

(English version)

Question for written answer E-004771/25
to the Commission
Billy Kelleher (Renew)
(2 December 2025)

Subject: Impact on the EU's competitiveness of certain jurisdictions' non-implementation of Pillar II of the OECD base erosion and profit shifting Pillar II agreement

Pillar II of the OECD base erosion and profit shifting agreement, reached in 2021, was heralded as a huge step forward in securing tax fairness among companies and countries on a global level. The EU fully respected this agreement by adopting the Minimum Taxation Directive ⁽¹⁾ the following year.

Unfortunately, some of the world's largest economies and the EU's biggest competitors, namely the United States, China, India and Brazil, have thus far failed to implement the 15% minimum taxation level. As a result, EU multinational enterprises are finding themselves at a considerable competitive disadvantage in comparison to their global competitors.

This situation could be exacerbated by the recently announced 'side-by-side' approach agreed by the G7 which would provide a carve-out for US companies.

In this context:

1. Is the Commission actively monitoring and assessing the impact of the non-implementation of the Pillar II agreement by large economies on the EU's competitiveness and the potential impact on attracting inward investment to or encouraging capital flight from the EU?
2. How does the Commission plan to address the impact on the EU's competitiveness and the lack of a global level playing field while respecting our international commitments?

Submitted: 2.12.2025

Answer given by Mr Hoekstra on behalf of the European Commission
(4 February 2026)

Pillar 2 rules contribute to competitiveness by levelling the playing field across the EU and globally. The Commission is actively monitoring and assessing the impact of the non-implementation of the Pillar 2 agreement by large economies on the EU's competitiveness and on attracting investment in the EU.

That said, the parameters of the current agreement should preserve the level playing field as a result of a number of key elements. First, non-implementing countries do not escape the impact of Pillar 2.

All 147 member jurisdictions of the Inclusive Framework (IF), including all countries you mention, accept that implementing countries can apply top-up taxes in respect of their low-taxed profits, to ensure minimum taxation globally. This commitment was again confirmed in the Side-by-Side (SbS) agreement of 5 January 2026.

Second, Pillar 2 is being widely implemented. Some 60 jurisdictions have so far implemented Pillar 2, including the majority of Group of 20 (G20) countries ⁽¹⁾.

The IF also determined that the US global minimum tax system has similar policy objectives, an overlapping (and in fact broader) scope, and a complementary impact as Pillar 2.

To protect EU competitiveness, the SbS agreement provides for the full application to US business of Pillar 2 domestic top-up taxes in implementing countries including the EU, as well as major compliance reductions ⁽²⁾, and better treatment of many tax incentives of EU countries.

¹ OJ L 328, 22.12.2022, ELI: <http://data.europa.eu/eli/dir/2022/2523/oj>.

⁽¹⁾ Australia, Brazil, Canada, France, Germany, Indonesia, Italy, Japan, Korea, South Africa, Türkiye, United Kingdom. See <https://www.oecd.org/en/topics/sub-issues/global-minimum-tax/central-record-of-legislation-with-transitional-qualified-status.html>.

⁽²⁾ Introduction of the Simplified Effective Tax Rate (ETR) Safe Harbour, and extension of the Transitional Country-by-Country Reporting (CbCR) Safe Harbour.