

INPUT



Top Takes on Manufacturing, Politics and Policy

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U.S. Proposes Lower Global Minimum Tax Rate



The Biden administration is now floating a 15% global minimum tax on foreign profits in order to get other countries to agree to a global tax deal according to [Bloomberg](#) (subscription).

What's new: The 15% rate is less than the 21% rate that the administration had proposed previously.

The context: “The contrast between the new proposal, released by the Treasury Department Thursday, and the higher rate the Biden administration is seeking to be

applied to American companies underscores the difficulty of international talks being led by the Organization for Economic Co-operation and Development. Countries including Ireland have used low business taxes as a key economic development strategy. Negotiators are aiming for a deal this summer.”

Where we are: According to NAM Senior Director of Tax Policy David Eiselsberg, manufacturers are watching another potential development:

- The U.S. already has a global minimum tax through a provision called global intangible low-taxed income. The administration has proposed doubling that tax rate to 21% for U.S. businesses and in doing so had pushed for a 21% global minimum tax rate for other countries, to limit the competitive harm to U.S. businesses operating globally.
- However, it remains to be seen whether the administration will also back down from its proposed 21% rate for U.S. businesses. Failing to do so would hurt manufacturers’ ability to compete globally as they would face a higher rate than their competitors.

The last word: “The administration’s offer is a recognition that a 21% rate is much too high,” said Eiselsberg. “As we go forward, the NAM will continue to fight for a competitive tax code and against changes that would lead to an uneven and unfair global playing field for manufacturers.”