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Implementing Pillar Two: Challenges and Opportunities in the Global Minimum Tax Framework

Resmi Afifah Fadilah[1]
[1]**Universitas Garut, Indonesia**
Correspondent: resmi.afifah@uniga.ac.id[1]

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ABSTRACT: This study provides a narrative review of the Global Minimum Tax (GMT) under the OECD/G20 Pillar Two framework, assessing its effectiveness in reducing corporate tax avoidance and addressing harmful tax competition. The review draws on peer-reviewed literature collected through Scopus and Web of Science, using targeted keywords such as Global Minimum Tax, Pillar Two, Base Erosion and Profit Shifting, and international taxation. Inclusion criteria focused on studies examining policy impacts, compliance outcomes, and comparative evidence across jurisdictions. Results indicate that the GMT has improved compliance and tax revenue in advanced economies with robust institutions, where an average increase of 8% in tax revenue was reported after implementation. However, in developing countries, weak administrative capacity and reliance on tax-based investment strategies hinder effective adoption, raising concerns about deepening global inequalities. The discussion emphasizes systemic factors—including institutional infrastructure, policy divergence, and socio-economic conditions—that mediate implementation outcomes. It also highlights the importance of international cooperation, coordinated regional directives, and policy innovations that align fiscal measures with sustainable development objectives. Limitations in the existing literature, particularly reliance on model-based projections and insufficient empirical evidence from developing regions, point to the need for future research using mixed methods and longitudinal approaches. The findings underscore that while the GMT represents a landmark step in international taxation, its success depends on enhancing administrative capacity, promoting policy harmonization, and embedding equity into global tax governance.

Keywords: Global Minimum Tax, Pillar Two, Base Erosion and Profit Shifting, International Taxation, Tax Competition, Multinational Enterprises, Tax Reform.

INTRODUCTION

Global tax policy has become a central issue in contemporary economic governance. This is especially evident with the emergence of the Global Minimum Tax (GMT) under the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two (Dietrich & Golden, 2022). This initiative, which seeks to establish a minimum effective corporate tax rate of 15% on the profits of multinational enterprises (MNEs), is widely regarded as a landmark reform in international taxation. Scholars have emphasized that the GMT represents a historic shift in the international fiscal order, moving away from harmful tax competition toward a more coordinated regime intended to reduce base erosion and profit shifting (Garbarino, 2020; Devereux & Vella, 2023). While its normative appeal lies in curbing tax avoidance and enhancing fairness, the policy also raises questions about its design, implementation, and distributive consequences across economies (Perry, 2023).

The relevance of the GMT has increased significantly in both academic and policy debates, as countries grapple with fiscal pressures in the wake of globalization, digitalization, and recurrent global crises. Recent literature highlights that the adoption of a global minimum corporate tax could potentially reduce incentives for MNEs to shift profits to low-tax jurisdictions, thereby safeguarding domestic tax bases (Garbarino, 2022; Devereux & Vella, 2023). At the same time, research also cautions that unless properly managed, the GMT may create new forms of inequity by disproportionately burdening jurisdictions with limited administrative capacity, particularly in the Global South (Perry, 2023; Perry, 2023). This concern is amplified by findings linking corporate tax avoidance to broader social challenges, including diminished public revenue for essential services such as health care and education, thus undermining fundamental human rights in lower-income countries. Consequently, the GMT is not only a technical fiscal instrument but also a policy with far-reaching implications for global equity and sustainable development.

Empirical studies have provided crucial insights into the prevalence and impact of tax avoidance practices that the GMT seeks to address. Perry (2023) demonstrates that Sub-Saharan African economies, with their heavy reliance on narrow tax bases, are particularly vulnerable to international tax reforms that may limit their fiscal sovereignty. Administrative weaknesses and limited technological infrastructure in these regions exacerbate the risks of inefficient implementation, thereby undermining the intended benefits of the reform. Likewise, Garbarino (2020) highlights that revenue shortfalls caused by profit shifting exacerbate income inequality and constrain socio-economic development, emphasizing the urgency of coordinated tax measures. Moreover, comparative evidence reveals that disparities in the ability to administer and enforce the GMT are likely to widen the gap between high-income and low-income countries, unless counterbalanced by supportive international mechanisms (Perry, 2023).

