

Time: 45 min

Date: 11-10-2021

Global Minimum Tax Deal

Syllabus: GS2/ Agreements involving India and/or affecting India's interests

In News

- Recently, a global deal to ensure big companies pay a minimum tax rate of **15%** and make it harder for them to avoid taxation has been agreed by 136 countries.

What will the global minimum tax deal mean?

- Meaning:** The new proposal is aimed at squeezing the opportunities for MNEs to indulge in profit shifting, ensuring they pay at least some of their taxes where they do business.
- Negotiation by OECD:** The two-pillar package - the outcome of negotiations coordinated by the OECD for much of the last decade - aims to ensure that large Multinational Enterprises (MNEs) pay tax where they operate and earn profits, while adding much-needed certainty and stability to the international tax system.
 - Pillar One** will ensure a fairer distribution of profits and taxing rights among countries with respect to the largest MNEs, including digital companies. It would re-allocate some taxing rights over MNEs from their home countries to the markets where they have business activities and earn profits, regardless of whether firms have a physical presence there.
 - Pillar Two** seeks to put a floor on competition over corporate income tax, through the introduction of a global minimum corporate tax rate that countries can use to protect their tax bases.

Pillar One

- ▶ Will cover top 100 global companies
- ▶ Re-allocation of an additional share of profit to the market jurisdictions
- ▶ 'Amount A' would apply to firms with over €20 billion in revenues and a profit margin above 10%

- ▶ A portion of their profits would be taxed in jurisdictions where they have sales
- ▶ Between 20-30% of profits above a 10% margin may be taxed
- ▶ Review of €20 billion threshold to €10 billion after 7 years
- ▶ India and other developing countries were pitching for a threshold of €1 billion

Pillar Two

- ▶ Minimum global tax of 15% and subject to tax rules
- ▶ The effective tax rate should be at least 15%, else additional taxes would be owed in a company's home jurisdiction

- **Symptoms**

- Fever, Headache, Nausea, Vomiting
- Anxiety, Confusion, Hyperactivity, Hallucinations, Insomnia
- Difficulty swallowing
- Excessive salivation
- Partial paralysis
- Fear brought on by attempts to drink fluids because of difficulty swallowing water, etc.

- The death invariably occurs in 4 days to 2 weeks due to cardio-respiratory failure

Control and Prevention of Rabies

- Get rabies vaccination to prevent the infection.
- Vaccinating your pet against the disease.
- Maintain distance from the wild animals.
- Wash wounds with soap and water and maintain good hygiene.
- Keep your pets away from the other stray dogs.
- Prevent bats from wandering around your campuses and living places.

World Rabies Day

- It is celebrated on 28 September which marks the anniversary of Louis Pasteur's death.
 - Louis Pasteur was a French chemist and microbiologist, who developed the first rabies vaccine.
 - He also discovered pasteurisation, Vaccines for Anthrax and Cholera and Chamberland filters
- In 2001, the first World Rabies Day (WRD) was organised by the two founding partners namely the Alliance for Rabies Control (ARC) and the Centre for Disease Control and Prevention, Atlanta (CDC).
- The theme for World Rabies Day 2021 is *"Rabies: Facts, not Fear"*.

Source: [TH](#)

