

Dame Meg Hillier MP
Chair of the Public Accounts Committee
House of Commons
Palace of Westminster
London
SW1A 0AA

Jim Harra
Chief Executive and First Permanent Secretary
HM Revenue & Customs
100 Parliament Street
London
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22 June 2023

Dear Dame Meg,

Forty-Fourth Report of Session 2022-23 – Digital Services Tax

In response to recommendation 4a, we are writing to set out the government's overarching objectives for the development of the multilateral administrative framework for Pillar One of the OECD reforms, including audit arrangements. The Treasury Minute provided details on the wider objectives for the measure as set out in the OECD's publication of [6 October 2022](#).

From the UK's perspective, our key objectives when negotiating an administrative framework for Amount A of Pillar One are as follows:

- To deliver an efficient, cost effective, and administrable framework to cater for the filing of returns and the collection of taxes under Amount A, whilst ultimately preserving the right to utilise the UK's existing compliance framework to open enquiries and assess tax liabilities where needed.
- To enable the prompt and effective provision of relief from double taxation for impacted multinational enterprises (MNEs) where those MNEs have already suffered tax on the profits subject to Amount A.
- To provide access to a variety of tax certainty measures for MNEs, giving them certainty over their tax position in relation to the new measure and preventing disputes with other tax administrations.
- To minimise the complexity and operational burden of Amount A from the perspective of both business and HMRC, where possible.
- To ensure the secure and timely exchange of information for the purposes of administering Amount A in a way that makes sure the UK can fulfil its obligations to both MNEs and other participating jurisdictions.

At present, the international negotiations on Amount A are at a crucial and sensitive stage hence we have refrained from including further detail in this letter.

Yours sincerely,

Beth Russell
Second Permanent Secretary
HM Treasury

A handwritten signature in black ink, appearing to read 'B. Russell'.

Jim Harra
Chief Executive and First Permanent Secretary
HM Revenue & Customs

A handwritten signature in black ink, appearing to read 'J Harra'.