Commentary and Critique **Research Commentary**
Vol. 10 (2026) · ISSN 3006-6220 journal.pe.ac/Commentary-and-Critique

Who Pays and When: Transposition, Elected Delay and the Side-by-Side Arrangement in the Global Minimum Tax, 2022 to 2026

Farhod Rakhimov[a]

[a]Academy of Public Policy and Economics (APPE), London E1 0SG, United Kingdom

Corresponding author: Farhod Rakhimov, farhod.rakhimov@pe.ac.

Published 20 June, 2026.

DOI: https://doi.org/10.62432/APPE.CC.2026.10.24

Article webpage: https://journal.pe.ac/Commentary-and-Critique/article/view/24

Abstract

Public trackers of the OECD's Pillar Two global minimum tax report how many jurisdictions have legislation. That count is blind to the two variables that fix a taxpayer's position: which jurisdiction collects the top-up tax, and from which fiscal year. Reading the operative provisions of three mechanisms that shaped European and United States practice between 2022 and 1 May 2026, this commentary finds that the Directive's Article 50 election, notified by five member states as a six-year delay, starts the Undertaxed Profits Rule (UTPR) a year early for the groups it covers. Article 50(1) derogates from Articles 5 to 14 alone. Article 50(2) requires the other member states to charge those groups the UTPR amount allocated to them for fiscal years beginning 31 December 2023. Article 56 carves that arrangement out of the one-year postponement it grants every other group. The relocation is conditional: it operates where the group has constituent entities in other member states and a residual remains after any qualified domestic minimum top-up tax. The same reading separates transposition, notification, escalation, case closure and recorded qualified status, which the enforcement record runs together, and dates the Side-by-Side arrangement's allocation: one listed jurisdiction on 5 January 2026, a domestic minimum top-up tax that survives only in the jurisdictions that levy one, and qualified Side-by-Side status open to other jurisdictions on a request made in 2027 or 2028. Reporting the charging jurisdiction and the first covered fiscal year would record what a count cannot.

Keywords: global minimum tax; Pillar Two; EU minimum tax directive; UTPR; qualified domestic minimum top-up tax; side-by-side system; international tax governance

1. What a legislation count leaves out

Trackers of Pillar Two implementation report a single headline number. The Tax Foundation's tracker states that "as of 6 August 2025, 65 countries have either introduced draft legislation or adopted final legislation transposing Pillar Two's model rules into their national laws" (Tax Foundation, 2025). The figure mixes jurisdictions that have only published a draft with jurisdictions whose law is in force, and it says nothing about the two variables that decide what a given group owes: which jurisdiction is entitled to collect the top-up tax on a given profit, and the first fiscal year for which that entitlement runs.

Those two variables moved repeatedly between the Directive's publication in December 2022 and this study's evidence cutoff of 1 May 2026, and they moved through three mechanisms with different legal

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characters. The first is the ordinary transposition duty in Article 56 of Council Directive (EU) 2022/2523 and the infringement procedure that enforces it. The second is the election in Article 50, available to member states with no more than twelve in-scope ultimate parent entities, which five states notified before the transposition deadline. The third is the Side-by-Side Package agreed in the OECD/G20 Inclusive Framework on 5 January 2026 and brought into European law through Article 32 of the Directive a week later.

This commentary asks what each mechanism did to the location and the starting date of the top-up tax charge, and answers from the operative texts. The short answer is that each of them changed which jurisdiction charges, and when, without cancelling the minimum-tax obligation in jurisdictions that levy a qualified domestic minimum top-up tax (QDMTT). Article 50 shifts the residual charge from the electing state to the other member states and starts it a year earlier than the general timetable. The infringement procedures did not touch the charge; they enforced a notification duty, and their closure record turns out to be a poor proxy for when each state actually legislated. Late transposition did move the charge in one case: Poland applied the income inclusion rule (IIR) and its domestic minimum top-up tax a year later than Article 56 requires. The Side-by-Side and Ultimate Parent Entity safe harbours switch off the IIR and the UTPR for a defined class of groups and leave the QDMTT standing in every QDMTT jurisdiction where those groups operate.

Section 2 sets out the documents, the evidence levels and the limits of both. Sections 3 and 4 deal with the transposition duty and the Article 50 election. Sections 5 and 6 follow the United States dispute into the Side-by-Side arrangement and locate the charge after it. Section 7 examines the Article 32 route and the legal objections it has attracted. Section 8 compares the three mechanisms and presents the timeline. Section 9 concludes.

2. Documents, evidence levels and what is out of reach

Claims in this commentary rest on three grades of source, and the grade is recorded for each factual row of the accompanying evidence ledger. The first grade is official primary text held locally and cited to a located passage: the Directive as published in OJ L 328/1, Commission Notices C/2023/1536 and C/2026/253, the Commission press releases of 25 January 2024, 3 October 2024 and 11 December 2025, the Side-by-Side Package and the Central Record approved on 5 January 2026, the OECD press release of the same day, the G7 statement of 28 June 2025, the presidential memorandum of 20 January 2025 as printed at 90 FR 8483, the enacted text of Public Law 119-21, and Johanna Hey's written statement to the European Parliament's Subcommittee on Tax Matters of 27 January 2026. The second grade is named professional and academic reporting: the EU Tax Centre publications of KPMG and its United States TaxNewsFlash items, the EY and PwC alerts used for national measures, the comparison of the two Section 899 bills published by A&O Shearman, the Forvis Mazars note on the removal of that provision, and the analyses by Korving and by Weber. The third grade is professional reporting used only to date a national measure, and each such row in Table 1 says so.

The second grade divides by how the source is held. Most of these pages are retained as local text extractions of the page body, which is what allows a reader to check the sentences quoted here; the retention form is recorded for each in the ledger. Two grade-two sources are not held in full. The Tax Foundation tracker is a living page whose headline figure changes, so only the quoted sentence and its stated date are retained. Weber's follow-up piece of 8 January 2026, recorded by Korving, was not obtained: the address Korving gives returned a 404 response, and that piece is therefore reported only as Korving reports it and carries no reference entry. The commentary by Dagan and Pirlot is cited at the level of its general argument, the full text not having been obtained. Vella's working paper is held in full; the journal version that existed before the cutoff was not obtained, and the reference says so.

