

Austria Proposes Implementing Pillar Two Rules, Launches Public Consultation

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On 3 October 2023, the Ministry of Finance published a draft bill for the implementation of the [Minimum Taxation Directive](#) (2022/2523) to ensure minimum global taxation for multinational groups and large domestic groups in the European Union (Minimum Taxation Act (*Entwurf eines Bundesgesetzes zur Gewährleistung einer globalen Mindestbesteuerung für Unternehmensgruppen* (Mindestbesteuerungsgesetz – MinBestG)) and the OECD Pillar Two Rules. The EU Member States formally adopted Directive 2022/2523 on 15 December 2022 (Minimum Tax Directive, see [Council Formally Adopts Minimum Taxation Directive \(16 December 2022\)](#)).

The draft bill serves to implement the Directive whereas the Directive in turn transposes the Global Anti-Base Erosion Model Rules developed by the Inclusive Framework (IF) on BEPS into European law. The draft bill also takes into account the associated commentary published by the IF on BEPS on 14 March 2022 (see [OECD Releases Commentary on GloBE Model Rules \(15 March 2022\)](#)), as well as the further international work within the GloBE Implementation Framework, in particular the regulations for "safe harbours" presented on 15 December 2022 (see [Pillar Two: OECD Releases Implementation Package for GloBE Rules \(21 December 2022\)](#)).

The draft bill is largely based on Directive 2022/2523, the OECD Model GloBE Rules (see [Newly Released OECD Model Rules Bring Implementation of GloBE Proposal Into Play \(20 December 2021\)](#)) and other OECD publications, such as the Agreed Administrative Guidance of 2 February 2023 and 17 July 2023 (see [OECD Releases Administrative Guidance for Implementation of Pillar Two Global Minimum Tax \(6 February 2023\)](#) and [OECD Releases New Administrative Guidance with Safe Harbours for Pillar Two; Updates Standardized GloBE Information Return \(18 July 2023\)](#)). The implementation of the EU Minimum Tax Directive is to be set out in a separate law, which comprises a total of 83 paragraphs and is divided into 11 parts.

The draft bill provides for the introduction of a "Qualified Domestic Minimum Top-up Tax", as well as an "Income Inclusion Rule" (IIR) and an "Undertaxed Payments Rule" (UTPR). It covers group entities that are part of a multinational group or a large national group where the group in question had an annual turnover of at least EUR 750 million in 2 of the last 4 financial years preceding the current year.

The draft bill will become effective on 31 December 2023, and applies to financial years beginning after that date. The UTPR will start from the financial years commencing on or after 31 December 2024. However, if the MNE group's parent entity resides in a jurisdiction choosing to use article 50 of Directive 2022/2523 for a delayed application of the IIR and UTPR, the UTPR will apply to financial years starting on or after 31 December 2023.

More information on the public consultation and supporting documentation, made available on 3 October 2023, can be found [here](#) (in German only). The consultation runs until 20 October 2023.

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