The international tax consequences of President Trump

Tax sovereignty or subjugation?

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TAX JUSTICE NETWORK

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Executive summary

President Trump's second term in office will overlap fully with the negotiation of the UN framework convention on international tax cooperation. His threat on day one of the new administration to impose countermeasures on countries seeking to raise the effective tax rates of US multinationals might be interpreted as the death knell for the prospects of multilateralism in this sphere. The US withdrawal from the negotiations of the UN framework convention on international tax cooperation - in its opening session – could add to that view. But in fact, these actions provide a moment of absolute clarity for the rest of the world.

The G77 countries have long understood that their taxing rights will continue to suffer in the absence of inclusive, multilateral decision-making. That same understanding has now become clear to the countries that have enjoyed, until recently, their membership of the exclusive rule-setting club at the OECD.

Pivotal choices now face European Union and UK policymakers, along with those of South Korea, Japan and the CANZ group.

They can act in fear, seeking to appease the US. This would entail sacrificing their own tax sovereignty – and any ambition for international tax progress – for at least the next four years. *Or* they can explore the path to broadly shared reforms through the UN convention, seeking greater revenues and stronger tax systems for all.

Policymakers should expect to be held accountable by their electorates for the choices they make today.

Introduction

Such is the norm-setting power and political reach of the United States – even one whose democratic institutions are increasingly enfeebled – that the second Trump administration poses a threat far beyond its own borders. But it also offers a more positive possibility: a moment of clarity that could provide valuable impetus to the negotiation of a UN tax convention. In the most optimistic scenario, this has the potential to yield such positive results that it would also set a model for a strengthened multilateralism. Such optimism does not depend on any hopes for a change in the US administration's actions. Rather, the key decisions lie with those policymakers elsewhere who must now determine a strategic response.

Putting international tax cooperation at the centre of that response offers a significant opportunity to flip the script. This briefing argues that instead of accepting years of degradation and stasis at best, policymakers should pursue a progressive, unifying outcome to the negotiations that would empower states around the world both individually and collectively to respond to the grave challenges of our time.

The first section sets out the context for this moment of opportunity: the century of rule-setting dominance by the imperial powers and OECD member countries, and the growing effectiveness of G77 demands for change in recent decades. The second section summarises the evidence on the failures of the OECD to deliver meaningful progress, including for its own members. This provides the context for the third section, which explores the range of possible gains to be made in the current negotiations for the UN Framework Convention on International Tax Cooperation (UNFCITC). In the fourth section, the tax positions taken by the Trump administration and the US Republican party are considered, along with the most immediate implications for international tax matters – both in respect of the OECD proposals and the UN convention.

The new administration's dismissal of the OECD proposals, and explicit threats to the tax sovereignty of other countries (allies and rivals alike) do not represent a break with the past. The US has always enjoyed an effective veto on OECD reforms and has used its power to ensure adherence from others.

But these blunt threats do provide a crucial moment of clarity for policymakers around the world. There is now a single path that can deliver preferable outcomes for (almost) all of those involved.

The convention negotiations offer an opportunity for policymakers to respond to the incoming Trump administration in such a way as to rescue the possibility of major progress – rather than condemn themselves and their people to at least four years of further losses of tax revenues and tax sovereignty.

I. The path to international tax reform

President Trump returns to power at an inflection point in international tax. The prolonged attempts to curb corporate tax abuse via the OECD have now entered their twelfth year, with all evidence pointing to the problem having grown – while progress against the threat of financial secrecy has also stalled. Relatedly, the struggle for a globally inclusive alternative under UN auspices appears to be coming to fruition, overcoming more than two decades of obstruction.

The following section explores the growing disillusionment of OECD members with the organisation, an important element in the evolving shift towards the United Nations. The deeper roots of that shift lie in the long-term refusal of countries of the global South to accept the OECD's hegemonic dominance and without their leadership, change would have remained unthinkable.

