



Tax Bytes

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Greetings from your Tax & Legal team at Deloitte Singapore. We are pleased to share the following with you:

Organisation for Economic Co-operation and Development (OECD) invites public input on “extractives exclusion” under Amount A of Pillar One

The OECD is seeking public comments on the extractives exclusion under Amount A of Pillar One, as part of their ongoing work to implement the two-pillar solution to address the tax challenges arising from the digitalisation of the economy.

The extractives exclusion will exclude the profits from extractive activities from the scope of Amount A. The exclusion will apply where a group derives revenue from the exploitation of extractive products and has carried out the relevant exploration, development, or extraction.

This approach reflects the OECD’s policy goal of excluding the economic rents generated from location-specific extractive resources that should only be taxed in the source jurisdiction. However, the exclusion will not extend to activities taking place beyond the source jurisdiction or further along the commercial value chain.

The OECD’s approach also means that revenue from commodity trading only (without having conducted the relevant extractive activity), or revenue from performing extraction services only (without owning the extractive product) will not qualify for the exclusion.



Read more

Deloitte Singapore's view

The OECD have indicated their intent that the extractives exclusion will only apply to core upstream or mining activities. Related commercial activities such as oilfield services, commodity trading, or refining/processing are unlikely to qualify for the exclusion and will therefore remain in scope for Amount A of Pillar One (subject to the revenue and margin tests).

As such, extractives and commodity groups will still need to test and document their position in respect of the application of the extractives exclusion.

Contact us

Should you have any comments or questions arising from this newsletter, please feel free to get in touch with the listed contacts below, or any member of the [Singapore Tax & Legal team](#).

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