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Press release | 09.07.2021

G20 finance ministers meeting – quote from Sven Giegold MEP

Tax Justice

G20 finance ministers and central bankers are meeting in Venice to discuss plans for a global tax reform that is designed to ensure multinational corporations contribute more to the countries where they operate. The plans for a minimum effective corporate tax rate of at least 15% for large corporations with consolidated group revenues above € 750 million were agreed by 131 members of the OECD/G20 "Inclusive Framework on BEPS". The "Inclusive Framework" also agreed on a formula to redistribute taxing rights for part of the excess profits of the largest multinational companies to countries where they operate. Ireland, Hungary and Estonia refused to sign up to the agreement on 1 July and Cyprus is not even a member of the OECD/G20 Inclusive Framework. Thus, four EU member states are not part of this agreement.

Sven Giegold MEP, Greens/EFA financial and economic affairs spokesperson, comments:

"This is an important step for global tax justice. We have long called for measures that would ensure corporations pay their fair share in tax. 131 countries agreeing on an effective minimum tax rate of at least 15% for the largest corporations is a game changer. The US administration has announced that they will push to implement a 21% effective minimum tax rate. The EU should match the ambition of the Biden administration and use this momentum to implement a 21% minimum effective tax rate as well. We mustn't let European tax havens block an ambitious minimum effective tax rate in the EU. Member States should already prepare ways to implement a minimum tax without unanimous support in Council. The treaty offers the appropriate legal base."

"In the EU and beyond, there is an urgent need for resources for public investments following the pandemic and properly taxing all corporations would help alleviate the strain on national budgets. We need a minimum effective tax rate which applies to all companies, not just the largest corporations. All letter box companies should pay their fair share. The EU should speak with an ambitious and progressive voice on tax justice. If the EU and the US can achieve a fairer tax system which does not let multinationals off the hook, we can rebuild trust in the power of our democratic institutions to police multinational companies."

More:
The Greens/EFA Group are calling for a minimum effective corporate tax rate of 21%. According to the European Tax Observatory, a minimum effective tax rate of 21%, would yield double the tax revenues for

the EU compared to a rate of 15%. With a 21% minimum tax rate corporate income tax revenues in the European Union would increase by about €100 billion in 2021, according to Zucman and his colleagues. At 15%, this number would decrease by half. Moreover, a new legal study by renowned international tax law scholar Prof. Englisch, commissioned by Sven Giegold, demonstrates that the G20/OECD deal can be implemented in Europe without unanimity by member states.

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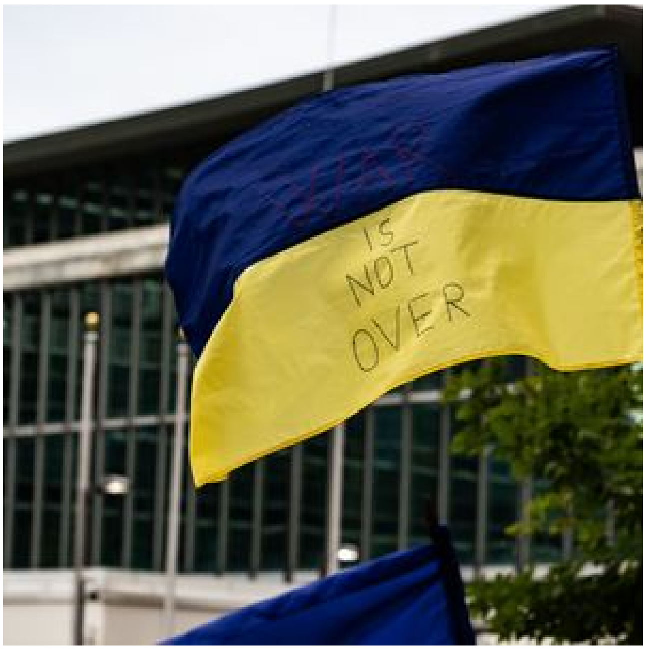

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