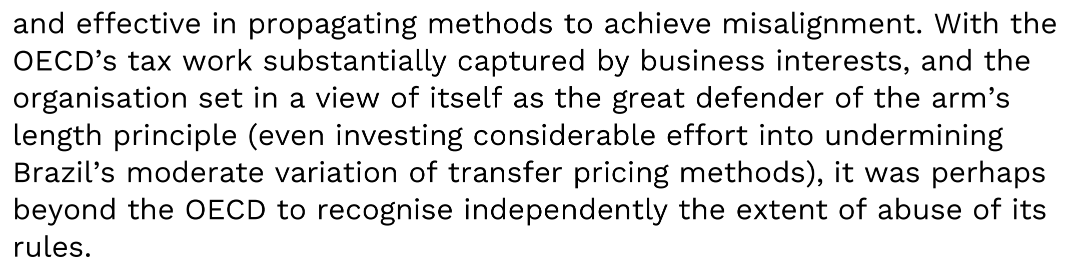
The unfit governance of international tax

Research on US-headquartered multinationals reveals an explosion in tax abuse over the course of three decades (Cobham & Janský, 2019; Wier & Zucman, 2022). In the early 1990s, only about five per cent of the global profits of US multinationals was declared outside the locations of their real, underlying economic activity. By the late 1990s that had doubled, and by the early 2010s, some 25 per cent to 30 per cent of profits were declared elsewhere.

In hindsight, it is curious that this growth of abuse did not yield any major international policy response until the 2010s. It may be that the growth was sufficiently slow, or the revenue damage sufficiently offset by other factors, that policymakers simply did not prioritise it at the time. The growing power of corporate lobbyists may also form part of the explanation, with the establishment of narratives such as the (false) claim of a fiduciary duty to minimise tax payments (Farrer & Co LLP, 2013).

Another element of the explanation is likely to be the unsuitability of international governance arrangements. The OECD had been established by its members in 1960 in order to block more inclusive efforts to regulate multinationals via the United Nations (Teo, 2023; Cobham, Janský & Meinzer, 2018; Hearson, 2021). The OECD's founding members largely followed from the group of imperial powers which had set the first international tax rules at the League of Nations in the 1920s and 1930s. That included the decision to base tax rules on the arm's length principle, rather than following a unitary approach with formulary apportionment (Picciotto, 1992).

The growth of profit misalignment demonstrated the arm's length principle to be increasingly unfit for purpose, as multinationals became increasingly complex compared to their predecessors in the 1920s, and the professional enablers of tax abuse including the major accounting firms (Jones, Temouri & Cobham, 2018) became increasingly aggressive



and effective in propagating methods to achieve misalignment. With the OECD's tax work substantially captured by business interests, and the organisation set in a view of itself as the great defender of the arm's length principle (even investing considerable effort into undermining Brazil's moderate variation of transfer pricing methods), it was perhaps beyond the OECD to recognise independently the extent of abuse of its rules.

Other countries had long recognised those failings. They lacked the power, however, to make changes as long as the OECD's member countries refused to reform their rules – or to vary from their effective imposition across non-members. Perhaps unsurprisingly, attention shifted from proposals to fix the rules, to attempts to fix the architecture of rule-setting.

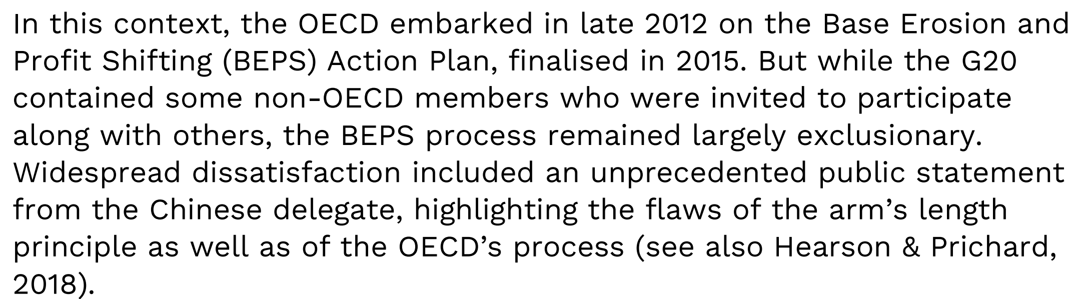
A quarter century of blocked reform efforts

Around the turn of the millennium, the then-head of fiscal affairs at the International Monetary Fund had begun to promote the idea of a world tax authority with a range of responsibilities relating to statistics and coordination (Tanzi, 1999). The proposal was taken up by the High Level Panel on Financing for Development chaired by former Mexican president Ernesto Zedillo (UN, 2001), with strong backing from the G77 group of countries at the Monterrey summit and thereafter. More moderate proposals included the successful upgrading of the UN Group of Experts on Tax Treaties Between Developed and Developing Countries into a committee; and its subsequently conversion into an intergovernmental body (which remains blocked to this day by OECD members).

