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G20 Finance Ministers' agreement on international corporate tax reform watershed moment but further action needed

Tax

G20 Finance Ministers and Central Bankers are expected to give their approval to the OECD framework for a minimum effective corporate tax rate and the reallocation of profits from the largest and most profitable companies. The OECD/G20 Inclusive Framework agreement, of which 26 EU member states are a part, means that over the next two years all parties to the deal will implement a 15% minimum effective corporate tax rate for multinationals with a turnover greater than €750m a year. The Greens/EFA Group have long called for a minimum effective tax rate to end the practice of multinationals shirking their tax responsibilities. The OECD/G20 Inclusive Forum on BEPS agreed to the final text of the international corporate tax reform on October 8th.

Sven Giegold MEP, Greens/EFA Financial and Economic Affairs Spokesperson, comments:

"This is a watershed moment in the fight against tax dumping and tax avoidance by multinationals. This agreement opens a new chapter of global tax cooperation and sets a limit on the race to the bottom through tax competition between countries. However, the new rules will apply to the largest corporations only, so that tax avoidance by smaller companies can continue. We need an effective minimum tax rate for all companies, not just the biggest corporations.

"The harmful monopolisation of the digital economy will continue even with a minimum tax rate. Regulation of the digital economy is essential to achieving fair competition between tech giants and local retailers. Antitrust law, labor market policy and social security must also make a contribution to fair competition between analogue and digital business models. Global inequalities cannot be sufficiently reduced with this international corporate tax reform alone. Developing countries will continue to receive too little of the global tax pie. The fight for global tax justice is far from won."

Kira Peter-Hansen MEP, Greens/EFA Vice Chair of the Subcommittee on Tax, comments:

"After years of inaction, finally the global community is moving forward on tax issues. However, to achieve tax justice we need to use this momentum to cover all angles in order to bring an end to harmful tax practices. The European Commission now needs to come out with its proposed directive for the minimum tax rate in the EU before the end of the year.

"To ensure greater fairness, the Commission should go beyond the global agreement at the intra-EU level and require resident countries to tax domestic profits at a minimum level, it can also decide to not apply the carve-out that lowers the impact of the minimum tax and apply the minimum tax to more companies."

More:
The Greens/EFA Group has called for a debate on the Global Tax Deal during next week's plenary session in Strasbourg.
The G20 meeting will hold a press conference tonight at 21:15.
Cyprus is not a member of the OECD Inclusive Framework on BEPS.

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