit for years 2016-2021 by sector, reallocation of taxing rights and estimated revenue gains with impact of selected provisions for lower and middle income members. He lastly mentioned African Union Report: Amount A vs DSTs with regards to Pillar One. With respect to Pillar II, he examined the impact on global low-taxed profits and the impact of reduced profit shifting.

Lastly, he mentioned tax-capacity building and two pillar solution with emphasis on Regional Consultations, Briefings on key topics discussed in the Inclusive Framework (IF) and TFDE, Pilot programs on tax incentives and Pillar Two, Tax Inspectors without Borders, self-paced training and live training.

Questions and Answers

Dr. Esther A.P. Koisin from Malaysia; emphasized the importance of the USA, with respect to subject companies of Amount A, and the signing and ratification of the MLC by the US. Therefore, she asked Mr. Bradbury's advice to developing countries in particular, as some have not implemented unilateral measures, while others had certain unilateral measures in place even before Amount A was discussed. In other words, she asked whether the developing country should start working on drafting the relevant legislation or wait for that process to be completed.

He advised continuing negotiations and see whether these critical mass of countries are prepared to sign. If the US is not involved in the signing and ratification of the MLC, then that will render Amount

A lot less effective than it would otherwise be. Thus, once the US has signed the MLC, countries will be able to make their decisions accordingly. OECD is trying to bring countries together and find a compromise in this respect. In the end there's need for US to sign and ratify Amount A if it is to be effective.

Mr. Ahmet Yıldırım from Turkish Revenue Administration asked whether they have an impact assessment specifically for the countries that have digital services tax. As Turkey has a digital services tax and for Turkey, Amount A and the balance of the digital services tax, the future is quite important. So, he also asked what Mr. Bradburry sees for those countries in the future.

Mr. Bradburry said; "we do not have the specific revenue estimates for what the digital services taxes are currently, potentially generating in countries. But in your own countries, you have better ideas of that than us. But I do want to refer to a report that was done for the African Union on digital services tax. And it goes through a couple of key points and principles. But you're absolutely right that part of the deal here, and just a step back to the Amount A in a minute, is countries started introducing digital services taxes, the United States retaliated, led to these potential trade wars. And then everybody said we have a negotiated agreement. And part of the negotiated agreement is the US and countries that are forgoing some taxing rights say, "we will give market jurisdictions, taxing rights over the profits of some of these companies of which, around half of them are headquartered in the US, but in return for one thing, in return for the fact that you get rid of these digital services tax". Because they do not want the digital services taxes. So, for a country that already has a digital services tax or is thinking of implementing one, a really important question for them is going to be how much do I get under a digital services tax, how much revenue will I get under Amount A? And is it worth me restraining myself from implementing a digital services tax to obtain Amount A? And that's a very legitimate question. And we have not undertaken the impact assessment on the digital services tax for every country. But what we have done is we have undertaken the assessment for Amount A. So, we have shared that confidentially and bilaterally with each country because the countries do not want us to put numbers publicly. But for every country we have shared how much we think that would be gained under Amount A. Now if they already have a digital services tax, they'll have a look and see what they are going to have and compare with what they currently have. I guess the other point that I would make is that, even if the revenue is roughly the same, Amount A will give you that revenue without a trade war. A digital services tax is likely to give you that revenue with all of the trade implications that come with that. And that's not straightforward. And that's something that I think most countries like to try to avoid if they can. But I do have a slide on digital services taxes that I'll come in a minute.

Just to wrap up on the impact of the global minimum tax, I'll talk about the revenue in a minute, but without doubt the most important thing the global minimum tax does is, it really stamps out profit shifting. It attacks and addresses profit shifting better than any measure that has ever been globally considered. Even all of the measures that we have implemented during the BEPS project, none of them will have the same impact in reducing profit shifting as the global minimum tax. And we think that, that is going to be significant in changing the nature of the investment location decisions that multinationals will make. They will need to be thinking about facts beyond tax when they are thinking about where to locate their activities. And that is something that will, we think of a time, ensure a sustainable corporate tax base for everyone. Countries will not be able to lay the rise to the bottom on corporate taxes because there's now going to be a multilaterally agreed floor, a 15%. And that would guarantee that in every country's tax mix, you'll be able to count on a percentage of tax coming

from corporate tax revenues. Obviously, you have your other taxes, your VAT, your personal income tax, property taxes and all those things. But there'll be less pressure on those taxes if you have some sustainable tax base when it comes to corporate tax. In terms of revenue, we estimate that globally each year, the global minimum tax will rise up to 200 billion US dollars each year. So, if you look at all of the corporate tax that is collected around the world today, that would be an 89% increase on the corporate tax that is collected. So, that we think will provide a more stable and sustainable corporate tax base looking forward."

Sunday Olawumi Okeowo from Nigeria; stated that Amount A only covers 100 MNEs, but what about the MNEs that are not in scope? Why are we suspending jurisdiction for MNEs that are not in scope? In other words why a country is not allowed to have jurisdiction over MNEs that are not in scope?

Mr. Bradbury stated that there are many (about 7000) MNEs above the threshold, Amount A only covers 100, but when the 100 is considered, the bulk of the money (20%) comes from the top ten. The number of companies can be extended but diminishing returns will be the outcome. The big residual profit is from a fairly small number of firms. With regards to the question of "why should we give up some taxing rights to only get taxing rights on a selected group of companies", he stated that DSTs as defined in multilateral convention texts are quite specific about features that are required to constitute a DST or related similar measure. But then there is a discrimination element. As long as you do not fall far from the requirements in the MLC that defy what a DST or a similar measure, any tax can be implemented. So, the countries may use sovereign powers to issue all kinds of tax measurement but they need to be consistent with the criteria that they are excluded from this part of discussion. That is to say, countries are giving their right to issue tax only in a certain way as defined by the MLC.

In terms of trade wars, when conducting impact assessments with considering trade escalations, it is realized that retaliations that would reduce global GDP by more than 1%. That's a significant impact on the global economy if we don't get this right. So, the counterfactual is not just about how much revenue is generated from digital services, but what are the trade implications of that, what is the damage to the global economy and to individual economies if we cannot reach an agreement.

Mr. Ramy Mohamed Elsaid Youssef Hassanein from Egypt concluded that the ratio of 80%-20% varies on country basis depending on the economic structure, culture and some specific characteristics. Therefore, DST is complementary to in-scope. So, the percentages are on a country basis and do not work for every country.

Mr. Bradbury mentioned that they know the in-scope companies but they have not released the data. But they conducted a detailed company based profitability analysis by considering their relations to different market jurisdictions. Thus, the aforementioned variation is taken into account in the analysis. Besides, revenue estimation tools have been used, and shared with countries, which show the repercussions of these variations.

In terms of tail-end revenues, some companies even have difficulty in clarifying and declaring certain customer bases in terms of location, and when this is the case, he specified that they allocate the revenues from these unidentified customers to developing countries.

Mr. Ahmet Kurt from Türkiye stated that the corporate tax rate is 25% for all companies but 30% for financial companies in Türkiye while SMEs benefit from lower corporate tax rates in some countries.

In this context, he asked whether a different tax rate is applicable to Amount A, in other words, whether countries can apply different tax rates to Amount A and whether there exists any prohibitions in the current design for differing rates in Amount A.

Mr. Bradbury stated that it would not be in keeping with the spirit and nature of the discussions and the agreement that has been reached. And it may be the part of ongoing negotiations and peer review.

Mr. Orhan Musayev from Azarbaijan asked; if we were implementing Inclusive Framework in terms of Pillar II, what would be the correlation with the existing CFC Rules that we have, will there be any issues? And he asked another question about exchange of information?

Mr. Bradbury answered that Jonathan Fraser will be making a presentation about exchange of information tomorrow. However, with regards to CFC Arrangements are taking into account these exchange of information issues.

