

The Organization for Economic Co-operation and Development (OECD) Global Tax Deal

Administration Policy:

President Trump issued [an executive order \(EO\) regarding the OECD Global Tax Deal](#). The order directs the Secretary of the Treasury and the U.S. Permanent Representative to the OECD to notify the OECD that any commitments made by the previous administration on the deal have no force or effect within the United States unless adopted by Congress.

In consultation with the United States Trade Representative, the EO also instructs the Secretary of the Treasury to investigate whether foreign countries are violating tax treaties with the U.S. and/or implementing tax rules that unfairly affect American companies. Within 60 days, the Secretary of the Treasury will present a list of response options to the President regarding non-compliance with tax treaties and discriminatory/extraterritorial taxes on U.S. firms.

Background:

- The Global Tax Deal is an agreed-upon two-pillar solution for addressing tax challenges in the digital economy. Pillar 1 focuses on reallocating corporate profits above a certain threshold to market jurisdictions in exchange for rescinding digital services taxes. Pillar 2 introduces a global 15% minimum tax regime under the [Global Anti-Base Erosion rules](#) intended to prevent multinational corporations from shifting profits to low-tax jurisdictions.
- In October of 2021, after years of gridlock on global tax negotiations hosted by the Paris-based OECD, the Biden Administration agreed to a negotiated Global Tax Deal without the consent of Congress.
- The Biden Administration negotiated poorly at the OECD, giving away U.S. tax sovereignty to unelected bureaucrats.
- According to the Joint Committee on Taxation (JCT), the U.S. could lose up to [\\$120 billion](#) in tax revenue under the Pillar 2 portion of the global tax deal, putting U.S. workers and businesses at risk.
- JCT analysis also shows that in 2021, the proposed deal on Pillar 1 would have caused the U.S. to lose up to [\\$4.4 billion](#) in tax revenue to foreign nations, wreaking havoc on taxpayers and the U.S. economy.