While OECD members repeatedly rejected the demand for governance reform, it did not go away: far from it. The Millennium Development Goals were replaced in 2015 by the Sustainable Development Goals, with a major shift from the entirely aid-focused approach of the MDGs (in which tax is not even mentioned) to the recognition of tax in the latter as *the* primary means of implementation for the entire SDGs framework (Cobham, 2019).

In addition, the SDGs included the first ever global goal to curb illicit financial flows. Both of these developments, and the latter most directly, reflected the important contribution of the AU/ECA High Level Panel on Illicit Financial Flows from Africa, chaired by former South African president Thabo Mbeki.

While the Mbeki panel was carrying out its research and political outreach from 2012 onwards, the G8 and G20 groups of powerful countries had finally been seized of the need to address the ease of corporate tax abuse. The global North's financial crisis that began in 2008-09 saw a sharp spike in the fiscal and political pressures facing OECD member governments, with public anger around 'austerity' policy choices combining with ongoing public revelations around the low or zero tax payments of major multinational companies.



In this context, the OECD embarked in late 2012 on the Base Erosion and Profit Shifting (BEPS) Action Plan, finalised in 2015. But while the G20 contained some non-OECD members who were invited to participate along with others, the BEPS process remained largely exclusionary. Widespread dissatisfaction included an unprecedented public statement from the Chinese delegate, highlighting the flaws of the arm's length principle as well as of the OECD's process (see also Hearson & Prichard, 2018).

The momentum for change came to a head at the third Financing for Development summit, held in Addis Ababa in 2015 to agree funding priorities in relation to the new SDGs. OECD members, led by the US, had to resort to overt threats – including the non-attendance of President Barack Obama – in order to stop the G77 countries from achieving their aim of an agreed commitment to convert the UN tax committee into an intergovernmental body with the power to take political decisions as well as to carry out technical analysis (see Global Policy Forum, 2015; Hearson, 2015).

Seeds of change

That victory for the OECD appeared to some to be the final nail in the coffin for attempts to create a genuinely global tax body. But in practice it provided important lessons to those seeking change.

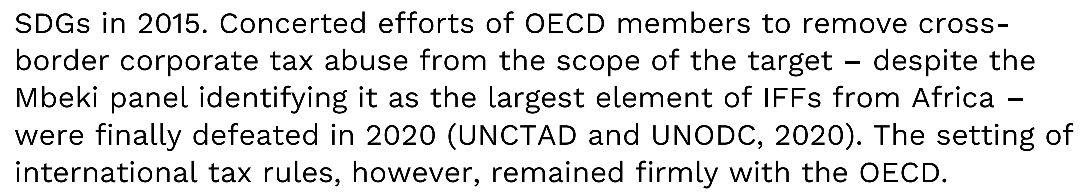
First, it confirmed the need for G77 members to maintain unity in the face of inevitable threats. The G77 have the numbers – of countries, of people, of UN votes – but only if they stick together. The bigger the prize, the greater will be the combination of sticks and carrots from OECD member countries seeking to split their opposition.

Second, the episode emphasised the importance of fully open negotiations, where country positions could be clearly seen by all. The absence of such fully open decision-making from the Financing for Development drafting process – despite being much more open than any OECD process – might well have been key to the outcome. Both of these aspects pointed towards an approach at the UN General Assembly itself, with full transparency and accountability over national positions.

And third, the defeat in Addis highlighted the need to respond to OECD members' counterargument that the UN lacked sufficient capacity to work on tax. Unprecedentedly, even China – a long term rejector of OECD hegemony – had accepted at the G20 in 2012 that the organisation was 'the only game in town' as a potential forum for the BEPS process.