DAY 1 | 3 October 2023, Tuesday, 14:30 - 16:00

Session-2 Issues and Concerns in Pillar One, International Organizations, Member States and Professionals

Discussion on issues and challenges in the context of;

- Sharing experiences about issues with regard to MLC, its domestic legislation and preparations for implementation
- Challenges of implementation of tax certainty process
- MDSH and double taxation relief rules
- Other issues



MODERATOR: Assoc. Prof. Dr. Ayhan Selçuk Özgenç, Marmara University



Assoc. Prof. A.Selçuk Özgenç works at Marmara University, Faculty of Law, Department of Fiscal Law. He completed his undergraduate study (2001), graduate study (2006) and doctoral study (2012) at Marmara University Law School.

Dr. Özgenç's areas of interest have focused on national and international tax law. During his doctoral study, he studied as a visiting scholar at the Institute for Austrian and International Tax Law at the Vienna University of Economics and Business with scholarship by the Austrian Government. He also conducted research on international tax law at IBFD Amsterdam and Institute of Advanced Legal Studies – London. He currently serves as the IBFD correspondent of Türkiye. He also has been granted post-doc research in UF Levin College of Law, Graduate Tax Law Programme. Being a member of International Fiscal Association Young IFA Network Global Committee as well, Assoc. Prof. Dr. Özgenç is a member of International Fiscal Association (IFA) and one of the founding members of IFA Türkiye. He is also a member of EATLP (The European Association of Tax Law Professors).

PANEL MEMBERS:

- Mr. Jonathan Fraser, Advisor, Tax Certainty Unit, Centre for Tax Policy and Administration, OECD



Jonathan Fraser is an Advisor in the OECD's Centre for Tax Policy and Administration, contributing to the OECD's work on the Tax Challenges Arising from the Digitalisation of the Economy. He joined the OECD in 2021. Prior to joining the OECD, he was a Director in international tax and transfer pricing consulting in Australia and held roles within the Australian Government providing advice in relation to taxation policy and legislative design. Jonathan is a qualified lawyer in Australia and holds undergraduate degrees in Law and International Business, and holds a Master of Laws in Corporate, Commercial and Taxation Law.

Mr. Jonathan Fraser began his initial remarks by outlining the conceptual framework of Pillar I; Amount A and Amount B. Therefore, he briefly clarified the definition and scope of Amount A with reference to the ratification of the MLC, and Amount B and the current status of domestic legislation and jurisprudence. To clarify the basic conceptual framework in detail, he mentioned the building blocks of Amount A with reference to scope, nexus, revenue sourcing, tax base determination, profit allocation, elimination of double taxation, tax certainty, administration, digital services tax and other similar measures as well as MLC-specific measures.

Accordingly, he explained the process map step by step and dealt with administration and tax certainty and elaborated on filing obligations and payment, tax certainty for Amount A and issues related to

Amount A in this context. By clarifying the administrative process for Amount A from a Lead Tax Administration (LTA) perspective, he developed elements of the Tax Certainty Framework with explanations of Scope Certainty, Advance Certainty, Comprehensive Certainty, and Determination Panel.

He then worked on Amount B with definitions and references as it applies to wholesalers, pricing using a pricing matrix, and further work. He concluded his remarks by clarifying the state of play, current status and further work together with highlights from the public consultation in terms of scope, pricing and implementation.

The moderator addressed the importance of OECD in guiding and building the policy framework in global taxation, shaping global tax policies. He also emphasized how difficult is MLC for countries and discussions regarding Amount B with reference to consultation papers.

- Mr. Doğa Enç, Head of Double Taxation Agreements Section, Department of EU and Foreign Affairs, Revenue Administration, Türkiye



Mr. Doğa Enç is head of Double Taxation Agreements Section in the Department of EU and Foreign Affairs. He completed his undergraduate studies at Gazi University, Faculty of Economics and Administrative Sciences, Department of Public Finance. He has been working for Turkish Revenue Administration more than 20 years. He worked for İstanbul Tax Office Directorate and Large Taxpayer Tax Office Directorate in İstanbul from 2003 to 2012. He has been working for the Department of EU and Foreign Affairs since 2012.

Mr. Doğa Enç started his remarks by highlighting the importance of the global need for a tax system in the digitalizing economy. Referring to the historical development of the international tax system, he mentioned the current agenda in terms of GloBE rules and moved on to Pillar One and Amount A respectively.

In the brief update, he explained the new tax rights, market jurisdictions, and scope and profit allocation related to Amount A. Following the information on the MLC timeline, he mentioned the difficulties and challenges faced in developing countries in terms of translation issues, domestic legislation, complexity of rules, and capacity related problems and issues with the intention to implement MLC in 2025.

He concluded defining their next steps in accordance with their agenda, namely, attending WP1/TFDE meetings, evaluation of documents, informing to senior management, supporting Two Pillar Solution, translation of MLC text, being a party to MLC, removing DST, domestic legislation amendments and improvement of administrative capacity.

The moderator restated the importance of challenges dealt in the presentation not only for Türkiye but also for other developing countries together with reference to interpretation issues.

- Mr. Ahmet Kurt, Tax Consultant, CPA



Ahmet Kurt is a tax professional and sworn-in CPA serving in the private sector in different positions for the last 9 months. Before resigning his 21 years public service to pursue his career in the private side, he was the Head of Department responsible for International Taxation and EU Affairs in the Turkish Revenue Administration. During his 9 years tenure in the Revenue Administration he mainly worked on transfer pricing, double tax conventions, exchange of information and other OECD/EU tax issues. Prior to the Revenue Administration, he had served as a tax inspector in the Tax Inspection Board for 10 years and worked as a customs expert for 2 years in the Undersecretariat of Customs. He holds a Master of Public Policy degree from Georgetown University and studied International Relations and Political Science at the Marmara University.

Mr. Ahmet Kurt started his introductory remarks by mentioning his vast experience in Turkish tax administration and BEPS project. He stated the insufficiency of first action plan of BEPS in creating a solution to taxation of digital economy.

In his speech, he focused on political challenges, domestic legislative and administrative challenges. He began by providing background information. Then, he mentioned how Inclusive Framework emerged in 2020 in order to find a solution to taxation of digital economy, which is taxing Multi-National Entities (MNEs) and setting a global minimum digital tax rate. Accordingly, he mentioned the solution coming from the USA about the taxation of the largest MNEs and MNEs with an operating margin and a profit margin of more than 10%. Emphasizing the developing versus developed country perspective and tax allocation discussions, he addressed how the U.S. has vowed to impose additional tariffs on countries that do not join this Inclusive Framework of OECD. He emphasized the importance of political challenges and political will, as they play a crucial role in relation to other challenges, because the others can somehow be managed, as he said.

Using concrete examples of the implementation of Amount A, he pointed out the inequalities and disadvantages for developing countries in this perspective. In accordance by referring to UN Article 12-b of UN Convention, he named UN model and OECD model regarding double taxation where developing countries use UN model while developed countries use OECD model and some countries like Türkiye use a combination of both. In addition, he explained that unlike UN Article 12-b, which only covers automated digital services, Amount A covers all sectors. Thus, he emphasized the growing need to review all double tax treaties between countries, not only with respect to DST, but also with respect to all other taxes in the context of Amount A and the BEPS framework, pointing out the dynamic, flexible and tough characteristics of the process. He concluded that the current design of Pillar I is not perfect, but complicated with many challenges, and added his criticism for higher allocation rates for developing countries.

In terms of domestic challenges, he mentioned the panel structure and its similarities to arbitration and related legislative challenges in this regard.

He also touched on impact analysis. The OECD provides global figures, impact analysis, but on a country by country basis these impacts may vary and when considering traditional and already established businesses, Amount A may not provide any additional tax revenue except for automated digital services.

The moderator thanked Mr. Kurt and added that he was also in favor of alternative solutions from a critical perspective and that Article 12-b of the UN was more promising in this respect.