Two access problems affect what could be verified. The EUR-Lex portal still refuses automated retrieval; three attempts on the consolidated Directive returned an empty response. The official texts of the Directive and of both Commission Notices were obtained instead from the Publications Office content-negotiation endpoint, so the provisions quoted below are quoted from the Official Journal text rather than from a summary of it. The second problem concerns the closure of the infringement procedures. The Commission's own December 2025 key decisions package runs to sixteen pages and contains no occurrence of "2022/2523", of "Pillar", or of "minimum level of taxation"; its overview states that the Commission "is also closing 84 cases where the issues with the Member States concerned have been solved" (European Commission, 2025). The closure is therefore reported by KPMG rather than itemised officially, and Section 3 treats it that way.

Three limits bound what the record can show. First, no jurisdiction-level first-year GloBE revenue figures appear anywhere in this commentary, because none could exist yet: Article 44(7) sets the return deadline at fifteen months after the last day of the reporting fiscal year, and Article 51 extends that to eighteen months for the transition year defined in Article 47, so for a calendar-year group whose 2024 fiscal year is the transition year the first return falls due on 30 June 2026, after the cutoff. Second, no judgment or other disposition was obtained in the four cases referred to the Court of Justice on 3 October 2024, and the date on which Malta's infringement procedure closed was not established; neither gap is filled here by inference. Third, where a search for a document found nothing, this commentary reports the bounded search result and not an absence: a document that was not located may still exist, and a version published after 1 May 2026 cannot establish what was available on that date.

3. The transposition duty and what leaving the escalation ladder meant

The Directive required member states to bring the necessary measures into force by 31 December 2023 and to "immediately communicate the text of those measures to the Commission" (Council of the European Union, 2022, Art. 56). The infringement procedure enforced the second half of that sentence. The Commission's letters of formal notice of 25 January 2024 recorded that nine member states, namely Estonia, Greece, Spain, Cyprus, Latvia, Lithuania, Malta, Poland and Portugal, "have not communicated national measures transposing the Directive by the deadline of 31 December 2023" (European Commission, 2024a). On 23 May 2024 the Commission escalated to reasoned opinions against six of them, Cyprus, Latvia, Lithuania, Poland, Portugal and Spain (KPMG EU Tax Centre, 2024a, 2024b). On 3 October 2024 it referred Spain, Cyprus, Poland and Portugal to the Court of Justice, giving the case numbers INFR(2024)0049, 0020, 0113 and 0119 and the same legal ground, failure to notify transposing measures (European Commission, 2024b).

Four of the nine were states that had already elected delayed application under Article 50. Their presence on the list is not an anomaly. The election is notified separately and discharges a different duty, as Section 4 explains, and KPMG's EU Tax Centre made the point at the time: the five electing states "are nevertheless required to legislate for Pillar Two (including the notification and information exchange requirements as set out in Article 50(2))" (KPMG EU Tax Centre, 2024b).

States left the escalation ladder by legislating. Malta published Legal Notice 32 of 2024, the European Union Global Minimum Level of Taxation for Multinational Enterprise Groups and Large-Scale Domestic Groups Regulations, on 20 February 2024, without an IIR, a UTPR or a domestic top-up tax (EY Global, 2024a). Greece transposed in full by Law 5100/2024, published at Government Gazette A' 49 of 5 April 2024 (EY Global, 2024b). Estonia's parliament passed the act setting the Directive's return requirements on 10 April 2024 (Regfollower, 2024). The Commission's own reading of these three measures is recorded in the contemporaneous professional summary: no reasoned opinions were sent to Estonia, Greece and

Malta because they ”have transposed the Directive into national law in the meantime” (KPMG EU Tax Centre, 2024b). Latvia and Lithuania followed, and by 10 July 2024 both had ”finalized their partial implementation of the Directive by making use of the option to defer the application of the IIR and UTPR by up to six years” (KPMG EU Tax Centre, 2024a). The four states referred to the Court legislated later in 2024: Poland on 6 November, Portugal on 8 November, Cyprus on 12 December and Spain on 20 December.

Disappearing from the next escalation stage is not the same event as the closure of a case, and the gap between the two is large. Eight of the nine states had their procedures closed on 11 December 2025: Spain, Cyprus, Portugal, Lithuania, Estonia, Greece, Poland and Latvia (KPMG LLP, 2025). Greece, Estonia, Latvia and Lithuania had all legislated between April and July 2024, so their files stayed open for about eighteen months after the measure existed. Malta does not appear in the closure list at all. Since the same professional source reports that the Commission ”had closed all pending infringement procedures” on that date (KPMG EU Tax Centre, 2025), the natural inference is that Malta’s procedure closed earlier; no source consulted here dates it, so Table 1 records it as not established rather than inferring a date.

The enforcement track moved nothing about the charge itself. Late transposition did, in one case. Poland’s Act of 6 November 2024 applies the IIR and the domestic minimum top-up tax to fiscal years beginning on or after 31 December 2024, one year later than Article 56 requires, ”unless an irrevocable election is made by the taxpayer to apply the rules from January 1, 2024” (KPMG EU Tax Centre, 2025); the Central Record footnotes the Polish rule as an Elective IIR for 2024 (OECD, 2026b). The declared variable of this commentary is the first covered fiscal year, and this is the single case in the transposition track where it moved.

4. The Article 50 election moves the residual charge and starts it earlier

Article 50(1) is short enough to quote in full on the point that matters. By way of derogation from Articles 5 to 14, ”Member States in which no more than twelve ultimate parent entities of groups within the scope of this Directive are located may elect not to apply the IIR and the UTPR for six consecutive fiscal years beginning from 31 December 2023”, and must notify the Commission by 31 December 2023 (Council of the European Union, 2022, Art. 50(1)). The threshold counts ultimate parent entities, not groups, and it is a ceiling of twelve rather than a limit below twelve. Estonia, Latvia, Lithuania, Malta and Slovakia notified, and the Commission published their names on 12 December 2023 (European Commission, 2023).

