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## **US offers new plan in global corporate tax talks Exclusive: Biden proposal calls for big multinationals to pay national levies based on local sales.**

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**The Biden administration is calling for the world's biggest multinational companies to pay levies to national governments based on their sales in each country, as part of an ambitious proposal for a global minimum tax.**

The plan would apply to the global profits of the very largest companies, including big US technology groups, **regardless of their physical presence in a given country.**

The US Treasury laid out its proposal in documents obtained by the Financial Times, which had been sent to the 135 countries negotiating international taxation at the OECD in Paris.

The plan faces an uphill battle through the US Congress. But an **agreement at the OECD** would allow Joe Biden, US president, to increase corporate taxes on US companies without being undercut by other countries because it would include a global minimum tax rate.

The US move during the week of the IMF and World Bank spring meetings comes as the White House has also called for raising US corporate taxes by about \$2.5tn over the next 15 years to pay for more than \$2tn in investments in infrastructure, clean energy and manufacturing.

**Biden hopes the promise of a more stable international tax system will stop the proliferation of national digital taxes and break the mould of tax avoidance and profit-shifting.**

Washington has threatened to apply tariffs to countries including France, the UK, Italy and Spain, among others, over digital taxes which US tech companies are being asked to pay.

Ireland, which has a headline corporate tax rate of 12.5 per cent and has been one of the biggest beneficiaries of multinationals' profit-shifting techniques, declined to comment on the US proposals. But the finance ministry said it was “constructively engaging in these discussions”.

The plan was welcomed by the Netherlands, which has also benefited over many years from corporate tax rules that have been attractive to multinationals.

**After nearly a decade, the OECD tax negotiations have been broken up in two parts. The first pillar is designed to set a new regime for taxation of the largest multinationals, while the second pillar addresses the global minimum tax rate, which the US aims to see at 21 per cent.**

If the US plan were accepted, other countries would be able to increase revenues from big US tech groups and other multinationals that operated in their jurisdictions but paid little corporate tax. Bruno Le Maire, France's finance minister, said Paris would keep its national digital tax in place until an agreement was sealed at the OECD. Although “a historic accord is within reach . . . Fiscal convergence is under way between developed countries”, he added: “We won't adopt pillar one without pillar two, and we won't adopt pillar two without pillar one.”

Mario Draghi, Italy's prime minister, who also chairs the G20 this year, said he was “fully behind [the US] call for a global minimum corporate tax”. As one of the countries that has introduced a digital tax, Italy's support for the US proposals will be important in securing a wider consensus. The German finance ministry said: “The constructive attitude of the new US administration is a decisive step which will make it much easier to reach agreement on how to tax the digital economy. The German government is confident that an agreement on this can be reached by the middle of 2021.” The UK Treasury welcomed the US administration's “renewed commitment to reach a global solution” and said “updating the international tax rules to ensure that digital businesses pay more tax in the UK, in line with their economic activities, remains a UK priority”.

**The offer from Washington reflects Biden's broader goal of ending what officials have described as a race to the bottom on global taxation that has deprived governments of revenue needed to fund basic services and investments. The Trump administration had insisted on a “safe harbour” provision that would make compliance by US technology groups voluntary. Biden dropped that demand, but this week's proposal offers a new solution.**