



The Daily Dish

Some International Cooperation

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Buried beneath the avalanche of news regarding the Maduro affair was a significant advance for international tax policy. As [reported](#) by The Wall Street Journal:

An updated deal on global minimum corporate taxes will prevent U.S.-based companies from paying certain foreign taxes and stave off potential retaliatory measures from the U.S. government.

The Organization for Economic Cooperation and Development [OECD], which has been coordinating the negotiations among 145 jurisdictions, announced the agreement Monday.

This concludes a saga that has been brewing for over a decade, dating back to the Obama Administration playing nice with the OECD's Base Erosion and Profit Shifting (BEPS, see AAF work [here](#)), which erected the data infrastructure to establish a global government cartel on taxing corporations. This was followed by Trump I resisting too little, and the Biden Administration agreeing too much, with the Pillar 1 and Pillar 2 tax initiatives (see [here](#)) to establish a global corporate minimum tax and global corporate tax-base sharing. These were fundamentally horrific tax initiatives, whose only virtue was that they were supposed to run off things like digital services taxes. They did not.

Indeed as adopted by the OECD, the global minimum tax would have permitted other countries to levy taxes on the U.S. profits of U.S. corporations. This affront to U.S. tax sovereignty did not sit well with House Republicans, who included in the initial draft of the One Big Beautiful Bill Act the Section 899 "[revenge tax](#)." The G7 was sufficiently alarmed by this development that Secretary Bessent was able to negotiate an agreement with the G7 to exempt U.S. corporations from the global minimum tax.

The OECD agreement ratifies this agreement for 145 countries. It permits countries that have their own qualifying minimum taxes, like the United States, to be exempted from the global tax. This is a step forward for international tax policy. It doesn't solve all the problems - the hideous Pillar 1 remains and allows the international taxation of the domestic profits of large, successful U.S. firms - in the international tax world, but it is a significant step in international cooperation.