The derogation reaches Articles 5 to 14 and stops there. Commission Notice C/2023/1536 spells out the consequence: the election ”constitutes a temporary exception to the obligations provided in Chapter II”, and ”a Member State making the election must nevertheless transpose all the other relevant Pillar Two Directive provisions so as to enable taxpayers and other Member States and jurisdictions to properly apply the system”. The Notice then lists what those states must enact, including the obligation on domestic ultimate parent entities to nominate a designated filing entity in another member state or a third country, to identify the domestic constituent entities and their functions in the system, and to process and transfer the information those entities supply. It adds that a state wishing to introduce a domestic minimum top-up tax as well must transpose more, because only Chapter II may be left unimplemented (European Commission, 2023).

The same Notice states the point that the label ”deferral” obscures: the election ”does not result in a waiver of the top-up tax liability of the group in other Member States or third countries. It merely authorises those Member States that have opted for the derogation not to apply the IIR and the UTPR for six consecutive fiscal years beginning from 31 December 2023” (European Commission, 2023). Article 50(2) supplies the mechanics. Where an ultimate parent entity is located in an electing state, the other

Table 1. The nine member states named on 25 January 2024, by enforcement stage, national measure, first covered fiscal year and case closure

Member state	Art. 50 election notified by 12 Dec 2023	Reasoned opinion 23 May 2024	Referral 3 Oct 2024	National transposing measure	Scope	First covered fiscal year for the IIR and the domestic top-up tax	Case closed
Estonia	Yes	No	No	Act setting the Directive's return requirements (379 SE), passed 10 Apr 2024	Partial	Not applied (Art. 50 election)	11 Dec 2025
Greece	No	No	No	Law 5100/2024, Gazette A' 49 of 5 Apr 2024	Full	Beginning 31 Dec 2023	11 Dec 2025
Malta	Yes	No	No	Legal Notice 32 of 2024, published 20 Feb 2024	Partial	Not applied (Art. 50 election)	Not established
Latvia	Yes	Yes	No	Partial implementation finalised by 10 Jul 2024	Partial	Not applied (Art. 50 election)	11 Dec 2025
Lithuania	Yes	Yes	No	Partial implementation finalised by 10 Jul 2024	Partial	Not applied (Art. 50 election)	11 Dec 2025
Spain	No	Yes	Yes	Ley 7/2024, de 20 de diciembre	Full	Beginning 31 Dec 2023	11 Dec 2025
Cyprus	No	Yes	Yes	Law passed by the House of Representatives 12 Dec 2024	Full	IIR from 1 Jan 2024; domestic top-up tax from 1 Jan 2025	11 Dec 2025
Poland	No	Yes	Yes	Ustawa z dnia 6 listopada 2024 r. (Dz.U. 2024 poz. 1685)	Full	Beginning 31 Dec 2024, one year late, with an irrevocable election to apply from 1 Jan 2024	11 Dec 2025
Portugal	No	Yes	Yes	Lei n.º 41/2024, de 8 de novembro	Full	From 1 Jan 2024	11 Dec 2025

Note. Compiled from European Commission (2023, 2024a, 2024b, 2025), KPMG EU Tax Centre (2024a, 2024b, 2025), KPMG LLP (2025), OECD (2026b), EY Global (2024a, 2024b), PwC (2024) and Regfollower (2024). Slovakia elected delayed application and was not named on 25 January 2024; it implemented a domestic minimum top-up tax for fiscal years beginning on or after 31 December 2023, recorded as qualified in OECD (2026b). Malta's row reflects its absence from the eight states listed in the 11 December 2025 closure report; the date of its closure is not established by the sources consulted. The UTPR treatment of groups headquartered in each state, the Slovak row and full per-row evidence grades are in results/table1-v03-eu-transposition-and-closure.csv.

DOI: 10.62432/APPE.CC.2026.10.24

member states ”shall ensure that the constituent entities of that MNE group are subject, in the Member State in which they are located, to the UTPR top-up tax amount allocated to that Member State for the fiscal years beginning from 31 December 2023 in accordance with Article 14” (Council of the European Union, 2022, Art. 50(2)). Article 50(3) then deems the electing state’s own UTPR percentage to be zero.

Set that date against the general timetable. Article 56 requires member states to apply their transposing measures for fiscal years beginning from 31 December 2023, and then provides that ”with the exception of the arrangement provided for in Article 50(2), they shall apply the measures necessary to comply with Articles 12, 13 and 14 in respect of the fiscal years beginning from 31 December 2024” (Council of the European Union, 2022, Art. 56). Articles 12 to 14 are the UTPR. For every group in the Directive’s scope except those headquartered in an electing state, therefore, the UTPR runs from fiscal years beginning 31 December 2024. For groups headquartered in Estonia, Latvia, Lithuania, Malta or Slovakia, it runs from fiscal years beginning 31 December 2023.

The election accordingly does three things at once. It removes the IIR and the UTPR in the electing state. It leaves the residual top-up tax on those groups to be collected by the other member states through the UTPR allocation. And it advances the UTPR by one fiscal year for exactly the groups whose home state has stepped back. A tracker that records Estonia as having ”deferred” reports the first of these and misses the other two.

Two conditions bound the second. The first is written into Article 50(2) itself: the relocation works through constituent entities of the group located in other member states, and the second subparagraph provides for the case where ”the MNE group has no constituent entity in another Member State” by requiring the designated filing entity to be nominated in a third country instead. Where a group headquartered in an electing state has no constituent entity elsewhere in the Union, there is nothing for Article 50(2) to allocate. The second condition is arithmetic: what the UTPR allocates is a residual, so it presupposes that a top-up amount survives any QDMTT that has already taken it. Slovakia is the case in point. Its domestic minimum top-up tax is recorded as qualified in the Central Record and applies from fiscal years beginning on or after 31 December 2023 (OECD, 2026b; KPMG EU Tax Centre, 2025), so the top-up on Slovak profits is collected in Slovakia and what Article 50(2) can send to other member states is the residual on the group’s low-taxed profits elsewhere, if there is one. The residual description follows the operative calculation. Article 11(2) subtracts any qualified domestic minimum top-up tax when the top-up tax is computed; Articles 14(3) and 14(4) set the UTPR amount to zero where a qualified IIR brings the full amount into charge and reduce it by any amount so charged. The ordinary UTPR charging rules in Articles 12(1) and 13(1) address groups whose ultimate parent entity is in a third-country jurisdiction, whereas Article 50(2) supplies the route for groups headquartered in an electing member state. The timing result holds in every case; the relocation result holds subject to these two conditions, and Table 2 states them.

