



EUROPEAN COMMISSION

Wopke Hoekstra
Member of the Commission

Brussels, 30 January 2026

Dear Minister Ligi,

Thank you for your letter sharing with us Estonia's concerns regarding EU Directive 2022/2523 (Pillar 2 Directive) and Estonia's overall perspective on international tax discussions on which my services and your administration were in close contact throughout December 2025.

At this stage, we can all welcome that an agreement on the 'Side-by-Side package' has since been reached at the OECD Inclusive Framework and published on 5 January 2026. This important milestone includes a commitment to undertake a stocktake by 2029 to ensure that any substantial risks are addressed to preserve the policy objectives of Pillar 2. We agree with you that such stocktake will provide an important opportunity to assess the impact of the Pillar 2 and facilitate the ongoing monitoring of the rules' implementation at the global level. There seems to be general consensus about this among the jurisdictions that have agreed to the Side-by-Side package at the OECD and I am grateful for Estonia's constructive line in securing this agreement.

In addition, in its statement at the ECOFIN Council on 12 December 2025, the Commission also committed to assess the impact of the Side-by-Side package for the European Union specifically, to be completed by the same deadline or earlier if ever the directive is amended. This assessment will also include an examination of the use of Article 50 of the Pillar 2 Directive and the possibility for an extension of the delayed implementation of the income inclusion rule (IIR) and undertaxed payments rule (UTPR) by Estonia and the other Member States concerned.

The Commission remains committed to simplifying the Pillar 2 rules. We are eager to engage further and welcome continued collaboration to ensure that the EU's competitiveness is safeguarded and enhanced and that our objectives of ensuring a minimum level of taxation on a broad and global scale are sustained.

Your sincerely,

Wopke HOEKSTRA

Mr. Jürgen Ligi
Minister of Finance, Republic of Estonia

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