Questions and Answers

Dr. Esther A.P. Koisin from Malaysia commented and raised a question on the application of Article 12-b. The challenge is related to the implementation of Amount A as it depends so much on the application to bilateral DTAs. Since many countries do not have DTAs with the US, the question is how to negotiate Article 12-b in this context. It does not seem very promising, although developing countries would like to rely on Article 12-b. So we have no alternative but to implement unilateral measures, DST or similar measures. If we're looking at options, the OECD has to work very hard and make sure that the multilateral negotiations for the implementation of Amount A go through. There needs to be pressure on the OECD to ensure that Amount A happens. Otherwise, governments should look for ways to implement it in domestic tax legislation.

Jonathan Fraser mentioned that key difficulty of 12-b is the need for bilateral DTAs. And stated the importance of political will. Also added that outcomes of Pillar I differ for developing and developed countries.

Cem Yazar from Türkiye explained the importance of the political factor in his question. He then mentioned the interactions between the U.S. and Türkiye regarding DST and trade retaliation, and given this past political interaction and understanding, what would be the reaction if such a dispute arose again?

Ahmet Kurt; Türkiye and US made a joint political statement; countries like India, France, Spain, Italy and Austria have a similar DST or a levy, and similar joint political statement with US. In the future if Amount A is complete and Pillar I is in force, the countries will provide an offset for the upcoming Amount A taxation, that is to say, for the previous DST amounts, they will find an offset in return of upcoming tax from Amount A. It is a political agreement, and policies and administrations may change. Countries will make a decision whether to join MLC or not, and face the outcomes in accordance. Political will and parliament decisions are important in this respect. Administrations will be informing parliaments about the difficulties of Article 12-b in many aspects, mainly like changing of double taxation agreements, so that, reaching a consensus in the context of Pillar I seems probable, at least there's no need to be pessimistic about it. The need for more discussions from developing countries is important. In this respect, ATAIC, like CIAT and ATAF, can play an important role in promoting and enhancing these discussions.

Alireza Khanjan from Iran started his remarks with reference to UN Article 12-b and stated that the pace of UN in Article 12-b is somehow ideological as there is Article 12-a, which can be utilized with small amendments. There seems to be no sufficient cohesion between UN tax committee members. So he asked the opinions of the panelists in this respect.

Jonathan Fraser does not totally agree to the lack of cohesion in articulating this article. However, he stressed how difficult it is to attain a solid solution with collaboration of many parties. Also mentioned how difficult it is to define a certain and common problem, agree on a common decision and procedure to overcome this problem.

Sevinç Sayın Şener from Turkish Revenue Administration asked Jonathan whether OECD has any capacity improvement plans for candidates of panel members of developing countries in tax certainty process of Amount A when MLC is in force.

Jonathan Fraser stated that the question is whether there is a place for developing country delegates for determination of panel for Amount A, yes there are specific measures in MLC regarding the allocation of specific panel members across the relevant jurisdictions including the developing countries.

DAY 2 | 4 October 2023, Wednesday, 10:00 - 11:30

Session-3 Issues and Concerns in Pillar Two Implementation, International Organizations

Discussion on issues and challenges in the context of;

- Sharing experiences about issues and concerns with regard to the implementation of GloBE Rules and QDMTT
- Implementation challenges of Pillar II



MODERATOR: Babatunde Oladapo, Executive Secretary of West African Tax Administration Forum (WATAF)



Mr. Babatunde is a Chartered Tax practitioner, and international institutional administrator. His over twenty years career as a tax administrator at the Federal Inland Revenue Service (FIRS), Nigeria has taken him through the field of tax operations, taxpayers' relationship management and development of the corporate communications function of the Nigerian national tax authority, FIRS.

He is the pioneer Executive Secretary of the West African Tax Administration Forum (WATAF) where he oversees the day- to-day administration of the Forum's secretariat operations. Under his leadership, WATAF has grown to become a voice to listen to at international fora on matters relating to tax administration in West Africa. Through WATAF secretariat, Babatunde directly engages with the fifteen (15) national tax administrations in West Africa, and several other state and non-state actors across the globe.

PANEL MEMBERS:

- Mr. Jonathan Fraser, Advisor, Tax Certainty Unit, Centre for Tax Policy and Administration, OECD



Jonathan Fraser is an Advisor in the OECD's Centre for Tax Policy and Administration, contributing to the OECD's work on the Tax Challenges Arising from the Digitalisation of the Economy. He joined the OECD in 2021. Prior to joining the OECD, he was a Director in international tax and transfer pricing consulting in Australia and held roles within the Australian Government providing advice in relation to taxation policy and legislative design. Jonathan is a qualified lawyer in Australia and holds undergraduate degrees in Law and International Business, and holds a Master of Laws in Corporate, Commercial and Taxation Law.

Mr. Jonathan Fraser began his presentation with an overview of Pillar II by considering the GloBE rules and the QDMMT and subject to tax rule. He explained the basic mechanics with an emphasis on qualified rules. While mentioning the overall structure of GloBE rules, he touched on MNE Group +750 m EUR, entity level financial accounts, agreed adjustments to calculate GloBE income, covered taxes, top-up tax calculation and charging provision. After clarifying the top-up tax collection in detail, he elaborated on the GloBE income or loss in the context of the starting point - financial accounts less adjustments and adjustments for GloBE purposes, the effective tax rate and the use of financial accounts in the context of starting point – IAS 12 under IFRS recognized as income tax and adjustments for GloBE purposes.

With regards to the compliance and administrative framework of the GloBE rules, he mentioned safe harbours and simplifications in the context of what a GloBE safe harbour is, transitional safe harbours and QDMTT safe harbour, de minimis exclusion and calculation simplifications. He clarified GloBE Information Return and Next Steps - Administrative Framework, respectively.

Then, he proceeded to the consistency, coordination and tax certainty. He began by giving details about implementation tools in topics of model rules and commentary, GloBE information return and exchange mechanism, administrative framework and guidance and technical assistance, with further information regarding peer review of legislation for “Qualified” status in the context of technical assistance, transitional legislative review, full legislative review and updates in legislation review. With regards to recent developments he elaborated released documents.

- Dr. Esther A.P. Koisin, Director of the Department of International Taxation, Inland Revenue Board of Malaysia, Chair of the Study Group on Asian-Pacific Tax Administration and Research (SGATAR) Taskforce



Dr. Esther A. P. Koisin is the Director of the Department of International Taxation, Inland Revenue Board of Malaysia. She has been with the Inland Revenue Board of Malaysia for more than 30 years, mainly dealing with international taxation. As the Director of the Department of International Taxation she is responsible in dealing with issues related to the implementation of the OECD’s Two-Pillar Solution other than Tax Treaties, Transfer Pricing Policy, Advance Pricing Arrangements, Mutual Agreement Procedures, Exchange of Information and International Affairs. Dr. Esther works closely with the OECD and the Ministry of Finance on issues related to the implementation of the Two-Pillar solution. She holds an Economics degree from University of Malaya, Law degree from University of London and a Doctorate degree in Management from Universiti Utara Malaysia.

Dr. Koisin’s presentation has the topic of *“Sharing experiences about issues and concerns with regard to the implementation of GloBE Rules and QDMTT”*. She started her remarks with an introduction of SGATAR and provided descriptive information in this respect from a historical perspective.

Then she proceeded to Pillar Two implementation by SGATAR Members by considering Membership to Inclusive Framework, implementing in the years 2024 and 2025 and other members’ updates. She provided a recap of the GloBE rules and its mechanics with elaboration of GloBE rules. In the context of issues and concerns, she touched upon revenue estimates, impact on tax incentives, complexity of the rules, drafting of legislation, system readiness and audit framework.