None of this is hidden in the professional literature. KPMG’s EU Tax Centre puts the allocation in one sentence: ”Member States that do not defer the application for the charging provisions will be required to apply the UTPR with respect to Constituent Entities resident in deferring jurisdictions” (KPMG EU Tax Centre, 2025). What is dispersed is not the proposition but its assembly. The boundary of the derogation sits in Article 50(1), the allocation in Article 50(2), the date in the same paragraph, the zero percentage in Article 50(3) and the carve-out in Article 56, and a tracker that reports the election as a six-year deferral records none of them. The contribution of this section is that assembly and the date comparison it yields, not the first observation of an unnoticed rule.

5. From a unilateral position to a negotiated arrangement

The United States track ran on a different instrument at each stage, and the distinctions matter for what was actually withdrawn. On 20 January 2025 a presidential memorandum directed the Secretary of the Treasury and the United States Permanent Representative to the OECD to notify the organisation that commitments made by the prior administration on the Global Tax Deal "have no force or effect within the United States absent an act by the Congress adopting the relevant provisions". Section 2 directed the Treasury, in consultation with the United States Trade Representative, to investigate foreign tax rules that are extraterritorial or disproportionately affect American companies and to deliver findings and a list of protective options within sixty days. Section 3 records that the memorandum creates no enforceable right (The White House, 2025). It is a statement of executive position and an instruction to investigate.

A proposed Section 899 then appeared in the reconciliation bill, in two versions that differed on the central number. Under the House bill, "the rate increase starts at 5 percentage points in the first year and rises by 5 percentage points each subsequent year, up to a maximum of 20 percentage points above the statutory rate". The Senate version, released on 16 June 2025, kept the five-point annual step but capped the increase "at 15 percentage points above the starting rate, whether that is the statutory rate or a tax rate that applies in lieu of a statutory rate under a treaty obligation of the United States", and appeared to exclude income exempt from the branch profits tax under a treaty obligation (A&O Shearman, 2025).

Removal came before the G7 statement rather than after it. Forvis Mazars reported that, after the Treasury announced a deal with the G7 countries, the Treasury Secretary "asked Speaker of the House Mike Johnson (R-LA) and Senate Majority Leader John Thune (R-SD) to remove the 'revenge tax' provision from the House and Senate versions" of the bill, and that the chairs of the House Ways and Means and Senate Finance Committees then released a statement confirming the provision's removal from both versions (Forvis Mazars, 2025). That note is dated 30 June 2025 and carries the announcement of the deal through contemporaneous reporting of 26 June 2025; it does not itself date the request. The order of events does not depend on that date. The G7 statement of 28 June 2025 already treats the removal as accomplished, listing among the inputs to its analysis "the removal of section 899 in the Senate version of the OBBBA" and closing with the sentence that "the removal of section 899 is crucial to this overall understanding". The statement describes a "shared understanding" resting on "accepted principles", the first of which is that "a side-by-side system would fully exclude U.S. parented groups from the UTPR and the IIR in respect of both their domestic and foreign profits" (U.S. Department of the Treasury, 2025). Public Law 119-21 was enacted on 4 July 2025, and its text contains no Section 899; the only occurrence of the digits in 331 pages is a Medicare provision numbered 1899C (Pub. L. No. 119-21, 2025).

Two distinctions follow. Section 899 was a proposed statutory provision that never entered the United States Code, and the memorandum of 20 January 2025 was never withdrawn; neither the G7 statement nor the enacted law addresses it. What ended in June 2025 was a legislative proposal, in exchange for a multilateral understanding about the IIR and the UTPR.

6. Where the charge lands after the Side-by-Side arrangement

The Inclusive Framework approved and declassified the Side-by-Side Package on 5 January 2026 (OECD, 2026a, p. 2), and announced it the same day as an agreement of 147 countries and jurisdictions on "key elements of a package" (OECD, 2026c). The Package sets out two new safe harbours with different objects. The Side-by-Side Safe Harbour is available to a group whose ultimate parent entity is located in a jurisdiction with both an eligible domestic and an eligible worldwide tax regime, and an electing group "will not be subject to the IIR or UTPR" (OECD, 2026a, ch. 1 para. 15, p. 8). The Ultimate Parent Entity Safe Harbour covers jurisdictions that meet only the domestic half of the criteria, and protects only the domestic profits: an electing group "will not be subject to the UTPR in respect of the profits located in

the UPE jurisdiction" (OECD, 2026a, ch. 1 para. 16, p. 8). Eligibility for the second requires an eligible domestic tax system "enacted and in effect on 1 January 2026" (OECD, 2026a, ch. 5 s. 2 para. 38, p. 87). The Package restarts its paragraph numbering in each chapter, so pinpoints here name the chapter and page as well as the paragraph.

What the Package does not do is stated three times. Paragraph 19 of chapter 1 provides that "all MNE Groups (including those eligible for the SbS or UPE Safe Harbours) remain subject to the QDMTT in all QDMTT jurisdictions in which they operate", calculated without the pushdown of taxes on controlled foreign companies or foreign branches. Paragraph 23 repeats that neither safe harbour "will interfere with or prevent QDMTTs applying to the operation of all MNE Groups" and records the commitment of all members to credit QDMTTs on the same terms as any other creditable foreign income tax. The Side-by-Side chapter says it a third time and more precisely: "The SbS Safe Harbour does not affect the application of QDMTTs and does not deem any Top-up Tax to be zero for the purposes of a QDMTT calculation. A QDMTT will continue to apply" (OECD, 2026a, ch. 1 paras. 19, 23, pp. 8–9; ch. 5 s. 1 para. 7, p. 81). The accompanying press release frames the same design as preserving "the ability for all jurisdictions, particularly developing countries, to have first taxing rights over income generated in their jurisdictions" (OECD, 2026c).

