

Council of Ministers Adopts Draft Bill to Implement Pillar Two Rules

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On 28 July 2023, the Luxembourg Council of Ministers adopted a draft bill (bill) for implementing the [European Union Minimum Taxation Directive \(2022/2523\) \(2022\)](#) (Directive) to ensure minimum global taxation for multinational enterprises (MNEs) with a consolidated turnover of at least EUR 750 million and large domestic groups in the EU. The EU Member States agreed on Directive 2022/2523 to ensure a global minimum level of taxation for MNEs and large domestic groups within the EU on 15 December 2022 (see [Council Formally Adopts Minimum Taxation Directive \(16 December 2022\)](#)).

The directive seeks to ensure a global minimum level of taxation (at the rate of 15%) for MNEs in the European Union. The deadline for its transposition into national law is 31 December 2023.

The bill serves to implement the Directive and is largely based on the EU Directive, the OECD Model GloBE Rules (see [Newly Released OECD Model Rules Bring Implementation of GloBE Proposal Into Play \(20 December 2021\)](#)). The bill also includes a qualifying domestic top-up tax.

As the next step, the bill will be presented to the chamber of representatives (*chambre des députés*) for parliamentary approval.

The full text of the announcing press release is available [here](#) (in French only).

Note: The [Minimum Taxation Directive \(2022/2523\)](#) aims to implement the Pillar Two Global anti-Base Erosion (GloBE) rules of the two-pillar approach to address the tax challenges of the digital economy, agreed by the members of the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework in October 2021 (see [Vast Majority of Inclusive Framework Members Sign Up To Landmark Global Tax Reform \(11 October 2021\)](#)).