

TaxNewsFlash

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White House announcement on OECD “Global Tax Deal”

The White House yesterday issued a [memorandum](#) regarding the Organization for Economic Co-operation and Development (OECD) “Global Tax Deal.”

The memorandum instructs the Treasury Secretary to notify the OECD that any commitments made by the prior administration with respect to the Global Tax Deal have no force or effect within the United States absent an act by Congress adopting the relevant provisions of the Global Tax Deal.

In addition, the memorandum directs the Treasury Secretary in consultation with the United States Trade Representative (USTR) to investigate whether any foreign countries are not in compliance with any tax treaty with the United States or have any tax rules in place, or are likely to put tax rules in place, that are extraterritorial or disproportionately affect American companies, and develop and present President Trump within 60 days a list of options for protective measures or other actions that the United States may adopt or take in response to such non-compliance or tax rules.

Senate Finance Committee Chairman Mike Crapo (R-ID) and House Ways and Means Committee Chairman Jason Smith (R-MO) both released statements expressing support for President Trump’s rejection of the OECD “Global Tax Deal.”

- Read Crapo [statement](#)
- Read Smith [statement](#)

KPMG observation

The memorandum appears to target at least Pillar Two’s UTPR (formerly known as the undetaxed payments rule) and digital services taxes (DSTs), though other taxes could also be in scope.

There is an existing provision in the Code (section 891) that provides that U.S. taxes may be doubled on citizens and corporations of countries that the president finds have discriminatory or extraterritorial taxes. The inclusion of the USTR in the memorandum also suggests that Section 301 trade actions may be contemplated.

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