The uneven impact of tax policy reforms is not confined to developing economies alone. Studies show that even within advanced economies, the distributional outcomes of the GMT can be complex. For instance, while the European Union has embraced the Minimum Tax Directive to harmonize taxation among member states, the extent to which this directive achieves convergence remains debated. Some research suggests that while effective tax levels in low-tax EU jurisdictions may rise, significant variations still persist, thus questioning the GMT's capacity to fully eliminate harmful tax competition (Apostolidou, 2024). Beyond Europe, China's cautious approach to implementing the GMT illustrates the geopolitical dimensions of global tax governance: despite its political commitment, China has opted for a "wait-and-see" strategy due to the limited direct fiscal gains it expects from the reform (Liang, 2024).

The primary challenges in implementing the GMT stem from institutional, political, and technical constraints. First, enforcement capacity is uneven across jurisdictions. Low-income countries face persistent barriers in building robust tax administrations, and these deficiencies may prevent them from reaping the anticipated benefits of the reform (Perry, 2023). Second, political resistance arises from domestic constituencies in both developed and developing economies, as vested interests in preferential regimes, such as intellectual property boxes and free trade zones, often oppose reforms that diminish their competitive advantages (Giuliano & Ceresi, 2024). Third, the technical complexity of the GloBE rules, with their carve-outs and qualified domestic minimum top-up tax (QDMTT) provisions, creates uncertainty and compliance burdens for both governments and corporations (Bammens & Bettens, 2023). These challenges underscore the paradox of a reform designed to simplify international tax coordination while introducing new layers of administrative intricacy.

Another critical challenge concerns the potential unintended consequences of the GMT for investment flows. Research indicates that MNEs may respond to the reform by altering their global footprint, relocating operations to jurisdictions with more favorable interpretations of the rules, or adjusting their accounting practices to mitigate additional liabilities (Hsu et al., 2019; Botha et al., 2023). Studies of Vietnam, for example, suggest that the GMT could reduce the attractiveness of foreign direct investment (FDI) in sectors highly sensitive to tax incentives, thereby compelling governments to reorient their strategies toward non-tax-based forms of competitiveness (Hoi et al., 2024). These findings highlight the need for policymakers to balance revenue mobilization goals with the imperative of sustaining economic development, particularly in emerging markets.

Despite the growing body of research, significant gaps remain in the literature on the GMT. First, empirical evidence on its real-world implementation is still limited, as most analyses are either ex ante simulations or theoretical assessments (Hsu et al., 2019). Second, existing studies disproportionately focus on advanced economies, leaving uncertainties about the policy's effects in low- and middle-income countries where administrative weaknesses and investment dependencies may alter outcomes substantially (Botha et al., 2023). Third, the broader social and developmental dimensions of the GMT—such as its impact on human rights, public services, and global inequality—remain underexplored, despite their critical importance for evaluating the reform's legitimacy. Addressing these gaps requires more interdisciplinary research that bridges economics, law, and social policy.

In light of these challenges and gaps, this review has three main objectives. First, it seeks to synthesize existing evidence on the economic and social implications of the GMT, particularly in relation to tax equity, investment dynamics, and revenue mobilization. Second, it aims to critically assess the institutional and political constraints that shape the policy's effectiveness across different jurisdictions. Third, the review intends to identify pathways for more inclusive and equitable implementation, highlighting strategies that can mitigate adverse effects in developing economies. By integrating insights from economics, international law, and development studies, the review aspires to provide a comprehensive understanding of the GMT as both a fiscal and socio-political reform.

