



ESTONIAN
CHAMBER OF COMMERCE
AND INDUSTRY

International Co-operation and Tax Administration Division

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Submitted by email: taxpublicconsultation@oecd.org

Position on Global Anti-Base Erosion (GloBE) Proposal

Estonian Chambers of Commerce and Industry is Estonian's largest business federation representing over 3,400 member companies in Estonia, equivalent for about 40 percent of the Estonian economy.

Estonian Chambers of Commerce and Industry hereby would like to express our concern about the GloBE proposal. As referred to in the letter from Estonian Minister of Finance Mr. Martin Helme to OECD on 08.11.2019, the described proposal doesn't ensure fair competition, but threatens to undermine it instead.

The main reasons for our worries are:

- 1) We don't think application of minimum tax rate as interference to jurisdictions tax policy sovereignty in case of compliant situations isn't fair or just in principle;
- 2) We are not convinced that the GloBE, as described now, would allow to take into account the specifics of Estonian corporate income tax system which only foresees tax obligation when the profits are distributed;
- 3) Even an obligation to implement classic corporate income tax accounting rules in Estonia would cause significant raise of administrative burden for both tax administration and taxpayers;
- 4) We are not convinced that the minimum income tax system would be able to avoid double taxation or taxing investments, especially T&A investments.




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A fundamental principle in the BEPS project has been to ensure taxation where value is created. The GloBE proposal deviates from this road since profits that has been generated in a subsidiary will be taxed in the hands of the parent company (the shareholder), irrespective of whether there is relevant substance in the subsidiary or not.

We kindly ask you to return to the purpose for which BEPS and Pillar Two were intended and check whether the GloBE measures actually solve the declared issues, or rather creates bureaucracy, limit healthy competition between countries with effective and less effective tax administration, make OECD countries less attractive for investment and discriminate against innovative tax systems (such as Estonia), hampering tax and economic innovation in the digital era.

We hope you take our comments into consideration and OECD can propose framework that is effective on unlawful tax avoidance and not worsen the business environment of compliant businesses.

With best regards,



Mait Palts
Director General