



Press Release

The Outlook on the G20 Global Tax Agreement

ANDREW EVANS | JULY 14, 2021

The G20 nations have agreed on a framework for a global tax regime, adding considerable momentum behind the proposed rules for taxing large multinational firms. In a new analysis of the agreement's two Pillars, AAF's Director of Fiscal Policy explains the structure of the Pillars, what remains to be clarified, and what the prospects for implementation are.

An excerpt:

Implementation of Pillars One and Two also faces international challenges. As noted, three EU members have not agreed to the framework. Adoption of taxation measures in the EU typically requires unanimity. The agreement also notes that excluding multinational firms “in the initial phase of their international activity” from Pillar Two will be “explored.” This note appears to suggest the potential for exempting Chinese firms. An agreement that would see U.S. firms face new taxation abroad but holds China harmless would be difficult to rationalize. Last, there remains significant technical refinement, policy development, and consultation to do before a final agreement could be meaningful.

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