

Statement on the definition of covered jurisdiction for the Inclusive Framework political commitment on Amount B

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1. Introduction

1. The report on Amount B, which provides a simplified and streamlined approach for baseline marketing and distribution activities, was approved and published by the Inclusive Framework (IF) on 19 February 2024 and incorporated as an Annex to Chapter IV of the OECD Transfer Pricing Guidelines.

2. The report was published pending completion of further work on outstanding administrative aspects of the guidance including the definitions of qualifying jurisdictions within the meaning of Section 5.2 and Section 5.3 of the guidance, which were subsequently approved by the IF on 10 April 2024.

3. The report also recognised that further work was needed to agree the list of jurisdictions within scope of the political commitment on Amount B. That political commitment recognises that subject to their domestic legislations and administrative practices, members of the IF commit to respect the outcome determined under the simplified and streamlined approach to in-scope transactions where such approach is applied by a covered jurisdiction and to take all reasonable steps to relieve potential double taxation that may arise from the application of the simplified and streamlined approach by a covered jurisdiction where there is a bilateral tax treaty in effect between the relevant jurisdictions.

4. This leaves the definition of covered jurisdiction for the IF political commitment as the last remaining issue to be concluded to facilitate implementation of the simplified and streamlined approach from 1 January 2025.

2. Points to note

5. The note uses the neutral term “covered jurisdiction” to avoid any suggestion that the jurisdictions covered by the commitment are necessarily low-capacity jurisdictions. This follows the extension of the commitment to certain low- and middle-income OECD and G20 members. On this basis and for the avoidance of doubt, the proposed definition of covered jurisdiction is not defined by reference to low capacity.
6. The criteria include an extension of the political commitment to low- and middle-income OECD and G20 member countries that expressed a willingness to apply Amount B by March 2024. Argentina, Brazil, Costa Rica, Mexico, and South Africa have made that expression of interest.
7. The inclusion of any additional countries to the list of covered jurisdictions for the IF political commitment will be subject to approval by the IF.
8. The list of covered jurisdictions will be reviewed every 5 years. This will be a mechanical review to re-validate the low- and middle-income status of covered jurisdictions based on the latest available World Bank classifications. The first five year period of the IF political commitment shall run from 1 January 2025 (being the earliest date upon which Amount B will become effective) to 31 December 2029.
9. Some jurisdictions have indicated they may review their political commitment as it relates to the extension to low- and middle-income OECD and G20 member countries at that 5 year point before agreeing to re-extend that element of the political commitment, or if such countries are not signatories of the Amount A MLC by the end of 2025.
10. The definition of covered jurisdiction applies only for purposes of the IF political commitment.

3. Definition of covered jurisdiction

11. The criteria relevant for determining the list of covered jurisdictions are as follows:
 - a. Low- and middle-income IF jurisdictions using the World Bank Group country classifications by income level, excluding EU, OECD, and G20 member countries.
 - b. Extend to low- and middle-income IF jurisdictions that are OECD and G20 member countries that otherwise satisfy the first criterion and that expressed to the Inclusive Framework a willingness to apply Amount B by March 2024.¹
²
 - c. Any non-IF member that meets the first criterion and expresses to the Inclusive Framework a willingness to apply Amount B will be added to the list of covered jurisdictions.³

¹ Argentina, Brazil, Costa Rica, Mexico, and South Africa have made that expression of interest to the Inclusive Framework.

² Some jurisdictions have indicated they may review their political commitment as it relates to the extension to low- and middle-income OECD and G20 member countries at that 5 year point before agreeing to re-extend that element of the political commitment, or if such countries are not signatories of the Amount A MLC by the end of 2025.

³ Upon request and approval by the Inclusive Framework.

- d. The list of covered jurisdictions would be published on the OECD website. The list of covered jurisdictions will be reviewed every 5 years.^{4 5}
- e. Members of the Inclusive Framework can extend the political commitment to any other IF or non-IF member on a bilateral basis.

List of Covered Jurisdictions for the Inclusive Framework political commitment on Amount B – June 2024

- | | | |
|------------------------------------|--------------|------------------------------------|
| • Albania | • Egypt | • Nigeria |
| • Angola | • Eswatini | • North Macedonia |
| • Argentina | • Fiji | • Pakistan |
| • Armenia | • Gabon | • Papua New Guinea |
| • Azerbaijan | • Georgia | • Paraguay |
| • Belarus | • Grenada | • Peru |
| • Belize | • Haiti | • Philippines |
| • Benin | • Honduras | • Saint Lucia |
| • Bosnia and Herzegovina | • Jamaica | • Saint Vincent and the Grenadines |
| • Botswana | • Jordan | • Samoa |
| • Brazil | • Kazakhstan | • Senegal |
| • Burkina Faso | • Kenya | • Serbia |
| • Cabo Verde | • Liberia | • Sierra Leone |
| • Cameroon | • Malaysia | • South Africa |
| • Congo | • Maldives | • Sri Lanka |
| • Costa Rica | • Mauritania | • Thailand |
| • Côte d'Ivoire | • Mauritius | • Togo |
| • Democratic Republic of the Congo | • Mexico | • Tunisia |
| • Djibouti | • Moldova | • Ukraine |
| • Dominica | • Mongolia | • Uzbekistan |
| • Dominican Republic | • Montenegro | • Viet Nam |
| | • Morocco | • Zambia |
| | • Namibia | |

The list of covered jurisdictions does not imply that the aforementioned jurisdictions are obligated to adopt or will adopt the simplified and streamlined approach.

⁴ The inclusion of any additional countries to the list of covered jurisdictions will be subject to approval by the Inclusive Framework. Inclusive Framework members are free not to extend their political commitment to any country that may be added at any point in the future to the list of covered jurisdictions.

⁵ Note by Türkiye: Türkiye has noted that its political commitment covers only covered jurisdictions with which there is a bilateral tax treaty in force as of the date of the approval of this definition by the Inclusive Framework.