- Márcio Ferreira Verdi, Executive Secretary, The Inter-American Center of Tax Administrations (CIAT)



Márcio Ferreira Verdi is CIAT's Executive Secretary since January 1st, 2010. He is the former Director of Operations at the Inter-American Center of Tax Administrations – CIAT, and Director of Tax Studies from July 1st, from 2004 to 2009 and also Former Tax Auditor of the Federal Administration of Revenues of Brazil.

He has B.Sc. degree as economist from the University of Brasilia, 1979; has a specialized degrees in International Economics and Advanced Quantitative Methods from the University of Brasilia, (UnB) and has a postgraduate degree in Theory and Operation of a Modern Economy from the Institute of Brazilian Business and Public Management Issues, at George Washington University – GWU, Washington, D.C. U.S.A.

He worked as a specialist; in Preparation and Evaluation of Public Service Concession Projects from “State University of New York”, USAID; Washington and New York, USA and in “Analysis and Negotiation of Built Operate and Owner and Built, Operate and Transfer Projects – Alternative Strategies for Infrastructure Development”, The American University, Washington, D.C.

Mr. Verdi's presentation has the topic of “*Latin American Experience with the Implementation of Pillar II*”. He started his remarks by giving information about CIAT and its members. Then, he moved on to the topic of relevant information to understand the Latin American context regarding the implementation of Pillar II with elaborating on fast facts, relevance of CIT in Latin American Countries (LAC), tax expenditure in LAC, corporate income tax gap in LAC, BEPS experience in LAC with reference to Action 2, Action 3, Action 5, Action 13 and Action 14. After clarifying the measures adopted in Action 14, he continued with the Pillar II implementation status as of September 2023 in the Latin American CIAT countries and provided information about Pillar II implementation stage in CIAT LA countries.

In the context of Pillar II challenges in Latin American countries, with regard to topics of policy, administration and other, he elaborated some challenges reported by tax administrations and other potential challenges.

- Tamas Kulcsar, Senior Economist, Fiscal Affairs Department, International Monetary Fund



Mr. Tamas Kulcsar is a Senior Economist in the Fiscal Affairs Department of the International Monetary Fund. He is based in Washington DC. Mr. Kulcsar is an international tax specialist with around 20 years of experience in the field. As part of his job, he is responsible for supporting low-income countries and emerging market economies in developing international tax administration capacities.

Mr. Kulcsar started his career at the Hungarian Tax and Customs Administration where he had various managerial roles and responsibilities. Prior to joining the Fund, Mr. Kulcsar worked for various international/governmental organizations such as the European Commission, the International Fiscal Association and the IBFD. He holds a JD and an LLM in International Taxation as well as a postgrad degree in economics.

The topic of Mr. Kulcsar's presentation is "*Strengthening Revenue Administration Capacities in Preparation for the Implementation of the Second Pillar*". He started his remarks by mentioning the IMF Policy Paper on International Corporate Tax Reform. He then provided information on past international tax reforms and information exchange with respect to low-income countries. He addressed the administrative challenges of Pillar II and recommended measures for tax administration. After elaborating in detail and illustrating the reform governance and project management framework, he highlighted the new IMF framework (FITAS) for assessing and improving international tax administration capacity.

Questions and Answers

Mr. Ahmet Yıldırım from Türkiye stated that there is a huge flow of work in the international agenda that makes implementation overwhelming when institutional capacity is considered. He raised his question to Dr. Esther Koisin and asked her to extend and elaborate tax incentives and give more insights upon this issue.

Mr. Ali Erdem Ayyıldız from Türkiye asked Mr. Jonathan Fraser about qualified refundable tax credits and stated that there is a difference in the treatment of QRTCs under the GloBE rules than the others. But it is known that most developed countries use QRTCs and developing countries give tax allowances. The purpose of tax credits and tax allowances is the same. What is the policy rationale for treating them differently since they have different results?

Jonathan Fraser answered that in reviewing how tax credits are calculated, or the fundamental difference between refundable tax credits and non-refundable tax credits is that, if you run out of income to offset, you essentially get a cash payment. Effectively that is the same as the government

assistance to direct payment, a grant which is out of the scope of the GloBE rules as it does not affect the covered taxes. So it gives an equivalent treatment in GloBE income as to what a direct grant from the government would be as the provision of the relevant incentive which will be included in the income on that basis because of its refundable nature as it is not purely confined to just the tax system. In terms of difference that is asked regarding refundable and non-refundable nature is just the decision made in the Inclusive Framework because of the refundable nature of those credits and effectively it should have equivalent treatment to direct government grant or payment in that instance. Because effectively, the design of the relevant measure is that, to leave it though the tax system with the potential of a tax payment if there was sufficient offsetting available.

Dr. Esther A.P. Koisin rephrased the question to make sure that the question was about the tax incentives of SGATAR members and whether there's a timeline. She started by mentioning the communication among the members regarding the tax issues and tax incentives. In terms of the implementation of the GloBE rules, there is a link to the outcome of the review of the tax incentive regime and also whether there is already some kind of replacement of the existing tax incentive regime. For example, some of the SGATAR members are likely to wait for the outcome of the review before implementing Pillar II. Because MNEs are already receiving tax incentives that are still in place, but with the introduction of the qualified domestic top-up tax, it will be affected. So there's an engagement between the government and these investment promotion agencies on what to do with the current tax incentives, whether to convert it into another form, for example the qualified refundable tax credit. She added that she will talk about this issue in the Malaysian context in the next session with reference to the timeline of implementation of the pillars.

Cem Yarar of the Turkish Tax Administration noted that the challenges identified by Mr. Verde of CIAT overlapped with those identified by Mr. Kulcsar of the IMF. And he directed his question on one of these challenges to Mr. Kulcsar, stating that with respect to the administrative challenges he addressed in his presentation, as he said, there are some unrealistic expectations for revenue collection or revenue impact for the Pillar Two. Therefore, he asked Mr. Kulcsar to elaborate on that and asked if they have estimates on a country basis regarding those statements. He also mentioned that he wonders about the OECD's approach to this unrealistic expectation.

Mr. Kulcsar responded to the question by saying that they do not generally provide high-level country-by-country estimates. He said that the IMF does not provide any sort of top-down country-by-country estimation and continued that when they are engaged, they provide capacity support to the country and use third party information and information available from the tax administration to make estimates. Or at least they look at how robust the estimates are in terms of calculations. He mentioned that they have to look at the data sources and the time span, the type of data and how current it is. There are no high-level estimates that help a country to do policy analysis and policy design. On the other question of how much revenue is collected, he gave the example of the Australian Taxation Office, which claims that it collects 95% of the tax from multinational companies from their Australian operations. Even advanced economies know that there is a compliance gap between what MNEs should pay and what is actually collected and how to minimize the compliance gap.

Mr. Fraser responded that the timing is up to the various jurisdictions as to whether and how they want to implement the rules in terms of their priorities. These rules are interdependent, they work well and they are independent of the jurisdictions. It's a big burden for jurisdictions to get these

returns. There are incentives from a revenue and economic perspective because jurisdictions that adapt these rules early will get higher IRR collections until QDMTTs are put in place. He stated that they are trying their best to help people with implementation, not necessarily on the administrative side and capacity building, but essentially in developing domestic legislation assistance. And there is more work coming out of the OECD in terms of further documentation around that and around guidance and application of the rules to help those jurisdictions along the way. Translating into local languages is quite difficult, but there are various implementation mechanisms that are available to jurisdictions and at the legislative level. For example, New Zealand's GloBE and QDMTT application rules are five pages long, and they have simply implemented the OECD model rules and commentary into their domestic legislation. That's probably the least burdensome approach to getting the legislation and putting it in place to essentially accomplish this. But again, the administrative fact is an ambitious task for jurisdictions. It's up to each jurisdiction to decide what they want to prioritize in terms of the different measures that they have available.