The scope of this review is global, but particular attention is given to contrasts between advanced and developing economies, as these distinctions are central to the distributive outcomes of the GMT. Within advanced economies, the analysis considers the European Union's collective implementation through the Minimum Tax Directive, as well as the political economy of adoption in major jurisdictions such as China and the United States. In developing contexts, the review emphasizes Sub-Saharan Africa and Southeast Asia, regions where fiscal capacities are constrained, and where the risks of exacerbating inequality through poorly managed reforms are most acute (Perry, 2023; Hoi et al., 2024). By situating the GMT within these diverse contexts, the review highlights both the opportunities and the limitations of a "one-size-fits-all" approach to global tax governance.

In conclusion, the Global Minimum Tax is a transformative policy that holds significant promise for enhancing fairness in international taxation. However, its success depends critically on addressing the asymmetric capacities of states, the resistance of entrenched interests, and the broader socio-economic consequences of its implementation. The following sections of this article will therefore analyze the existing body of literature to assess how the GMT has been conceptualized, debated, and evaluated, with the aim of providing evidence-based insights for scholars, policymakers, and international organizations engaged in the pursuit of a more just and sustainable global tax system.

METHOD

The methodology employed in this study was designed to ensure a comprehensive and rigorous review of literature concerning the Global Minimum Tax (GMT) and the OECD/G20 Inclusive Framework under Pillar Two (Avi-Yonah & Kir, 2024). Given the global and interdisciplinary nature of the subject, the process required careful selection of databases, development of relevant search terms, and the establishment of clear inclusion and exclusion criteria. The methodology also involved systematic screening and evaluation of studies to synthesize the most reliable and relevant insights from the existing academic discourse (Liotti, 2024).

The literature search primarily relied on two of the most reputable academic databases, Scopus and Web of Science. These databases were chosen for their extensive coverage of peer-reviewed publications and their emphasis on high-quality journals in economics, law, taxation, and public policy. Scopus offers a broad disciplinary range, capturing influential international journals, while Web of Science provides a well-established indexing system that ensures comprehensive access to high-impact research across related fields. This dual-database approach enabled the review to capture both breadth and depth in the available scholarship, avoiding bias toward a single indexing source and ensuring that diverse perspectives were included (Botha et al., 2023).

To conduct an effective literature search, specific keywords were identified to reflect the core aspects of the research. The primary keywords included "Global Minimum Tax," "Pillar Two," "Base Erosion and Profit Shifting (BEPS)," "Tax Competition," "International Taxation," and "Tax Reform." To broaden the scope and capture studies that may use alternative terminology, synonyms and related terms were incorporated. For example, "Corporate Tax" was used alongside "Global Minimum Tax," while "International Tax Compliance" served as a broader variant of "International Taxation." Similarly, "Profit Shifting" was included to account for variations in how scholars reference BEPS. Boolean operators were strategically applied to structure the search queries: OR combined synonyms, AND intersected relevant terms, and NOT was employed to exclude unrelated topics such as "Digital Services Tax," which, although related to international taxation, falls outside the specific scope of this review. By applying these combinations, the search strategy ensured precision in identifying studies that directly addressed the implications and impacts of the GMT across different jurisdictions.

In defining inclusion and exclusion criteria, the review established parameters to maintain consistency and focus. The inclusion criteria required that studies be peer-reviewed and published in reputable journals indexed in Scopus or Web of Science. Dourado (2022) Articles were required to address the GMT or related aspects of the OECD's Pillar Two framework, with a focus on economic, legal, or policy implications for multinational enterprises and national tax systems. Studies offering empirical data on implementation outcomes, policy responses, or comparative analyses across countries were prioritized. Exclusion criteria eliminated publications such as editorials, opinion pieces, and conference abstracts without full peer review. Studies with a narrow focus on unrelated tax mechanisms, such as domestic digital service taxes or carbon taxes, were excluded unless they directly engaged with the GMT framework in their analysis.

The types of research included in this review covered a wide range of methodologies to ensure a holistic synthesis. Empirical analyses, such as country-level case studies and econometric evaluations, provided insights into the practical effects of GMT implementation (Perry, 2023; Liang, 2024). Theoretical and conceptual contributions were also included, particularly those that advanced understanding of the normative foundations and structural challenges of the reform (Garbarino, 2020; Devereux & Vella, 2023). In addition, comparative policy studies examining differences between developed and developing countries were incorporated to highlight the asymmetric implications of GMT implementation. Together, these varied study types ensured that the review integrated not only empirical evidence but also theoretical reflections and normative debates.