Read together, those three passages describe a narrower change than the phrase "moving the charge" suggests. In a jurisdiction that levies a QDMTT, the QDMTT already had priority and was already credited, so the IIR and the UTPR were not collecting that amount before the safe harbour either: the QDMTT position is unchanged, and what ends is collection of any residual by a parent or a sister jurisdiction. In a jurisdiction with no QDMTT, the safe harbour creates none. There the residual charge simply ends with the IIR and the UTPR, which is why the Inclusive Framework treats the aggregate effect as an open question rather than a settled one; Section 8 returns to the stocktake it has committed to.

The timing is allocated with equal precision, and the allocation is uneven. The Central Record approved and declassified on 5 January 2026 contains a table headed "Qualified SbS Regimes" with a single entry: the United States, by reference to the Internal Revenue Code of 1986, with the safe harbour "applicable for Fiscal Years commencing on or after" 1 January 2026, and a footnote recording that the Inclusive Framework's determination "took into account data provided by the United States delegation with respect to tax years 2019-2022". That version of the Central Record contains no table of Qualified UPE Regimes at all (OECD, 2026b).

Two features of that document should be reported as they stand. It carries two currency lines: "This central record is current as at 1 December 2025", in the paragraph introducing the record of legislation with qualified status, and "This central record is current as at 18 August 2025", immediately after the paragraph introducing the Qualified SbS record. Read in place, each line governs the record it follows; because the document is a revision of an earlier one, the earlier line may equally be a survival from that version. Nothing here turns on the difference, since the United States entry carries its own effective date. The second feature is a limit rather than a reading. No version of the Central Record published between 5 January and 1 May 2026 was located in this study's searches, which is a bounded search result and not proof that none exists. The 5 January record is the eligible version used here; its URL is a living address that may now resolve to a later version (OECD, 2026b).

For every other jurisdiction, the Package fixes two queues, and they are not symmetrical. "Upon request by a member jurisdiction, the Inclusive Framework will assess that jurisdiction's pre-existing tax regimes against the eligibility criteria for a Qualified SbS or UPE Regime by the end of the first half of 2026." The second queue is narrower than the first: "the Inclusive Framework will assess the eligibility *as a Qualified SbS Jurisdiction* of any other IF jurisdiction once that jurisdiction initiates such a request to the Inclusive Framework in 2027 or 2028", an assessment that "will be undertaken in a timely manner", with the timing of access taking into account when the legislation entered into effect, the review time

required and information gathered in the stocktake (OECD, 2026a, ch. 1 para. 18, p. 8; repeated for the Side-by-Side Safe Harbour at ch. 5 s. 1 paras. 26–27, p. 84; emphasis added). There is no corresponding later queue for the Ultimate Parent Entity Safe Harbour, and the reason is in the eligibility rule: paragraph 39 offers only the assessment of pre-existing regimes by the end of the first half of 2026, and paragraph 38 requires the domestic system to have been ”enacted and in effect on 1 January 2026” (OECD, 2026a, ch. 5 s. 2 paras. 38–39, p. 87). For any regime not already enacted and in effect on that date, the UPE door is not queued later; it is closed. The first queue has an outer date, the second has none, and the first of these dates already lies beyond the cutoff of this study. Through 1 May 2026, one jurisdiction held the entitlement and every other jurisdiction held a place in a queue or none at all.

Table 2. What each mechanism switches off, where the charge goes, and when it starts

Mechanism	What it switches off	Where the charge goes instead	Start of the charge as moved
Elected delayed application (Dir. Arts. 11(2), 12(1), 13(1), 14(3)–(4), 50; Notice C/2023/1536)	The IIR and the UTPR in the electing member state only; that state’s UTPR percentage is deemed zero	The other member states, through the UTPR amount allocated under Art. 50(2), where the group has constituent entities there and a residual remains after QDMTT and qualified-IIR reductions; Arts. 12(1) and 13(1) otherwise address third-country UPEs	Fiscal years beginning from 31 Dec 2023, one year before the general UTPR date in Art. 56
Transposition enforcement (Dir. Art. 56; Arts. 258 to 260 TFEU)	Nothing; it enforces the duty to communicate transposing measures	Unchanged once the national measure exists; but Poland’s late measure moved its first covered fiscal year by one year, subject to an irrevocable taxpayer election	The Directive’s dates, subject to each national measure’s own application date
Side-by-Side and UPE safe harbours (Package ch. 1 paras. 15 to 19, 23; ch. 5 s. 1 para. 7, s. 2 para. 38; Dir. Art. 32)	The IIR and the UTPR for groups parented in a Qualified SbS Regime jurisdiction; foreign UTPRs only, for a Qualified UPE Regime	Nowhere new: the QDMTT keeps the priority it already had in every QDMTT jurisdiction where the group operates, without push-down of CFC or owner-level taxes; where no QDMTT exists, none is created	Fiscal years commencing on or after 1 Jan 2026, or a later year listed in the Central Record

Note. Full cell text, the chapter-qualified pinpoints, the status of each mechanism at the cutoff and the evidence-ledger claim identifiers are in results/table2-v03-mechanism-allocation.csv.

7. One week of European coverage, and a contested basis for it

Article 32 of the Directive provides that, by way of derogation from Articles 26 to 31, top-up tax in a jurisdiction is deemed to be zero for a fiscal year where the effective level of taxation of the constituent entities located there meets the conditions of a ”qualifying international agreement on safe harbours”, defined in the same article as ”an international set of rules and conditions which all Member States have consented to” that lets in-scope groups elect one or more safe harbours for a jurisdiction (Council of the European Union, 2022, Art. 32). The consent requirement is what made the timetable short. Cyprus is the only member state outside the Inclusive Framework, so its separate consent was needed; it published that consent on 8 January 2026 (KPMG EU Tax Centre, 2026). On 12 January 2026 the Commission published a notice acknowledging the Inclusive Framework agreement ”adopted on 5 January 2026”, quoting Article 32 in full, and recording that the Simplified ETR Safe Harbour, the extension of the Transitional CbCR Safe Harbour, the Substance-based Tax Incentive Safe Harbour and the Side-by-Side System comprising the Side-by-Side and UPE Safe Harbours ”were agreed in the OECD Inclusive Framework and all the Member States consented to them” (European Commission, 2026). Article 32 had been used this way before, for the transitional country-by-country reporting safe harbour, the transitional UTPR safe harbour

and the permanent QDMTT safe harbour, ”following confirmation from Cyprus” (KPMG EU Tax Centre, 2026).

