

Regional Consultation on International Tax Developments for Europe

**Co- hosted by IOTA and the National Tax and Customs Administration of Hungary
in association with the OECD**

Budapest, Hungary
28-30 November 2023

Statement of Outcomes

The Intra-European Organisation of Tax Administrations (IOTA) together with the National Tax and Customs Administration of Hungary, co-hosted a two-and-a-half-day regional consultation on international tax developments at the Mercure Korona Budapest Hotel in Budapest, Hungary, on November 28-30, 2023, in association with the Organisation for Economic Co-operation and Development (OECD). The meeting was attended by 28 participants including officials from 19 jurisdictions.

Given the range and scope of recent developments in the international tax landscape, the event provided a timely opportunity for participants to be briefed and to provide their input on the ongoing work. For instance: the Inclusive Framework has recently completed and delivered a subject to tax rule (STTR) package. The meeting included discussions on the Global Anti-Base Erosion (GloBE) rules, focusing on recent additional guidance developed with the aim of outlining the relevant implementation considerations, drawing on country experiences. Discussions were also held on [Amount A](#), where significant progress has been made, resulting in publication of the text of a Multilateral Convention (MLC), together with an Explanatory Statement and an Understanding on the Application of Certainty for Amount A of Pillar One; and on Amount B, where work is ongoing to complete its design, taking into consideration comments received on the [Amount B public consultation document](#).

Jurisdictions shared their experiences in implementing international tax standards. Participants mentioned the challenges they face, particularly with regard to the practical implementation of the standards. As the GloBE rules will apply as of 2024 in many countries, businesses and tax administrations are focusing on practical issues. The need for coordination of international standards and requirements at European level was also emphasised. Delegates indicated that legislative reforms are ongoing in their countries and challenges may arise when the legal framework requires detailed provisions that may need to be amended as the work develops. Delegates stressed the importance of involving stakeholders in the discussions and most of them highlighted the work done to this end through public consultations and bilateral meetings. A general need for further support for practical implementation focussed on operational concerns was also expressed.

The meeting also provided a platform to discuss jurisdictions' other international tax priorities such as tax incentives and Value Added Tax (VAT) on e-commerce, as well as convening a discussion on future priorities which could benefit from greater international collaboration. Given the increasing amounts and sources of information subject to automatic exchange stemming from the global and regional tax reforms, delegates emphasised the need to ensure consistency and standardisation in the exchange of data under Pillars One and Two. Implementing the Two-Pillar Solution will require tax administrations to identify new skill requirements and fill existing gaps for tax officials working in the newly emerging areas of international tax compliance. The need to ensure that dispute resolution and prevention solutions will keep pace with the developments in the international tax work was also emphasised, along with the need to move towards digitalisation of tax administrations. The need for reliable data to assess the impact of the new standards was underlined.

Jurisdictions welcomed the consultative and regional format of the meeting noting it serves as an invaluable platform for exchanging views and experiences with their peers and to provide input into the work and agenda of Inclusive Framework on their priorities and concerns.

Mr. Eugenijus Soldatkovas, Manager of IOTA Work Programme and Mr. Andrew Auerbach, Senior Advisor, Centre for Tax Policy and Administration, at the OECD provided opening addresses for the meeting. In his address, Mr Eugenijus Soldatkovas expressed the Organisation's commitment to further support and supplement these initiatives through various IOTA events. These events include joint IOTA-OECD regional consultations on international tax developments and the IOTA Forum on Implementation of Measures to Counter BEPS, and aim to deepen the operational understanding of Pillars One and Two issues and priorities, and to offer a set of tools available in assisting the implementation of international tax standards. Given the pace and scope of developments, and the increased demand for support on the Two-Pillar solution, Mr. Andrew Auerbach emphasised the importance of coherent capacity building support. The OECD, in cooperation with other International Organisations, regional tax organisations, and development banks, will intensify efforts to assist developing countries, in a coordinated and collaborative way through a comprehensive action plan. As part of this, the OECD will host a Two-Pillar implementation stakeholders' forum alongside future Inclusive Framework plenary meetings.

The meeting concluded with a recognition of the need to work collaboratively to provide more meaningful, efficient and coherent engagement with European countries to support tax administrators on priority issues identified by participants. Participants also recognised the importance of strengthening cooperation and engagement with peers as a way of facilitating exchanges of views and experiences.