The selection process followed a systematic sequence of stages to ensure transparency and reliability. Initial searches using the defined keywords and Boolean combinations produced a broad set of records. Titles and abstracts were first screened to determine relevance, with non-pertinent studies removed at this stage. Full-text screening was then conducted for those articles that met the preliminary criteria, with detailed evaluation against the inclusion and exclusion parameters. This process allowed for the refinement of the dataset to include only the most relevant and high-quality studies. To minimize bias, duplicate records across databases were removed, and references from selected articles were further examined to identify additional sources not captured in the initial searches.

The evaluation of studies involved critical appraisal of methodological quality, thematic relevance, and contribution to the literature. Empirical studies were assessed for robustness of data sources, clarity of research design, and validity of conclusions. Theoretical works were evaluated on their logical coherence, originality, and ability to frame emerging debates in the field of international taxation. Comparative studies were examined for their capacity to highlight jurisdictional differences, particularly between developed and developing economies, as these contrasts are central to the discourse on GMT implementation. The use of triangulation, combining evidence from multiple methodological approaches, further enhanced the reliability of the synthesis.

The rationale for this methodological design was to ensure that the review addressed both the technical and contextual dimensions of the GMT. Technical aspects, such as the mechanics of the GloBE rules and the implications of qualified domestic minimum top-up taxes, required engagement with detailed legal and policy analyses (Devereux & Vella, 2023). Contextual factors, including institutional capacity, political resistance, and socio-economic development, demanded insights from comparative and region-specific studies (Perry, 2023; Botha et al., 2023). By integrating these diverse literatures, the methodology supported a balanced and multidimensional understanding of the topic.

Overall, the methodological approach of this review ensured comprehensiveness, rigor, and fairness in synthesizing the literature on the Global Minimum Tax. Through the careful selection of databases, strategic use of keywords and Boolean operators, and the establishment of clear inclusion and exclusion criteria, the review systematically assembled a body of evidence that reflects the state of knowledge on this complex and evolving policy issue. The resulting dataset provides a robust foundation for analyzing the economic, legal, and policy dimensions of the GMT, offering valuable insights for scholars, policymakers, and practitioners engaged in the reform of international taxation.

RESULT AND DISCUSSION

The results of this narrative review are organized thematically to highlight the main findings that emerge from the literature on the Global Minimum Tax (GMT) under the OECD/G20 Pillar Two framework(Brown & Whitsitt, 2023). The analysis emphasizes empirical evidence regarding the relationship between GMT implementation and multinational tax avoidance, explores systemic and policy-related factors that shape outcomes, and compares the experiences of developed and developing countries to provide a global perspective.

Empirical evidence underscores a significant relationship between the adoption of global minimum taxation and changes in corporate tax behavior. Garbarino (2022) demonstrates that the introduction of the GMT has enhanced tax compliance in jurisdictions that historically permitted aggressive avoidance strategies, with notable effects in developing countries where fiscal institutions have often been weaker. Statistical data further supports these conclusions, as global revenue figures suggest that jurisdictions implementing a 15% minimum corporate tax experienced an average tax revenue increase of approximately 8% following adoption (Botha et al., 2023). Within the European Union, tax reforms aligned with the EU Minimum Tax Directive have already led to measurable rises in average effective tax rates, with countries such as France and Germany reporting revenue growth directly tied to the policy. Yet, the empirical record also indicates that outcomes vary considerably across regions. Perry (2023) highlights that in some Sub-Saharan African economies, revenue gains have been modest or inconsistent due to structural limitations in tax administration, leading to uncertainty about the overall effectiveness of the reform. This variability suggests that while the GMT can be associated with tangible improvements in compliance and revenue mobilization, its success is not evenly distributed across jurisdictions.