The notice itself does not say that no amendment of the Directive is required. It confirms application through Article 32 and proposes nothing further, which professional readers rendered as an absence of any intention to amend (KPMG EU Tax Centre, 2026; KPMG LLP, 2026). That reading is what the legal objection attaches to. Fifteen days after the notice, at a public hearing of the European Parliament’s Subcommittee on Tax Matters, Johanna Hey of the University of Cologne wrote in her written statement to the subcommittee that she disagrees ”with the Commission’s view in its Notice C/2026/253 that these changes could be transposed into European law on the basis of Article 32 of Directive (EU) 2022/2523 without further amendment of the directive. This is not only a violation of the principle of legality but also calls into question harmonization by the directive as such.” Her reasoning is that binding transposition of the model rules into European law ”should guarantee uniform implementation in the law of the Member States”, that this ”requires the constant updating of the directive”, and that only on that basis can interpretive disputes later be decided by the Court of Justice. She closes the point with an institutional inference: if the Commission’s position rests on the impossibility of obtaining the required unanimity, that ”calls into question the viability of the Pillar Two GloBE Directive and European tax legislation as a whole” (Hey, 2026). The same statement records that the G7 and the OECD ”have initially averted the collapse of Pillar Two” with the side-by-side solution and that relief of this kind ”is urgently needed if the Pillar Two GloBE Directive is to be retained”.

A second objection runs on the substance and on the delegation of power, and it was in print before the Package was approved. Weber (2025) argued on 6 October 2025, reading the G7 statement alone, that Article 32 is about ”technical risk assessment rather than structural exemption”, and that using it for a jurisdiction-wide carve-out ”collides with the Meroni case law, by transferring core legislative discretion to fora outside the Union”. Korving (2026) takes up that argument expressly, writing that he is ”agreeing with Weber”, and adds the substantive point that the arrangement puts the jurisdictional blending contemplated by Article 32 ”at par with the ’global blending’ under the US tax system”, so that it is open to doubt whether a global-blending system satisfies Article 32’s substantive requirement at all. He describes the route as ”substantively incorrect and constitutionally dangerous, as it automatically incorporates non-EU agreements into EU law and transfers legislative powers to non-EU bodies”. Korving records a further piece by Weber of 8 January 2026 which was not obtained for this study.

Korving’s practical argument is about where such an objection could be taken, and it turns on a date inside this study’s period. An action for annulment of the Directive’s own provision is out of time, because the two-month period in the sixth paragraph of Article 263 TFEU ran from the Directive’s publication on 22 December 2022. But Article 263 extends to ”acts of the Council, of the Commission and of the European Central Bank, other than recommendations and opinions”, and Korving argues that the Commission’s notice is such an act, since it is intended to have legal effect by formalising the arrangement’s status under Article 32 and so goes beyond a recommendation or an opinion. On that reading, ”the action regarding invalidity of the notice on the Side-by-Side approach, under article 263 TFEU, should then be initiated within two months starting on 12 January 2026”, a window that closed in March 2026, and Article 277 TFEU ”would then allow to also start discussions on the validity of article 32 of the Global Minimum Tax Directive, or the directive as a whole”. He adds that after the Court’s judgment in *Fugro* (C-146/24 P) individual taxpayers would probably fail to show individual concern, so ”the ball is primarily in the court of the EU Member States or the European Parliament to start this litigation” (Korving, 2026).

These are scholarly objections in identified documents, not judicial conclusions, and no application under Article 263 was located in this study. No decision of the Court of Justice on the question existed at the cutoff, and the Commission’s notice stands. The contest is worth stating precisely because it is a contest about the same variable this commentary tracks: whether a switch that changes which jurisdictions

may charge which groups can be made through a safe-harbour clause rather than through an amendment adopted by unanimity. Korving also records that the arrangement "reopened discussions on exceptions for — especially smaller — EU Member States" from the Pillar Two rules, and cites reporting that Estonia sought the same flexibility as the United States (Korving, 2026, n. 18). That strand runs straight back into Section 4, because the smaller member states at issue are the five for whom Article 50(2) makes the UTPR start early.

One further observation belongs here because it is checkable and is not what a coverage count would predict. Cyprus transposed the Directive, had its infringement procedure closed, and supplied the consent on which the EU-wide operation of Article 32 depended. It does not appear in either the Qualified IIR table or the Qualified DMTT and QDMTT Safe Harbour table of the Central Record approved on 5 January 2026 (OECD, 2026b). The Record states what that absence means and what it does not: "The fact that a jurisdiction's legislation is not included in this central record does not mean that the legislation is not qualified; rather it means that, as at the date of publication, the process provided for under the transitional qualification mechanism has not yet been initiated or completed for that legislation" (OECD, 2026b). The absence therefore records the state of the qualification process rather than the absence of a law. One technical feature of the Cypriot measure bears on that process and is on the record: PwC reports that the Cypriot domestic minimum top-up tax provides for the push-down of controlled foreign company, head office and hybrid entity taxes, "unlike a QDMTT does" (PwC, 2024). That is the same pushdown that paragraphs 19 and 23 of the Package require a QDMTT to exclude. What the Cyprus case shows for present purposes is that legal coverage, case closure and recorded qualified status are three separate states, and that a jurisdiction can be in the first two without being in the third.

8. The three mechanisms read together

Figure 1 places the mechanisms on one timeline against the 1 May 2026 cutoff, with national measures on a separate track from the enforcement stages so that the distance between legislating and closing a case is visible, and with the interval between the Article 50(2) start and the Article 56 general UTPR start marked on the axis.