Mr. Kulcsar continued briefly about legal compliance and revenue collection and stated that with reference to GloBE minimum tax target, the biggest multi-nationals right, I think it is important to note that once you have the obligations describing in your domestic regulation terms of registration, notification and filing, with these basic obligations you need to expect 100% compliance. Nothing else under it is acceptable. There is no excuse for multi-nationals at this side. At that level of professional advice or resources available to perform that. Then we can discuss in terms of the correct reporting and what sort of compliance level we can have. We can encourage countries to have these basics first before you address the more risky situations.

Mr. Fraser added that it was something that came up in Doctor Esther's discussion. In the idea of finding the right taxpayers, when the whole GloBE picture is put together, your GloBE compliance rules, if you're in one jurisdiction, you're in all jurisdictions. So the GloBE return will be centrally fielded and distributed as a group. So the fact that a group has assessed that they're out of scope means that they need to be very, very sure that they're out of scope. Because they need to have filing obligations in every single jurisdiction and potential liabilities in those jurisdictions that will materially affect the results of their balance sheet. The second part of that is, if you're filing from one jurisdiction, it would be distributed to the relevant jurisdictions even in the case where the minimum tax exemption is applied.

Mr. Verde concludes that the process is more important. Pillar Two and Pillar One complement what we have seen in international standards since the implementation of the BEPS program. He believes we are moving in the right direction. We have focused and worked on simplifying and explaining the rules and implementing the rules because it is a long process. It may take years and decades to have a fairer international environment. But the second pillar does not touch the sovereignty of any country. Countries are free to tax any activity. But if they do not tax it, it will be taxed at 15% in the second pillar. So he sees this as an important international movement to have a better international tax environment.

Mr. Babatunde concluded that these discussions should have started earlier and that there is a need to think outside the box and emphasized the importance of collaboration.

DAY 2 | 4 October 2023, Wednesday, 14:00 - 15:15

Session-4 Current Practices or Plans on Pillar Two Implementation

- Discussion on issues and challenges in the context of;
- The implementation of GloBE Rules
- The implementation of QDMTT
- GloBE Rules and Tax Incentives



MODERATOR: Dr. Alireza Khanjan, Deputy Director General of Tax Treaties, Iranian National Tax Administration (INTA), Iran



Dr. Alireza Khanjan works as Deputy Director General of Tax Treaties at the Iranian National Tax Administration (INTA). He's been working with INTA for some 26 years and has been engaged in such areas as tax audit, tax study & research, and international taxation. In recent years, he has been a member of the Iranian tax treaty teams and has collaborated, at the same time, with international tax agencies including the ATAIC. He's been representing the Islamic Republic of Iran in the ATAIC Executive Council meetings since 2021.

PANEL MEMBERS:

- Dr. Esther A.P. Koisin, Director of the Department of International Taxation, Inland Revenue Board of Malaysia, Chair of the Study Group on Asian-Pacific Tax Administration and Research (SGATAR) Taskforce



Dr. Esther A. P. Koisin is the Director of the Department of International Taxation, Inland Revenue Board of Malaysia. She has been with the Inland Revenue Board of Malaysia for more than 30 years, mainly dealing with international taxation. As the Director of the Department of International Taxation she is responsible in dealing with issues related to the implementation of the OECD's Two-Pillar Solution other than Tax Treaties, Transfer Pricing Policy, Advance Pricing Arrangements, Mutual Agreement Procedures, Exchange of Information and International Affairs. Dr. Esther works closely with the OECD and the Ministry of Finance on issues related to the implementation of the Two-Pillar solution. She holds an Economics degree from University of Malaya, Law degree from University of London and a Doctorate degree in Management from University Utara Malaysia.

Dr. Koisin's presentation is on "*Malaysia's Plans on Pillar Two Implementation*". Firstly, she mentioned OECD's timeline for Pillar 2 implementation by considering political agreement, technical rules, implementation framework and global minimum tax. In this way, she briefly mentioned the implementation schedule for Malaysia. Accordingly, she elaborated on the preparation of HASiL for the administration of GMT in terms of organization /HR, drafting of legislation, IT development and compliance together with emphasis on administrative framework - global information return by considering common data points, standardized filing deadlines and ensuring compliance of MNEs. She provided some insights into the GloBE Information Return, detailing the structure and focusing on dissemination in the context of the UPE jurisdiction, jurisdictions with taxing rights under the GloBE rules, and all implementing jurisdictions. She concluded her remarks by discussing information exchange, tax audit and cooperation with other jurisdictions.

- Dr. Mustafa Cemil Kara, Head of Group, Department of EU and Foreign Relations, Revenue Administration, Türkiye



Dr. Mustafa Cemil Kara is the Head of Group in the Department of EU and Foreign Affairs. He is responsible for the duties of conducting tax treaty negotiations, carrying out and coordinating the works regarding international tax matters. He holds an LL.M degree in International and European Tax Law (2012-2013) from Maastricht University in the Netherlands. He also holds a Ph.D. degree in Public Finance with his dissertation on “*The Effects of BEPS Multilateral Convention on Türkiye’s Double Tax Treaties*”. His numerous professional and scientific research articles have been published in national and international journals. Double taxation agreements, international taxation, tax cooperation, and taxation in the European Union are his main research areas. He is the author of two books, called “*BEPS Multilateral Convention in the Light of Practices*” and “*Tax Treaties and Negotiations in Theory and Practice*”. He speaks English at good level, German and Arabic at upper intermediate level.

Dr. Kara's presentation is on "*Pillar Two Implementation Türkiye*". First, he made some statements to discuss the implementation of Pillar Two both in the global perspective and in the context of Türkiye. Accordingly, he delved into the details of the explanations regarding the Pillar Two rules, namely the subject to tax rule (STTR), the qualified domestic minimum top-up tax (QDMTT), the GloBE rules with reference to the income inclusion rule (IIR) and the undertaxed payment rule (UTPR). He then provided information on the agenda and related work in Türkiye with detailed emphasis on capacity building and translation issues.

He provided an update on global developments, touching on the topics of monitoring global developments at the country and international organization level, and the process of following ongoing OECD studies in relation to their current agenda. With respect to the Pillar Two impact assessment, he explained the determination of in-scope and the calculation of ETR, SBIE and top-up tax in relation to the in-scope.

Pillar Two and Tax Incentives is another topic he dealt with in detail with regard to analyzing the impact of Pillar Two implementation on tax incentives which varies according to features as expenditure-based and income-based with results affecting the effectiveness of full/partial exemptions, reduced rates and tax allowances. In the Turkish context, he elaborated on the evaluation of tax incentives as compatible with the second pillar with their effects and he provided insights on the analysis of new compatible tax incentives such as qualified refundable tax credits. And in his concluding remarks, he provided an evaluation of implementation options in terms of redesigning tax incentives in accordance with GloBE rules, introducing qualified minimum top-up tax, introducing income inclusion rule and undertaxed payment rule, and introducing QDMTT and IIR and UTPR.

- Sunday Olawumi Okeowo, Director, Tax Policy and Advisory Department, Federal Inland Revenue Service, Nigeria



Sunday Okeowo is the Director, Tax Policy & Advisory Department of the Federal Inland Revenue Service (FIRS), Nigeria. He has PhD in Finance. He is a Chartered Accountant & Chartered Tax Practitioner with over 25 years' experience in the Revenue Administration. Prior to his deployment to head Tax Policy & Advisory Department, he was Director, Special Tax Audit Department. He was a member of the team that pioneered the implementation of transfer pricing regime in Nigeria and later became the Head of the Cross Border Transfer Pricing function of the Federal Inland Revenue Service. Sunday was the pioneer Tax Controller of the Large Tax Office (Non-Oil) Aviation, Construction and etc. He had also worked in the tax audit and tax investigations functions with specialisation in the tax examination, audit and investigation of large multinationals and domestic enterprises. He represents Nigeria on ATAF's committee on cross border taxation. He is a lecturer at the FIRS' training school and paper presenter at tax conferences/seminars on contemporary issues.