Systemic factors are central to understanding the uneven impact of the GMT. A consistent theme in the literature is the disparity in administrative capacity and institutional infrastructure between countries. Perry (2023) notes that low-income countries often lack the technological and bureaucratic means to enforce complex international tax provisions, leaving them exposed to continued profit shifting despite global reforms. This institutional fragility undermines the effectiveness of the GMT, as legal frameworks alone cannot guarantee compliance without adequate enforcement capacity. In contrast, advanced economies with established tax authorities have generally managed smoother implementation, reflecting the role of systemic capability in shaping outcomes. Comparative evidence reinforces this finding: Devereux and Vella (2023) report that countries with stricter fiscal regimes experience reduced inward foreign direct investment (FDI) after adopting the GMT, whereas jurisdictions with more flexible investment incentives mitigate these declines. Similarly, demonstrate that differences in how EU member states transpose the Minimum Tax Directive affect the investment strategies of multinational enterprises, underscoring the significance of policy divergence even within a relatively coordinated region.

The literature also highlights how inter-country policy differences mediate the impact of the GMT. Nations adopting aggressive domestic top-up taxes or tailoring their investment incentives to remain competitive often influence firm behavior in ways that diverge from the intended goals of the OECD framework. For example, Perry (2023) emphasizes that Sub-Saharan African economies attempting to retain their investment appeal by offering non-tax incentives still struggle to offset the loss of fiscal competitiveness caused by higher tax floors. These findings suggest that the interplay of domestic policy responses and global rules creates complex and sometimes contradictory effects, complicating the evaluation of the GMT's success.

A comparative perspective further illustrates the divergence between developed and developing countries. In advanced economies, research indicates that the GMT has delivered positive outcomes in terms of reducing avoidance and increasing equity in tax contributions. show that EU states such as Germany and France benefit from the policy due to robust fiscal capacity and effective institutions. Perry (2023) similarly observes that in Europe, the 15% minimum tax has reduced incentives for profit shifting, contributing to greater stability in national revenues. In contrast, developing economies face more significant challenges. Perry (2023) highlights that weak administrative structures in Sub-Saharan Africa limit the effectiveness of GMT adoption, with risks that the policy could exacerbate existing inequalities if it is not accompanied by capacity-building measures. Add that revenue shortfalls linked to continued avoidance in these regions threaten access to basic human rights, including clean water, health care, and education, reinforcing the developmental stakes of international tax policy.

Kuźniacki (2024) further illustrates this divergence, noting that while developed countries can translate minimum tax rules into higher compliance and reduced avoidance, developing nations may fail to capture these benefits due to inadequate enforcement. The result is an uneven global tax landscape where the reform's intended outcomes are realized primarily in stronger economies. Botha et al. (2023) echo this conclusion, suggesting that structural inequalities in implementation capacity may deepen the gap between high- and low-income states rather than narrow it. These findings highlight the paradox that a reform designed to enhance global equity may, if poorly implemented, entrench existing disparities.

The literature also stresses the importance of international cooperation to mitigate these disparities. Garbarino (2022) argues that cross-border alignment in tax regulations is essential for curbing avoidance on a global scale, as unilateral or fragmented adoption risks perpetuating loopholes. At the regional level, EU coordination through the Minimum Tax Directive demonstrates the potential benefits of harmonization, though questions remain about whether this model can be replicated in less integrated regions. Liotti (2024) points out that while OECD mandates promote uniformity, they often fail to account for the specific challenges of developing countries, where legal formalities and administrative complexity can impede compliance. This raises the question of whether the global tax architecture is sufficiently flexible to accommodate diverse national contexts.

Comparisons across jurisdictions reveal a spectrum of experiences with the GMT. In Europe, where administrative systems are robust and political will is strong, implementation has produced measurable improvements in compliance and equity (Perry, 2023). By contrast, in Southeast Asia, Vietnam's experience illustrates how reliance on tax-based FDI incentives complicates adaptation to the GMT, with potential declines in investment highlighting the economic trade-offs of the policy (Hoi et al., 2024). In Africa, Sub-Saharan countries illustrate the developmental risks of adopting complex international frameworks without sufficient administrative capacity, underscoring the need for complementary measures such as technical assistance and resource transfers (Perry, 2023). These comparisons confirm that while the GMT provides a global framework for addressing tax avoidance, its effectiveness is highly contingent upon local contexts.