Figure 1. Mechanism events, national measures, enforcement stages and legal objections, 2022 to 2026

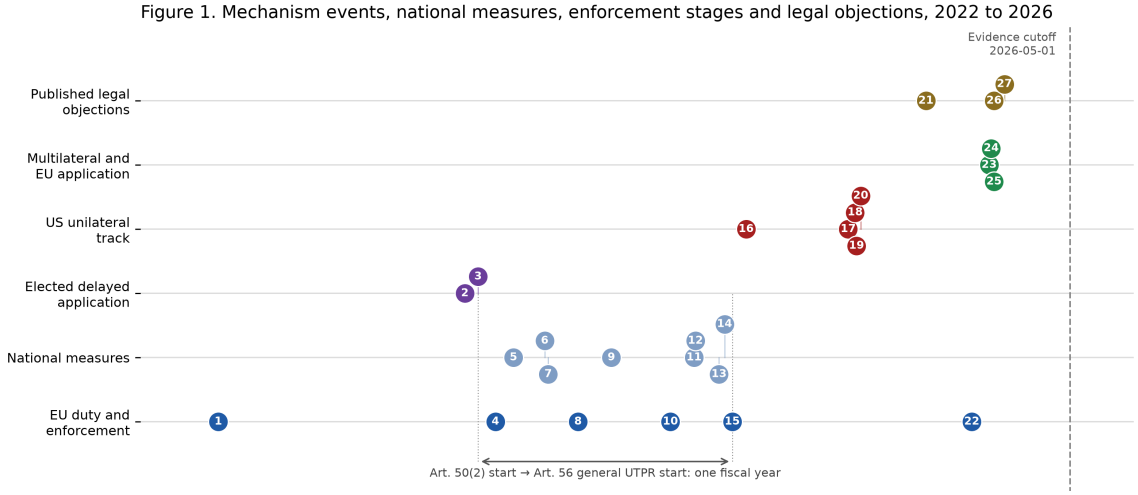


Figure 1. Mechanism events, national measures, enforcement stages and legal objections, 2022 to 2026 (panel a: dated-event timeline)

Read together, the three mechanisms share a structure that a legislation count cannot express. Each of them changed the answer to "which jurisdiction charges this group" without cancelling the minimum-tax obligation in jurisdictions that levy a QDMTT, and each carried its own starting date that differs from the Directive's default. Article 50 moved the residual charge outward, to the other member states, and forward

#	Date	Track	Event
1	2022-12-22	EU duty and enforcement	Directive (EU) 2022/2523 published in OJ L 328/1; transposition due 31 Dec 2023
2	2023-12-12	Elected delayed application	Notice C/2023/1536: Estonia, Latvia, Lithuania, Malta and Slovakia have notified the Art. 50 election; other Directive duties remain
3	2023-12-31	Elected delayed application	Art. 50(2) start: other member states apply the UTPR to groups headquartered in electing states, from FY beginning this date
4	2024-01-25	EU duty and enforcement	Letters of formal notice to nine member states for not communicating transposing measures
5	2024-02-20	National measures	Malta Legal Notice 32 of 2024 (partial transposition)
6	2024-04-05	National measures	Greece Law 5100/2024 (full transposition)
7	2024-04-10	National measures	Estonia Act 379 SE passed; sets the Directive return requirements (partial transposition)
8	2024-05-23	EU duty and enforcement	Reasoned opinions to six member states
9	2024-07-10	National measures	Latvia and Lithuania reported as having finalised their partial implementation of the Directive
10	2024-10-03	EU duty and enforcement	Spain, Cyprus, Poland and Portugal referred to the Court of Justice for failure to notify
11	2024-11-06	National measures	Poland Act of 6 November 2024 (Dz.U. 2024 poz. 1685); IIR and DMTT apply from FY beginning 31 Dec 2024, one year late, with an irrevocable election to apply from 1 Jan 2024
12	2024-11-08	National measures	Portugal Lei 41/2024
13	2024-12-12	National measures	Cyprus implementing law passed by the House of Representatives
14	2024-12-20	National measures	Spain Ley 7/2024
15	2024-12-31	EU duty and enforcement	Art. 56 general UTPR start: FY beginning this date; one year after the Art. 50(2) start
16	2025-01-20	US unilateral track	Presidential memorandum: prior Global Tax Deal commitments have no force or effect absent an act of Congress; 60-day Treasury and USTR review ordered
17	2025-06-16	US unilateral track	Senate version of the reconciliation package released; Section 899 ceiling 15 points against the House bill's 20 points
18	2025-06-26	US unilateral track	Treasury announces a deal with the G7 countries and asks the congressional leadership to remove Section 899; the two tax-committee chairs confirm its removal from both versions
19	2025-06-28	US unilateral track	G7 statement: shared understanding that a side-by-side system would fully exclude US-parented groups from the IIR and UTPR
20	2025-07-04	US unilateral track	Public Law 119-21 enacted; the enacted text contains no Section 899
21	2025-10-06	Published legal objections	Weber: Art. 32 was written for technical safe harbours, and a full carve-out through it collides with the Meroni case law
22	2025-12-11	EU duty and enforcement	Infringement procedures closed for eight of the nine states; the official key-decisions package does not itemise them
23	2026-01-05	Multilateral and EU application	Side-by-Side Package approved and declassified; Central Record lists the United States as the only Qualified SbS Regime and no Qualified UPE Regime
24	2026-01-08	Multilateral and EU application	Cyprus publishes its consent to the Package; a requirement for Art. 32 to be met EU-wide
25	2026-01-12	Multilateral and EU application	Notice C/2026/253 confirms the Package's application through Art. 32 of the Directive
26	2026-01-12	Published legal objections	Korving: the notice is itself a challengeable act under Art. 263 TFEU, with a two-month window from 12 Jan 2026 and Art. 277 opening Art. 32 to a plea of illegality
27	2026-01-27	Published legal objections	Hey's written statement to the European Parliament's FISC subcommittee disputes that Art. 32 suffices without amending the Directive

Figure 2. Mechanism events, national measures, enforcement stages and legal objections, 2022 to 2026 (panel b: numbered event key, continued)

Note. Twenty-seven dated events on six tracks, plotted against the 1 May 2026 evidence cutoff; the numbered markers key to the table beneath the chart. The annotated span between markers 3 and 15 is the interval read out of Articles 50(2) and 56 in Section 4. Each event row carries a single evidence-ledger claim identifier. Data: analysis/timeline-data-v03.csv; figure generated by analysis/make_timeline_figure_v03.py.

by a year. The Side-by-Side arrangement did not move a charge so much as end one line of collection: it leaves the source jurisdiction's QDMTT exactly where it was, from fiscal years commencing on or after 1 January 2026, and ends the IIR and the UTPR on the groups it covers, so that where there is no QDMTT there is no longer anything. The transposition procedure moved nothing and, as Table 1 shows, closed on a date that carries almost no information about when any particular state legislated; the movement in that track came from a late national measure rather than from the procedure.