This understanding of the defeat led to another G20 member, India, taking a leading role in bolstering the funding of the UN tax committee. More widely it also seems likely to have contributed to a growing emphasis on tax matters in the workstreams of a variety of UN bodies including UNCTAD and regional economic commissions such as ECA, ESCWA and ECLAC.

A substantive win came in the work led by UNCTAD to develop a formal statistical definition for the illicit financial flows target agreed in the



SDGs in 2015. Concerted efforts of OECD members to remove cross-border corporate tax abuse from the scope of the target – despite the Mbeki panel identifying it as the largest element of IFFs from Africa – were finally defeated in 2020 (UNCTAD and UNODC, 2020). The setting of international tax rules, however, remained firmly with the OECD.

II. The nature and cost of OECD failures

If actors within the G77 had become increasingly strategic in their approach to international tax governance reform, the fact remained that OECD members had always been able in practice to block any such attempt. The years since the financial crisis that began in 2008, however, have brought the OECD a much-enhanced role (and funding); and over time, a growing critical attention to the organisation's multiple failures.

The main failures are set out below, with a view to understanding both the nature of members' frustrations that contributed to momentum at the UN, and also the nature of the challenges that the UN convention can address.

Corporate tax failure

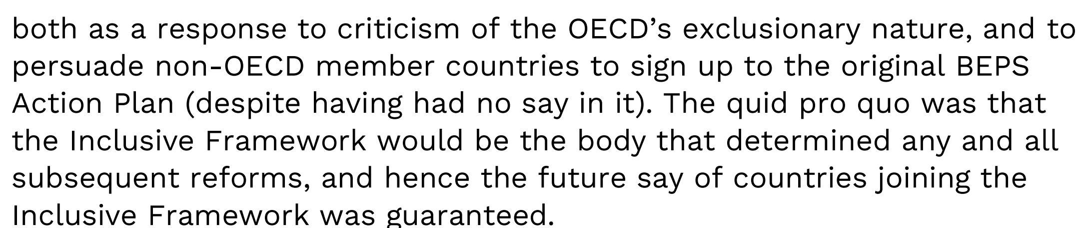
The BEPS Action Plan (2013-2015) was swiftly followed by the establishment of a working group on the unresolved problems of digitalisation. Digitalisation had at first been portrayed as an issue specific to a small number of large 'tech' multinationals. Increasingly, however, it came to be understood more broadly, as an approach to multinationals' commerce and tax responsibilities providing a further, important channel for profit shifting. In particular, digitalisation has led to an even more aggressive separation of profits from the location of the real, underlying activity by facilitating high-volume sales into market jurisdictions where there may not even be a registered, taxable entity.

The failure of BEPS to address this core issue of profit 'misalignment', and the booming profile of new 'tech' multinationals in particular, gave rise to growing interest in digital sales taxes (DSTs). These in turn led the small group of major US tech multinationals with near-monopoly power to demand the US Treasury take steps to prevent DST proliferation and any possible risk of double taxation. And so 'BEPS 2.0' was born in 2018, scheduled to run for two calendar years from January 2019 to December 2020.

The mandate expanded beyond any narrow digital measures, with two major points of policy ambition. In their first 'pillar', the reforms would go 'beyond the arm's length principle' after a century since the League of Nations' decisions. More specifically, the reforms would introduce a unitary tax approach to ensure that a greater share of profits were declared in the location of the underlying, real activity. This was set to be the biggest challenge to the ease of profit shifting since the arm's length principle became demonstrably unfit for purpose.

The second pillar of the reforms would introduce a global minimum tax rate. This would be a powerful counterpart to the unitary element, making it fundamentally much less attractive from a tax perspective to shift profits away from the location of real activity – since a meaningful tax rate would be levied wherever the profits ended up.

The third major claim for BEPS 2.0 was that it would herald a new era of global tax governance. The 'Inclusive Framework' had been established



both as a response to criticism of the OECD's exclusionary nature, and to persuade non-OECD member countries to sign up to the original BEPS Action Plan (despite having had no say in it). The quid pro quo was that the Inclusive Framework would be the body that determined any and all subsequent reforms, and hence the future say of countries joining the Inclusive Framework was guaranteed.