Mr. Okeowo's presentation is on "*Plans on Pillar Two Implementation*". He made his introductory remarks in the context of clarifications on the BEPS framework in terms of definitions, growing concerns, results and challenges. He continued with the benefits and implementation of P2 by touching on the concerns of WATAF members on Pillar Two rules, GloBE rules in terms of implementation issues, complexities and scope. He provided explanations for Pillar Two and its key benefits for developing countries, how to implement Pillar Two and implementation approach and proposed implementation process for WATAF and ATAF members.

He outlined the actions taken by Nigeria to date, the status of implementation for Nigeria, and Nigeria's proposed implementation process with reference to legislative response, policy issues for consideration, capacity building, international discussions, review of tax incentives and tax treaties (STTR).

In his concluding remarks, he highlighted the implementation challenges faced by WATAF members due to complex rules, limited administrative capacity, compliance and reporting challenges, risk of revenue loss, and resource constraints.

- Abdulkadir Kahraman, Tax Consultant and Sworn-In CPA, Türkiye



Abdulkadir Kahraman works for the Tax Department of EY in Istanbul. He advises both domestic and multinational enterprises their structures and compliance matters. He has a bachelor's degree from Faculty of Political Sciences of Ankara University and master's degree in Business Administration from Southern New Hampshire University. He is a member of the Chamber of Sworn-in Certified Public Accountants of İstanbul. Abdulkadir is the co-author of Management Accounting published by the Union of Chambers of Certified Public Accountants Türkiye. He writes articles in various professional publications and regularly participates professional events & media to contribute to the discussions on domestic and global tax topics.

Mr. Kahraman's presentation was entitled "How Ready for Global Minimum Tax (Pillar Two)". He started his introductory remarks by highlighting the model rules of Pillar Two and continued with the tax liability arising from the GloBE rules in five phases. He went on to provide detailed information on how countries have prepared for Pillar Two, with an overview of Pillar Two implementation around the world on a country-by-country basis in terms of taxonomy of final legislation, draft legislation and intention to implement Pillar Two. In terms of data challenges, he explained the challenge as to be compliant with Pillar Two requires amounts of new data needed by referring to financial data, factual data, tax data, other data and collaboration. Following, he delved into the details of the question of what entry into effect of Pillar Two would mean for Tax Administration by considering IAS 12, complexity, local legislation and systems.

He concluded his remarks by elaborating on what the entry into force of Pillar Two would mean for a UPE and a C.Entity in light of issues such as the applicability of Pillar Two, the potential ETR impact, monitoring and tax policy, reporting of group accounts, the need to change the tax control framework, technology and data approach.

Questions and Answers

Mr. Ali Erdem Ayyıldız from Turkish Revenue Administration raised his question to Dr. Esther and said that as he understood, the draft legislation of Malaysia will be the part of existing income tax act and she stated that they're making reference to OECD GloBE rules. In this respect, he asked her to elaborate more how they designed their domestic law in accordance with Pillar Two by giving reference to the OECD GloBE rules.

Dr. Esther said that instead of having a separate legislation, they have headed in to their existing income tax legislation almost duplicating all the provisions of their act. But, by adding into provisions to allow them to incorporate GloBE rules. As lawyers would know, it is by reference instead of taking each paragraph and each article into the legislation. So, it is actually just by way of reference to the model rules as well as the commentaries as they have also incorporated them. Hence, it is like taking and putting in the existing legislation by way of reference as they did not want it to be amending each of the provisions of the income tax act like how the assessment is to be done, how the collection is to be performed and the powers of the director generals etc.

So, they actually almost duplicated all the other provisions into the act itself. Thus, there's an act in the act where there's reference to the model rules. It's simple in that way as there are already provisions in the income tax law regarding these issues. They have amended each of the provisions and that way it became much cluttered. Then the attorney general thought that it is too complex as there were many amendments to existing provisions. That's why this method was preferred.

Mr. Ramazan, former employee of Turkish Revenue Administration and currently a tax practitioner raised his question to all speakers and asked how the Pillar Two will affect tax treaties and is there any need to renegotiate those treaties.

Mr. Mustafa Cemil Kara said that with limited exceptions, tax treaties are not intended to restrict a jurisdiction's right to tax its own residents. He specified that this longstanding principle is codified in Article 1(3) of the OECD Model. He also added that, Pillar Two is consistent with the treaties as it addresses profit shifting. He explained his personal opinion by stating that it is generally conceded that IIR and QDMTT are consistent with tax treaties because IIR is an expansion of existing CFC regimes that OECD deem consistent with the treaties and QDMTT involves countries taxing their own residents on domestic source income.

DAY 2 | 4 October 2023, Wednesday, 16:15 - 17:15

Session-5 Role of Exchange of Information in Pillar One and Pillar Two

- Significance of Exchange of Information in Implementation of Pillar One and Pillar Two
- Sharing Experience of Automatic Exchange of Information



MODERATOR: Ahmet Yıldırım, Head of Department of EU and Foreign Affairs, Revenue Administration, Türkiye



He graduated from Faculty of Economics and Administrative Sciences of the Marmara University (English) in 2005. After working as an expert at the Prime Ministry and then at the Central Bank for 2 years, he joined the Ministry of Finance as a finance inspector in 2007. He worked as a policy analyst at the OECD's Centre for Tax Policy and Administration in Paris between 2012 and 2014. In 2015, he completed his Master's degree in Public Policy at the Oxford University, Blavatnik School of Government (UK).

In 2016, he was appointed as Head of the European Union and Foreign Affairs Department of the Turkish Revenue Administration. He is responsible for international taxation, international cooperation, information exchange and negotiations.

He is fluent in English, intermediate in French and German.

PANEL MEMBERS:

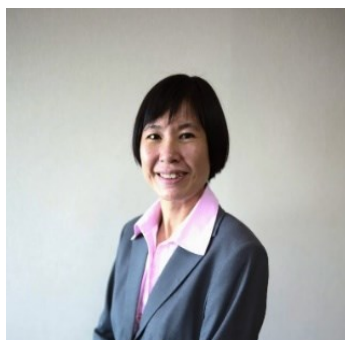
- Mr. Jonathan Fraser, Advisor, Tax Certainty Unit, Centre for Tax Policy and Administration, OECD



Jonathan Fraser is an Advisor in the OECD's Centre for Tax Policy and Administration, contributing to the OECD's work on the Tax Challenges Arising from the Digitalisation of the Economy. He joined the OECD in 2021. Prior to joining the OECD, he was a Director in international tax and transfer pricing consulting in Australia and held roles within the Australian Government providing advice in relation to taxation policy and legislative design. Jonathan is a qualified lawyer in Australia and holds undergraduate degrees in Law and International Business, and holds a Master of Laws in Corporate, Commercial and Taxation Law.

Mr. Fraser's presentation has the topic "*Role of Exchange of Information in Pillar One and Pillar Two*". He began his remarks by mentioning the use of exchange of information in the context of Pillar One and Pillar Two. He elaborated the GloBE information return in Pillar Two in detail with an illustrative and concluded his remarks.

- Mrs. Lee Kee Hwee, Section Director of Tax Certainty Section, Department of International Taxation, Inland Revenue Board of Malaysia



Mrs. Lee Kee Hwee is the Section Director of Tax Certainty Section at Department of International Taxation in Inland Revenue Board of Malaysia. She has experiences of desk audit, field audit, tax investigation and country-by-country report (CbCR) risk assessment and analysis. She is the member of the IRBM's Task Force Two Pillars Committee and IRBM's Pillar Two Implementation Committee.

The topic of Mrs. Hwee's presentation is "*Role of Exchange of Information (Pillar Two)*". After the introduction, she elaborated on the exchange of information under GloBE rules in Pillar Two and dealt with Malaysia's experience on exchange of information under GloBE rules in Pillar Two with illustrations together with emphasis on GloBe information return, comparative country examples and related details.