Taken together, the results of this review suggest that the GMT has achieved partial success in curbing avoidance and increasing compliance, particularly in advanced economies with strong institutional capacity. However, the literature also reveals significant challenges in developing countries, where administrative weaknesses, political resistance, and reliance on tax incentives limit the effectiveness of the reform. These findings highlight the need for international cooperation, capacity-building, and tailored policy solutions to ensure that the benefits of the GMT are equitably distributed. Without such measures, the policy risks exacerbating global inequalities even as it seeks to promote fairness in international taxation.

The findings of this review reinforce and extend existing scholarship on the Global Minimum Tax (GMT), offering both confirmation of prior conclusions and new insights into the complexities of implementation. A key area of alignment with earlier studies is the recognition that GMT contributes to reducing multinational enterprises' (MNEs) tax avoidance practices. Devereux and Vella (2023) emphasize that minimum taxation has the potential to constrain profit shifting and restore tax bases in high-income jurisdictions, consistent with Perry's (2023) observation that higher tax floors improve corporate compliance. This suggests that the normative foundation of the GMT—that a coordinated minimum rate curbs harmful tax practices—finds empirical support across multiple contexts. However, the degree of effectiveness is not uniform. As Perry (2023) and Garbarino (2022) observe, advanced economies with robust administrative systems are better positioned to achieve compliance, while developing nations continue to face significant barriers. This divergence validates earlier critiques that emphasized the risk of exacerbating inequalities if global reforms do not account for jurisdictional disparities in institutional capacity.

Beyond reinforcing these established conclusions, recent studies contribute new dimensions to the discourse, particularly regarding collective countervailing measures. Garbarino (2022) highlights that international collaboration is essential in addressing the systemic nature of harmful tax competition. The role of coordinated strategies, such as the EU Minimum Tax Directive, illustrates the potential of collective action to reduce avoidance across integrated markets. This approach marks an evolution in the literature, which had traditionally focused more on unilateral reforms.

By recognizing the significance of cooperative frameworks, recent contributions broaden the analytical lens and underscore the need for policy designs that transcend national boundaries.

The systemic and structural factors that shape implementation outcomes further clarify why GMT results remain heterogeneous across regions. Administrative capacity emerges as the most critical determinant of effectiveness. As explain, the strength of tax infrastructure is directly linked to a state's ability to enforce international tax provisions. Western European nations, with well-funded administrations, demonstrate smoother implementation and more stable revenue gains, while countries in Sub-Saharan Africa struggle due to weaker bureaucratic capacity (Perry, 2023). This disparity underscores how systemic factors, rather than the legal framework itself, often dictate success. Without targeted support to build enforcement capacity in developing economies, global reforms risk becoming symbolic rather than transformative.

Economic and social conditions also influence the reception and efficacy of GMT policies. Devereux and Vella (2023) argue that macroeconomic stability shapes how states absorb new tax rules, while high levels of inequality complicate acceptance and enforcement. In societies with entrenched disparities, minimum taxation can be perceived as exacerbating burdens rather than distributing them equitably, particularly if elite groups find ways to circumvent compliance. These social dimensions add complexity to the implementation process, highlighting that the GMT's fairness objectives cannot be realized without broader redistributive strategies. The case of Vietnam, where FDI is highly responsive to tax incentives, demonstrates that structural dependencies on tax-driven investment can conflict with global minimum tax adoption (Hoi et al., 2024). Similarly, Perry (2023) warns that for low-income countries reliant on foreign capital, GMT could inadvertently deter investment if alternative competitiveness strategies are not pursued.

Another dimension of systemic influence lies in policy divergence between jurisdictions. Devereux and Vella (2023) illustrate that stricter fiscal policies can reduce foreign investment inflows relative to more flexible competitors, while demonstrate that even within the EU, heterogeneity in policy application shapes corporate strategies. These findings suggest that while GMT is intended as a harmonizing mechanism, its actual impact is mediated by inter-country differences that may perpetuate rather than eliminate competitive asymmetries. Garbarino (2022) contends that without greater uniformity, particularly in enforcement standards, global rules risk reinforcing fragmentation in the international tax system.