Sadly, hopes for all three claims have been dashed, in different but related ways. On the first, it was the Biden administration joining the negotiations after two years which introduced a different approach to anything which had previously been discussed. Based on the work of a US academic who had joined the new Treasury team, the proposal stripped away almost all of the original ambition. Now the unitary approach would be applied only to a small number of major multinationals (one hundred or fewer), and even then, only to a small proportion of their profits. The great majority of their profits, and all of the profits of every other multinational, would remain under the old rules. Even if the establishment in principle of the unitary approach was welcome, there would be no meaningful going 'beyond' the arm's length principle in practice.

The second hope, to establish a minimum global tax rate and thereby end or greatly diminish the incentives for profit shifting, was next to be dashed. Here, the Biden administration had played a more positive role, injecting a new energy and a political priority of ending the race to the bottom. But the machinations of EU tax havens like Ireland and anti-tax members including Hungary, coupled with the EU's insistence on acting as a bloc, led to an agreed rate far below original hopes, at just 15 per cent - barely above Ireland's statutory rate then of 12.5%. It was also lower than the statutory rates of most non-OECD members, and far below rates proposed by independent groups such as ICRICT (2019).

Worse was to follow, as sweeping changes after the 'political agreement' of 2021 engineered broad scope to circumvent the proposal. The most enthusiastic adopters thus far have included most of the more aggressive corporate havens, with Swiss cantons and others beginning a new race to the bottom by constructing ways to minimise or eliminate any corporate tax contribution, while at the same time preventing the OECD rules generating any corresponding tax liability elsewhere.

Without an effective first pillar to prevent profit shifting, independent analysts including from the Tax Justice Network proposed a minimum tax that would have embedded the distribution of taxing rights according to the location of real activity, as well as ensuring a minimum rate of tax was payable (Cobham et al., 2021). Although a range of engaged policymakers considered the proposal and also raised it with the secretariat, the OECD pushed on instead with its Global Anti-Base Erosion Model Rules ('GloBE') proposal.

Sadly, the GloBE applies to profits only *after* any shifting has occurred and distributes the taxing rights on undertaxed profit according primarily to the location of multinationals' headquarters, rather than that of their real activity. Inevitably, the distributional implications are assessed as greatly favouring current corporate tax havens, and then major states.

This comes at the expense of all other countries – most obviously, non-OECD members, but also OECD members that host significant activity but are not typically headquarters countries (Reitz, 2023).

Most EU members are not headquarter countries for large numbers of the biggest multinationals. As such, one rule is of particular importance within the complex set of overlapping GloBE rules. This is the under-taxed profit rule (UTPR) which grants location countries (ie, a country where a multinational company has a presence like a subsidiary or permanent establishment) the authority to impose a top-up tax if the company's effective tax rate falls below 15% in any jurisdiction worldwide.

