



Global Business Tax International Tax Alert

EU Council formally adopts Pillar Two directive

On 16 December 2022, the Council of the European Union issued a [press release](#) confirming the formal adoption by [written procedure](#) of four pieces of legislation, including the Pillar Two directive on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the EU.

The adoption is the final step in the Council's legislative process for these pieces of legislation. The Pillar Two directive will enter into force on the day following that of its publication in the Official Journal of the European Union and will have to be transposed into member states' national law by the end of 2023 to apply as from 2024.

EU member states previously have struggled to reach unanimous agreement on the draft directive implementing in the EU the OECD Pillar Two model rules for a global 15% minimum taxation on large multinational and domestic groups or companies with a combined annual turnover of at least EUR 750 million. The last Economic and Financial Affairs Council [meeting](#) on 6 December 2022 was not successful in this respect with Hungary still maintaining its veto.

The European Commission first proposed a [draft directive](#) to implement the OECD inclusive framework model rules in a coherent and consistent way across EU member states on 22 December 2021 but the required unanimous agreement could not be reached. This also was the case with a revised [compromise version](#) of the text issued on 16 June 2022. A second [compromise text](#) was published by the Council of the European Union on 25 November 2022.

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