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BIDEN TEAM GETS GLOBAL OK FOR MINIMUM CORPORATE TAX RATE, PAVING WAY FOR DOMESTIC CORPORATE TAX REFORMS

15% Floor Will Help Shut Down World Tax Havens That Bleed American Jobs

WASHINGTON – The Biden Administration has secured an international agreement to begin to end the world race to the bottom on corporate tax rates, saving American jobs and public revenue and paving the way for domestic reforms that will require U.S. corporations to pay a fairer share of taxes. [About 140 countries](#) and jurisdictions have agreed to tax profits of big firms at no less than 15%, removing a big incentive for American corporations to abandon the United States in search of no- and low-tax havens.

The nations also adopted a mechanism to sufficiently tax corporations that still seek to dodge taxes in the few spots in the world not part of the agreement so that any remaining impetus to offshore is eliminated.

Importantly, the agreed-on 15% corporate tax rate is a floor, not a ceiling. The U.S. and all other countries can still set their own corporate rates depending on national needs and goals. President Biden has proposed a 28% rate on domestically generated corporate profits and 21% on foreign earnings. Both figures are substantially below their level of just four years ago.

“The Biden administration has secured a big victory for American workers and tax fairness,” said Frank Clemente, executive director of Americans for Tax Fairness. “For far too long, U.S. firms have grown rich off American workers, consumers and public services but dodged U.S. taxes by shifting profits and jobs offshore. This agreement should close that sneaky escape hatch, so U.S. corporations will have to start paying a fairer share of taxes to the nation they owe for so much of their success.

“With this sturdy international floor beneath us, we in the United States can more effectively establish a fair tax rate on our corporations. A minimum is not a maximum. Highways have minimum speed limits, but few of us drive at 45 mph on the interstate. We need to accelerate our economy and society out of the pandemic by narrowing economic inequality and raising the revenue we need for public investments. That means raising the corporate tax rate substantially above the 21% domestic rate and 10.5% foreign rate to which it was recklessly cut by 2017’s Trump-GOP tax giveaway to the rich and corporations.

“For too long multinational corporations, especially high-tech and prescription drug corporations, have gamed the system through the use of tax havens, robbing taxpayers of untold resources to fatten the profits of rich CEOs and shareholders. We would like Congress to equalize tax rates between foreign and domestic profits to create a level playing field for

American workers and communities. While that goal seems elusive right now, the global corporate minimum tax makes the dream more of a reality in the future.”

“Every tax dollar not raised from multinational corporations is a dollar taken away from President Biden’s Build Back Better agenda, which would make healthcare, childcare, eldercare and housing more affordable; expand Medicare coverage to include dental, hearing and vision care; provide tax credits that lift 40% of children out of poverty; provide universal pre-K education for toddlers and free public community college for students; fight the climate change imperiling our planet and our global economy; and improve the global competitiveness of the United States as a destination for investment.”

“The ball will soon be in Congress’s court to pass the president’s Build Back Better tax reform agenda to ensure that this global corporate minimum tax agreement gets established.”

Background

- American corporations [dodge an estimated \\$60 billion a year](#) in U.S. taxes through shifting profits offshore.
- [Sixty percent of U.S. multinationals’ offshore profits](#) are attributed to just seven low-tax countries that make up less than 4% of global GDP, indicating that these profits do not represent meaningful investments in tax-havens so much as shirking tax responsibility in the U.S.
- Partly as a result of offshore tax dodging, in 2018 over 1,500 U.S.-based multinational corporations paid an [average U.S. tax rate of just 7.8%](#).
- Last year, 55 huge profitable corporations—including many familiar names with substantial offshore operations, such as FedEx, Nike and Salesforce.com—[paid zero U.S. federal income taxes](#).