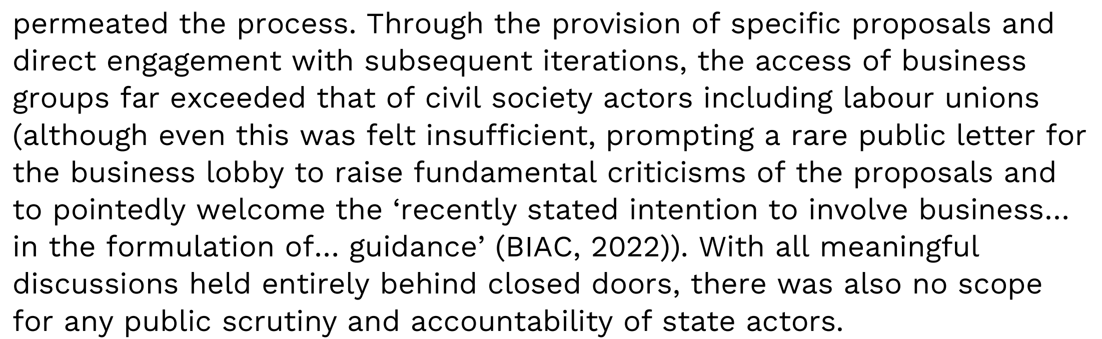
Governance failure

While the policy losses of the OECD's two 'pillars' have been dramatic, arguably the biggest failure has been that of decision-making. In January 2019, the first meeting of the Inclusive Framework set a workplan for the OECD secretariat to evaluate three approaches to the first pillar: two which were largely influenced by the UK and US, and one proposed by the G24 intergovernmental group of developing countries. The G24 proposal implied taking a unitary approach (with fractional apportionment) to *all* profits of multinationals, going beyond the arm's length principle in full and ending the great divergence between declared profits and the location of real activity (G24, 2019, p.2: "The solution is to rework the international tax framework regarding nexus and profit allocation rules, and take into account value created within the supply chain, representing the contribution of supply side, along with contribution of demand side factors for determining corporate profits attributable in a tax jurisdiction.").

By the middle of the year, however, the secretariat had reneged on the promise of allowing decisions to be made by the Inclusive Framework. Instead, the secretariat imposed a series of proposals that had emerged from bilateral US-French negotiations. It was claimed that this represented a 'unified' proposal and therefore negated the need to provide any evaluation of the original three. Embarrassingly for the secretariat, and damningly for any remaining belief in the promise of inclusivity, the US-French negotiations shifted so strongly by the start of 2020 that the secretariat were forced to return with a very different proposal, while maintaining the claim that this was the genuine choice of Inclusive Framework members.

As one delegate now famously stated, amidst growing frustration with the OECD's approach, 'Just because you call something "Inclusive", does not make it inclusive'. Privately, a range of OECD members have expressed their own disappointment at the conduct of the process, and their own disenfranchisement as the secretariat has bowed to successive demands from the US in particular (demands that have also changed over time in conflicting ways).

The loss of ambition in each policy aspect, and the loss of faith in the OECD's ability to provide a fair and effective forum for decision-making have been compounded by the strength of corporate lobbying which



permeated the process. Through the provision of specific proposals and direct engagement with subsequent iterations, the access of business groups far exceeded that of civil society actors including labour unions (although even this was felt insufficient, prompting a rare public letter for the business lobby to raise fundamental criticisms of the proposals and to pointedly welcome the 'recently stated intention to involve business... in the formulation of... guidance' (BIAC, 2022)). With all meaningful discussions held entirely behind closed doors, there was also no scope for any public scrutiny and accountability of state actors.

The combination of flaws in the process contributed to the OECD's further failure to stick to any kind of timeline. A process that was originally scheduled for 24 months is now entering its seventh year, and there remain questions over what kind of delivery will be possible in the end.

There is little enthusiasm for the first pillar. Some countries including Canada have turned back to unilateral Digital Service Taxes, despite their flaws (and further threats from the US). The second pillar has seen take-up across the EU and major havens, but little more; and in any case, the approach is most likely to force adaptation of tax abuse approaches, rather than any significant curtailment. The addition to Pillar 2 of the Qualified Minimum Domestic Top-up Tax (QDMTT) has provided a vehicle for havens to ensure they levy the minimum revenue necessary, so that other jurisdictions cannot 'top up' the tax instead; but only with the aim of giving back the same revenues to multinationals through other tax breaks (Gross, 2023; EY, 2024).

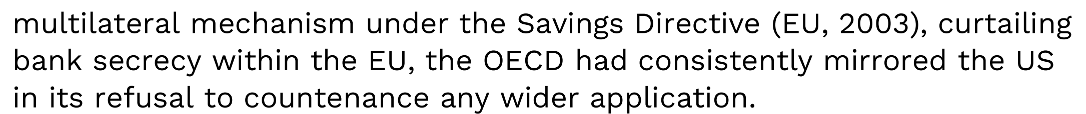
Further countries from Brazil and Kenya to Viet Nam and Thailand have also adopted the QDMTT element, with the intention of preventing topping up elsewhere in situations where their own tax incentives may bring the effective rate under 15%. But these are of course defensive responses to the threat that Pillar 2 adoption elsewhere may further weaken taxing rights, rather than an enthusiastic embrace of the OECD proposals.

