



## Spain's Ministry of Finance starts work on the transposition of the Pillar Two Directive

**March 14, 2023**

The Spanish Ministry of Finance is currently seeking public input on the transposition into Spanish law of [EU Directive 2022/2523](#) on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union (the "Pillar Two Directive"). The public consultation has been opened prior to the drafting of a proposal for the transposing law, to seek the opinion of stakeholders who may be affected by the future legislation.

The Ministry of Finance has begun the regulatory work necessary to fully comply with the requirement to transpose the above Directive into domestic law by 31 December 2023. According to the Pillar Two Directive, the relevant transposing legislation must be in force by 31 December 2023 so that it may be applied to tax periods commencing as of that date - with the exception of the undertaxed profit rule (UTPR), which, in practice, is expected to apply to tax periods starting as of 1 January 2025.

Additionally, the initiative provides for the potential incorporation into the Spanish legislation of the documents developing the OECD's GloBE Model rules (i.e the commentaries, examples and administrative guidance on the implementation of the model rules, and the rules on safe harbours and penalties) insofar as they are necessary.

The period for public consultation (the consultation document is available [here](#) in Spanish only) runs from 6 March until 24 March 2023.

For further information, contact a KPMG professional in Spain:

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