With regard to the role of information exchange, she emphasized concepts such as enhancing transparency, coordination, compliance and enforcement support, dispute resolution, and reducing compliance costs for MNEs. With regard to enhancing the role of information exchange in the second pillar, she highlighted and elaborated on concepts such as information technology systems, capacity building and cooperation between tax administrations in different jurisdictions. She concluded her remarks with a brief summary of key issues.

- Mrs. Gülru İSKENDER KAYA, Head of Group, Department of EU and Foreign Relations, Revenue Administration, Türkiye



Mrs. Gülru İSKENDER KAYA is Head of Group at the Department of EU and Foreign Affairs. She holds a B.Sc degree from Middle East Technical University, Department of Business Administration. She has 21 years of experience in the field of taxation, the majority of which is in the area of international taxation, particularly Exchange of Information and Double Taxation Treaties. She is currently responsible from Transfer Pricing, International Exchange of Information in Tax Matters, EU and the OECD units. She is fluent in English and has basic knowledge of French and Persian languages.

Ms. Kaya's presentation has the topic of "Automatic Exchange of Information and Türkiye Experience". In her presentation, she mainly focused on the Automatic Exchange of Financial Account Information (CRS) and the Foreign Account Tax Compliance Act (FATCA). Thus, she started with the purpose of automatic exchange of financial account information in terms of increasing tax transparency and reducing bank secrecy. After outlining the global impact of CRS, she explained the requirements for common reporting standards in terms of domestic legislation, international agreements, administrative and IT capacity, confidentiality and data protection. She then highlighted how the CRS exchange process works with illustrations and proceeded with steps for reporting under the standard in five steps and global forum peer review of AEOI with emphasis on the overall, core, legal and effectiveness and sub-requirements.

In the context of automatic exchange of information Türkiye's experience, she touched upon topics like common reporting standard and active exchange relationships of Türkiye on country basis. She had her concluding remarks by mentioning FATCA and challenges related to AEOI.

Questions and Answers

Dr. Esther A.P. Koisin from Malaysia commented by addressing the OECD that, they key takeaway from this session is that the issues that will be faced in the automatic exchange of information will be in the form of XML format and probably there will be a lot of technical issues that are still being faced currently. And this may lead to some information eventually not being downloaded and these technical issues should be considered because some information may not be read and so on. Therefore, these issues as CRS has changes, CBC exchanges should be noted.

Mrs. Sanaa Moustachi from the Moroccan AEOI Unit put her question to Ms. Lee and Ms. Gülrü in relation to the Malaysian and Turkish experience regarding automatic exchange of information and asked what solution these countries used to collect from their financial institutions. Then she added the question whether it is developed or a bought solution. In other words, Tax Authority collects information from financial institutions and then exchanges it with its peers. Hence, she asked the question to learn the solution, the technical IT system, used by these countries in order to collect information from these financial institutions.

Mrs. Gülrü İskender Kaya stated that there is a system called the B-Trans and there is a connection between the banks and the Turkish Revenue Administration transmitting information for some time.

Ms. Sanaa Moustachi asked whether it was the system developed internally by the Turkish administration or not.

Mrs. Gülrü İskender Kaya added that it is an internal system and explained that they have implemented common reporting XML schemes in this system and the banks report domestically to the administration from this system. And there is also CTS (Common Transmission System) in a multilateral context and then it is uploaded to CTS and the process is completed.

Mrs. Lee Kee Hwee explained the Malaysian experience and stated that they outsource the IT system. This system is not only used for CRS but also CBC as well. Tax payers, MNEs and financial institutions submit information in forms and then the data is assessed and transferred to CTS to be exchanged by the OECD.

Mrs. Sevinç Sayın Şener from Türkiye asked a question regarding the peer review process of exchange of information regarding Pillars. In this respect she asked whether there will be a peer review process regarding the safety and confidentiality standards of the exchange of information with regards to Pillars.

Mr. Jonathan Fraser explained that Pillar One has its enabling provisions in the MLC, which is essentially based on the provisions in the Model Convention. In terms of Pillar Two, at least in relation to the dissemination of GloBE information, which relies on bilateral treaties including the Multilateral Convention, the multilateral authority qualifying the treaties is developing the Inclusive Framework to essentially facilitate that exchange. When it comes to peer review, it is important to understand what is being tried to achieve in relation to the Amount A tax return and the dissemination of that and the GloBE information return and the dissemination of that. He thinks that the policy parameter is around that and around the CRS. And the peer review and the CRS are fundamentally different in terms of the

information that is specifically provided by the taxpayer that, if not transmitted through the system, will have to be provided to the tax authority anyway.

So the information exchange mechanisms, which rightly has the experience of more compliance and evasion. But whenever these mechanisms are used as a facilitation mechanism to assist the administration to lower the compliance costs for groups in the first instance, there are obviously the secondary mechanisms around compliance to the administration that will underpin those, which will be similar but they will be more spontaneous exchange with specific request elements rather than automatic. So when we talk about peer review and the requirements for the CRS and those secrecy and confidentiality requirements are not necessarily relevant for the purpose of disseminating the information of the GIR or the Amount A tax return in those cases. Because that tax authority is going to get that information whether we share it or not.

This is an important point to consider, as peer reviews are relevant to each jurisdiction's ability to exchange information under the relevant provisions of their bilateral agreements. Again, the peer reviews in the CRS context are essentially assisting in this process. However, many members of the Comprehensive Framework have the peer review as part of their evaluation methodology for their own domestic purposes. So the peer review is still relevant in terms of information sharing, but specifically in terms of sharing these elements. Secrecy and confidentiality do not necessarily need to be peer reviewed for those exchanges. You can only exchange what you can, and the Inclusive Framework is looking at ways to expand those networks, particularly when it comes to multilateral conventions and things like that, to minimize the amount of filing of the same information in multiple jurisdictions across borders. But again, the decision to exchange is ultimately up to the jurisdiction.

Mr. Doğa Enç from the Turkish Tax Administration raised a question regarding the tax certainty process of Pillar One and asked whether there will be any safeguards regarding possible members of panels who are not governmental persons. He also asked whether the OECD or the IF could think of any safeguards regarding the exchange of information with such persons.

Mr. Jonathan Fraser stated that in order to answer this question, he would have to disclose the results of the panel composition, which unfortunately he cannot do at this time. However, the relevant privacy policy states that certain information must be provided to panel members in order for them to make a decision. So there are specific safeguards in the MLC in that regard, but they are largely the standard safeguards that are on the MAC. But those individuals in question will also be subject to contractual confidentiality requirements as part of their participation in panel processes. That is something that needs to be considered as part of the overall implementation process.

Mr. Tamas Kulcsar from the IMF asked a question about the GIR, partly about compliance risk analysis and he asked about the view and attitude towards the GIR. He also asked whether there's a need for more information or different types of information and whether Malaysia or Türkiye is considering introducing a domestic type of information return or QDMTT information return. He wanted to know the panelists' views on these issues.

Mr. Jonathan Fraser explained that the important distinction around the GIR is ultimately all the relevant calculations are done from the base of and once again it is not the tax return for the relevant jurisdiction under the GIR and QDMTT. So again, there's work underway to standardize on a template basis, but it's hard to agree on. These will certainly split in the peer review of relevant jurisdiction in

terms of whether they are actually risk assessed. But certainly in terms of the goal of the GIR is ultimately to give jurisdictions enough information, especially if a jurisdiction does not have an assigned taxing right in terms of essentially under the IRR or UTPR. So you're not going to tax anything and you see these calculations that there's no relevant liability that's assignable to your jurisdiction. Again, reviewing those calculations for a standard order process would be something that would involve significantly more information than you would ever provide in your return. But from a risk assessment process, tax is being paid in those jurisdictions under the GloBe, and I'm not getting free vainly to convince myself that the relevant liability is correct, whether it's zero or happens to be a substandard liability. There would be a lot of work done in terms of templates that would not be published but would be within the Inclusive Framework to help jurisdictions do that, to give them the right tools rather than telling them what to do.