At the same time, countervailing measures and innovative compliance strategies are increasingly emphasized as pathways to overcome these systemic obstacles. Collective international action, as seen in the EU context, provides a model for how states can align fiscal regimes to minimize arbitrage opportunities. Garbarino (2022) suggests that broader participation in coordinated frameworks could extend these benefits globally. Additionally, non-tax incentives for investment, such as infrastructure development and labor market reforms, are identified as strategies that developing countries can deploy to offset the reduced appeal of low-tax regimes (Perry, 2023). These solutions align with Apostolidou's (2024) recommendation that fiscal incentives be reoriented toward supporting sustainable development goals, such as renewable energy, rather than perpetuating dependency on preferential tax regimes. Together, these findings suggest that while structural barriers remain significant, policy innovation and collective action offer viable means of advancing the GMT's objectives.

Methodological limitations in the existing literature pose challenges for drawing definitive conclusions about the GMT's long-term impacts. Garbarino (2020) observes that many studies rely on theoretical or model-based approaches, limiting the external validity of their conclusions. Hsu et al. (2019) similarly note that while models predict changes in MNE behavior, empirical evidence from actual corporate responses remains sparse. This reliance on simulations creates gaps in understanding how reforms interact with specific local contexts, particularly in developing countries where institutional capacity is weak. Botha et al. (2023) caution that without richer empirical data, particularly from low- and middle-income jurisdictions, conclusions about the GMT's distributive impact remain tentative.

Addressing these methodological limitations requires more diverse research designs. Zeng et al. (2023) and Apostolidou (2024) advocate for mixed-method approaches that integrate quantitative data with qualitative fieldwork to capture local realities. Longitudinal studies are also recommended to track corporate behavior and fiscal outcomes over time, providing insights into whether initial compliance gains are sustained. Furthermore, comparative research across different regions would help identify the structural conditions under which GMT is most effective. Such approaches would not only enrich academic understanding but also generate policy-relevant insights for tailoring implementation strategies.

The limitations of current evidence also extend to the developmental dimensions of GMT. emphasize that tax revenues directly influence the realization of human rights, yet few studies examine the social outcomes of GMT adoption beyond revenue statistics. This gap highlights the need for research that situates tax reforms within broader social policy frameworks, evaluating not only fiscal efficiency but also their contributions to equitable development. By extending the analytical lens to include these social outcomes, future studies could better align tax policy debates with the objectives of inclusive and sustainable growth.

CONCLUSION

This narrative review examined the implementation and implications of the Global Minimum Tax (GMT) under the OECD/G20 Pillar Two framework (Chand et al., 2022). The results confirm that the GMT has the potential to reduce harmful tax competition and constrain multinational enterprises' tax avoidance, particularly in advanced economies with strong administrative capacity. However, the findings also underscore persistent disparities in effectiveness across regions. While developed countries such as those in the European Union have demonstrated measurable gains in compliance and revenue, developing economies face significant obstacles due to limited fiscal infrastructure, weaker administrative capacity, and heavy reliance on tax incentives for foreign investment. These systemic inequalities threaten to undermine the fairness and inclusivity that the reform aspires to achieve. The discussion highlights the crucial role of international cooperation, policy innovation, and capacity-building measures in bridging these gaps. Policies that reorient incentives toward sustainable development goals, strengthen domestic tax administrations, and harmonize cross-border compliance standards are essential to ensuring that the benefits of the GMT are distributed more equitably. Future research should employ mixed-method and longitudinal designs to capture corporate behavior and fiscal outcomes over time, while also integrating developmental and social dimensions into the analysis. Addressing these gaps will help create a more comprehensive understanding of how the GMT can contribute not only to fiscal equity but also to broader goals of global justice and sustainable growth. Strengthening institutional capacity and fostering coordinated international efforts remain central strategies for overcoming the challenges identified in this review.

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