Whether the aggregate obligation survives the third mechanism is not something this record settles, and the Inclusive Framework does not treat it as settled either. Its agreement to the Package is "underpinned

by a commitment to ensure that any substantial risks that might be identified with respect to the level playing field or BEPS are addressed", and it has committed to a stocktake "concluded by 2029" that will assess "any emerging material competitive imbalances" and "a material increase in profits located in low-tax jurisdictions without QDMTTs" (OECD, 2026a, ch. 1 paras. 20–22, pp. 8–9). The question this commentary can answer is the narrower and more checkable one: which jurisdiction is entitled to charge, and from when.

Three consequences follow from the record without extrapolating to unobserved revenue effects.

First, the object that trackers count and the object that determines liability have drifted apart in a specific, documentable way. "Estonia has deferred" and "the United States is qualified" are both true statements that omit where the tax went. The Directive and the Package both say where it went, in provisions that are short and quotable. A tracking metric built on the count of legislating jurisdictions can be repaired only by adding the two fields that the instruments themselves supply: the charging jurisdiction and the first covered fiscal year.

Second, the Side-by-Side arrangement redistributes compliance certainty rather than creating it generally. A group parented in the United States knows its position for fiscal years commencing on or after 1 January 2026, subject to local implementation of the safe harbour. A group parented anywhere else knows that its home jurisdiction is either in the pre-existing-regime queue with an outer date of mid-2026 or in the queue that opens in 2027 for Qualified SbS status alone. This qualifies the assessment in Vella's (2025) working paper, completed on 9 July 2025 and therefore before the Package, that accommodating the United States "may be the least bad option for jurisdictions keen on the GloBE project, but it may heighten the sense of unfairness as well as undermining GloBE's effectiveness" (p. 62). The record through the cut-off shows the accommodation delivered as a formal multilateral safe harbour with the QDMTT expressly preserved where one exists, which addresses part of the effectiveness concern; it also shows the entitlement held by one jurisdiction with others queued behind it, which is the structure Vella's fairness concern describes.

Third, the coordination problem that Dagan and Pirlot (2024) identify as endemic to decentralised international tax rule-making reappears inside the European Union even after the European-level legal question was settled in a week. Article 32 delivered EU-wide coverage between 8 and 12 January 2026 without a new deadline or a new infringement risk. The safe harbours nevertheless operate subject to local implementation, and the Package anticipates that jurisdictions legislating after 1 January 2026 will do so retrospectively, while acknowledging that some may be unable to for constitutional reasons (OECD, 2026a, ch. 5 s. 1 para. 28, pp. 84–85). KPMG's EU Tax Centre assessed on 12 January 2026 that in many jurisdictions the rules "will likely not be transposed into national law before the second half of 2026 or even 2027", and reported that the Netherlands and the United Kingdom had already announced plans to legislate with retroactive effect from 1 January 2026 (KPMG EU Tax Centre, 2026). That assessment was a forecast on the day it was made, and this commentary uses it as such. What the evidence establishes as at 1 May 2026 is the announcement by those two jurisdictions, the retrospectivity expectation written into the Package, and the constitutional exception the Package itself contemplates.

9. Conclusion

The instrument that looks most like a retreat does the most work. Article 50 of the Directive lets a member state with no more than twelve in-scope ultimate parent entities elect not to apply the IIR and the UTPR for six fiscal years, and five states took the election. Because Article 50(1) derogates from Articles 5 to 14 alone, because Article 50(2) then requires the other member states to charge those groups the UTPR amount allocated to them for fiscal years beginning 31 December 2023, and because Article 56 carves that arrangement out of the one-year postponement it grants everyone else, the election starts the

UTPR a year early for exactly the groups whose home state stepped back. The relocation operates where the group has constituent entities in other member states and a residual survives any QDMTT; the advance in timing operates in every case. A tracker that records five states as having deferred reports none of this.

The same reading separates four institutional states that a coverage count collapses into one. Transposition, notification, exit from the escalation ladder, formal case closure and recorded qualified status are distinct, and the distance between them is measurable: four states legislated between April and July 2024 and had their files closed only on 11 December 2025, Malta is absent from the closure list altogether, and Cyprus holds legal coverage and a closed case without appearing in either qualification table of the Central Record. The Side-by-Side arrangement is dated with the same precision. It switches off the IIR and the UTPR for groups parented in a Qualified Side-by-Side Regime jurisdiction from fiscal years commencing on or after 1 January 2026, leaves the QDMTT untouched in the jurisdictions that levy one and creates none in those that do not, and on 1 May 2026 the latest published Central Record listed one such jurisdiction and no qualified ultimate-parent regime, with a queue to mid-2026 for pre-existing regimes and a 2027-or-2028 queue for Qualified Side-by-Side status alone.

Reporting the charging jurisdiction and the first covered fiscal year alongside the legislative status would put all of this on the record, and both fields are already written into the Directive, the Commission notices and the Side-by-Side Package. Whether the last of those changes could be made through Article 32 without amending the Directive is contested in identified scholarship and undecided in the courts, and that question is about the same variable: which jurisdictions may charge which groups, and on whose authority the answer may be changed.

Statements

Funding. This work received institutional support from the Academy of Public Policy and Economics (APPE).

Competing interests. The authors are affiliated with APPE, which operates this journal. No external competing interests are declared.

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