Mrs. Lee explained that currently GIR has 200 points. Malaysia has CBCR information so they are able to do risk assessment and GIR will be the additional information. Apart from that, she stated that local source of information is also useful.

Mr. Gülru İskender Kaya stated that their work regarding the pillars is under construction and therefore she cannot give a clear answer for the time being. However, she stated that they are ready to establish an effective mechanism and all options will be considered in this regard.

Mr. Sunday Olawumi Okeowo from Nigeria asked whether there may be a contemplation regarding language challenges as an issue, a single return is deemed as fine or not in this regard.

Mr. Jonathan Fraser stated that the GloBE information return is in a standard format in English as a representation of data points and should be easy to calculate. He also mentioned that he understands the challenges in terms of language, rules and relevant commentary, but at his stage it is very standardized.

DAY 3 | 5 October 2023, Thursday, 10:30 - 12:00

Closing Ceremony

- Recitation of the Holy Quran
- Speech by the Chairman of the 17th ATAIC Technical Conference
- Speech by Türkiye Representative, as the host country of the 18th ATAIC Technical Conference
- Participant Feedbacks



Dato' Sri Dr. Mohd Nizom Sairi, Chief Executive Officer of Inland Revenue Board of Malaysia, Chairman of the Commonwealth Association of Tax Administrators (CATA), Head of the Executive Council for the Association of Tax Authorities of Islamic Countries (ATAIC), Chair to Study Group on Asian Tax Administration and Research (SGATAR)



Dato' Sri Dr. Mohd Nizom Sairi was appointed as the Chief Executive Officer of Inland Revenue Board of Malaysia on 19 October 2021.

Dato' Sri Dr. Mohd Nizom Sairi has a wealth of knowledge on the operations and administration of direct taxes in Malaysia. He started his career with the Inland Revenue Board of Malaysia more than 35 years ago serving in various senior capacities including Director of Compliance Department, Director of Investigation Department, State Director of Perak, Director of Malaysian Tax Academy, Deputy CEO (Management) and Deputy CEO (Tax Operations) before his appointment as Chief Executive Officer.

Dato' Sri Dr. Mohd Nizom Sairi is Chairman of the Commonwealth Association of Tax Administrators (CATA) for the 2021-2024 term. He is also Head of the Executive Council for the Association of Tax Authorities of Islamic Countries (ATAIC) for the 2021-2023 term and Chair to Study Group on Asian Tax Administration and Research (SGATAR) for the term 2022/2023.

The closing ceremony began with the recitation of the Holy Quran. Dr Mohd Nizom Sairi then delivered his closing remarks. He expressed his good wishes to the Permanent Secretariat and the people of Sudan on the events in Sudan and thanked to Turkish Revenue Administration on behalf of ATAIC Permanent Secretariat as the Head of the Executive Council for the ATAIC. He congratulated all contributors for making the event successful one and called on all members to act collectively in order for ATAIC to be successful among other international tax organizations. Moreover, he stressed that ATAIC should put in place a strategic direction to provide assistance to member states facilitating them to create better tax administrations that promote transparency based on fairness, equity, efficiency and effectiveness. He concluded his remarks by saying that he had no doubt that representatives of the OECD and other international organizations would convey to policymakers the concerns he had expressed on the second day of the meeting, and that initiatives by countries to curb tax planning strategies and to protect the country's tax base were most welcome. To achieve this, ATAIC should introduce capacity building programs for member countries.

Mr. Mehmet Arabacı, Deputy Commissioner of Revenue Administration, Türkiye



Mehmet Arabacı graduated from Ankara University, Faculty of Political Sciences, Department of Finance in 2000. Between 2001 and 2004, he was an Assistant Tax Inspector and between 2004 and 2007, he was a Tax Inspector. Between 2007 and 2009, he served as the Head of the Human Resources Group of Tax Administration. Between 2009 and 2011, he served as a tax inspector and chief tax inspector. In 2009-2010, he completed his Master's Degree in Economics at the University of Illinois, United States of America. In 2011-2012, he was the head of the Ankara Thin Capital, Transfer Pricing and Foreign Income Group of the Tax Inspection Board. He served as the Vice President of the Tax Audit Board between 20012-2014. After serving as the Head of Revenue Management Department in the Revenue Administration between 2014-2019, he has been serving as the Deputy Commissioner of Revenue Administration since April 18, 2019.

As the Chairman of the 18th ATAIC Technical Conference, Mr. Mehmet Arabacı began his closing remarks by mentioning Türkiye's intentions to reach an agreement on consensus-based solutions to the challenges posed by the digitalization of the economy and other BEPS issues. He provided brief information about OECD's Two Pillar Solutions starting with Pillar One. He explained Multilateral Convention (MLC) allowing jurisdictions to exercise a domestic taxing right over a portion of MNE residual profits as well as Amount B rules. He went on to explain Pillar Two rules namely Income Inclusion Rule, the Undertaxed Payment Rule and Qualified Domestic Minimum Top-up Tax. Considering the steps taken by the EU and many developed countries, he stressed the importance of being part of this structure as ATAIC countries and the importance of capacity building efforts, cooperation and sharing of experiences within ATAIC. According to Mr. Arabacı, it is essential to reform tax systems and evaluate existing tax incentives after analyzing the impact of both Pillar One and Pillar Two. Finally, he emphasized the importance of global cooperation in tax matters and stated that such technical conferences and workshops are important means to enhance cooperation and institutional capacity building.

Closing Session Feedbacks from participants

Dr. Koisin from Malaysia congratulated all ATAIC member countries' delegates for their participation and host country for organizing the event successfully.

Mr. Kugonza of Uganda thanked the organization for inviting Uganda to the conference, which provided him with more information on the OECD's Two Pillar Solutions. He emphasized that this meeting was important for Uganda to decide whether to join the OECD/G20 Inclusive Framework's Two Pillar Solutions. In this regard, he would make a favorable recommendation to Uganda authorities to join the inclusive framework. According to Mr. Kugonza, investors from Türkiye, Malaysia in Uganda would make great use of the information gathered during the conference.

After reminding that WATAF and ATAIC are two organisations that are members of Network of Tax Organisations (NTO), Mr. Oladapo from WATAF, giving the example of his participation in the conference, said that WATAF and ATAIC are two organisations that should support each other. He thanked ATAIC and the host country for inviting Nigeria and giving them the opportunity to share their experiences on the implementation of the Inclusive Framework and Two Pillar Solutions. He extended best wishes of his organisation's executives to ATAIC and expressed their attitude to continue to co-operate with ATAIC to ensure that tax administrations fulfil their commitments.

Mr. Verdi from CIAT invited all ATAIC member countries to the next General Assembly of CIAT which will be held in Brazil in the last week of April 2024.

After expressing his prayers to the ATAIC Permanent Secretariat for the recent incidents in Sudan, Dr. Khanjan from Iran stated that İstanbul has become a destination of expertise and professionalism in addition to being a tourist destination.

We thank you all for your participation and hope to see you again at one of the upcoming events.

ATAIC 18th Technical Conference Organization Committee



Mr. Mehmet ARABACI – Deputy Commissioner

Mr. Ahmet YILDIRIM – Head of Department of EU and Foreign Affairs

Dr. Mustafa Cemil KARA – Head of Group in Department of EU and Foreign Affairs

Mr. Bengi CIRIK – Manager of Other International Agreements Section

Mr. Yüksel BİLGİCİ – Revenue Expert

Mr. Can CANDAS – Revenue Expert

Mr. Murat Eren KAYKISIZLI – Revenue Expert

Mr. Ahmet Coşkun YILDIRIM – Revenue Expert