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Key Elements of OECD Two-Pillar Solution

Pillar One	Pillar Two
Taxing rights over 25% of the residual profits (margins in excess of 10%) would be re-allocated to the jurisdictions where the customers and user of those Multinational Enterprises (MNEs) are located.	GloBE (Global anti-Base Erosion Rules) rules provide a global minimum tax of 15% on all MNEs with a certain amount of revenue.
Applies to MNEs with over EUR 20 billion ($23 billion) in revenue.	Applies to MNEs with over EUR 750 million ($868 million) in revenue. A de minimis exclusion is applicable to jurisdictions where the MNEs have revenue of less than EUR 10 million and profits of less than EUR 1 million.
Tax certainty through mandatory and binding dispute resolution, with an elective regime to accommodate certain low-capacity countries.	Requirement for all jurisdictions that apply a nominal corporation income tax rate below 9% to interest, royalties and a defined set of other payments to implement the Subject to Tax Rule (STTR) into their bilateral treaties with developing Inclusive Framework members when requested to, so their tax treaties cannot be abused.
Removal and standstill of digital service taxes and other relevant, similar measures.	Carve-out to accommodate tax incentives for substantial business activities.
The establishment of a simplified and streamlined approach to the application of the arm's length principle in specific circumstances, with a particular focus on the needs of low capacity countries.	Carve-outs provide for an amount equal to 8% of tangible assets and 10% of payroll, declining over a 10-year period to 5% of each.

Pillar Two conists of the below:

GloBE: Made up of Income Inclusion Rules, which imposes a top-up tax on a parent entity in respect of the low-taxed income a constituent entity and an Undertaxed Payment Rule, which denies deductions or requires an equivalent adjustment to the extent the low-tax income of a constituent entity is not subject to tax under an Income Inclusion Rules.

STTR: A treaty-based rule allowing source jurisdictions to impose limited source taxation on certain related-party payments subject to tax below a minimum rate. The STTR will be creditable as a covered tax under the GloBE rules.

Source: OECD Brochure, October 2021