There is also growing external scrutiny of the OECD's broader approach – ranging from the organisation's perceived failure to reflect human rights concerns in its work, to the persistent failure to respond to independent questions including from UN experts, and growing criticism over the recruitment practices and professional standards applied to its most senior staff (UN experts 2022a, 2022b, 2023; Tax Justice Network et al., 2024).

Financial secrecy failure

At the heart of cross-border tax abuse by wealthy individuals, and a great range of other illicit financial flows besides, including most cases of grand corruption, is the provision of offshore financial secrecy.

The OECD had long resisted the tax justice movement's pursuit of a multilateral instrument for the automatic exchange of financial account information. While the European Union had long operated its own



multilateral mechanism under the Savings Directive (EU, 2003), curtailing bank secrecy within the EU, the OECD had consistently mirrored the US in its refusal to countenance any wider application.

That constraint was relaxed by the Obama administration's introduction of the Foreign Account Tax Compliance Act (FATCA), which unilaterally required automatic, one-way provision of information to the US. That opened the door for the creation of the OECD Common Reporting Standard (CRS) in 2015.

But rather than the comprehensive instrument for multilateral exchange that was envisaged, heralding the 'end to bank secrecy' as the OECD claimed, after ten years the CRS has only delivered much smaller and unequal benefits.

This is, first, because the CRS is highly exclusionary. A quite unnecessary requirement for reciprocity means that Malawi, for example, is unable to access data on its residents' Swiss bank accounts – as if Switzerland faced any issue of its tax residents hiding assets in Malawi. The compliance costs of meeting OECD criteria mean that many countries are unable or unwilling to meet the costs of being able to participate.

For countries outside the OECD that do make the investment to be able to participate, they find that their access to data from other signatories is itself far from complete. Because the US almost immediately reneged on its initial commitment to participate, stating instead that it would only provide information reciprocally to certain preferred states on an individual basis, the OECD was unable or unwilling to hold the line that participating jurisdictions should provide information to all other participants.

Instead of multilateral, automatic exchange, the result is a patchwork, in which any signatory can choose whether to provide data to any other. Inevitably, lower-income countries and non-OECD members are disproportionately excluded from access. Additional criticism has focused on the OECD's failure to extend and maintain the definition of financial accounts in the face of concerted efforts by professional enablers to generate non-CRS-reportable equivalents of various types (Knobel, 2015). The narrow and fixed definition means that the CRS fails to cover a large and growing share of financial accounts and equivalents and continues to be open to relatively simple exploitation based on manipulation of reported tax residency (Knobel & Heitmüller, 2018).

The final and perhaps most egregious flaw of the CRS is a direct reflection of the OECD's inability to hold its largest member to account. Only one major financial centre, the US, refuses to participate in the CRS. The OECD has contorted its own reporting in order not to state this openly (Knobel, 2018) – and would seem entirely unable to recommend countermeasures. Unsurprisingly, only one major financial centre, the US, has seen its share of offshore financial accounts grow, establishing itself as *the* global financial secrecy jurisdiction of choice, ranked number one on the Financial Secrecy Index (Tax Justice Network, 2022a).

Relatedly, the inability or unwillingness to challenge US hegemony has shaped the leaden progress of international standards when it comes to

beneficial ownership transparency. The OECD-headquartered Financial Action Task Force (FATF) – also heavily criticised for its flawed and exclusionary governance – is responsible for what has been, until now, the de facto standard on beneficial ownership.

Despite the adoption of public registers of the beneficial ownership of companies across the UK, EU and beyond since 2013, FATF was unable or unwilling to raise its standard in line. Indeed, it was only even able to include *private* registers of company beneficial ownership in its standard when the US belatedly legislated to that effect (FACT Coalition, 2021) – laying bare once again the effective US veto on progress, regardless of the positions of a majority of OECD members. (The EU's subsequent legal challenges in maintaining public registers (Knobel, 2022) are unrelated.)

Revenue costs of OECD failure

The most useful element of the original BEPS Action Plan was the introduction of a tax justice proposal for country-by-country reporting by multinationals to provide jurisdiction-level data on the distribution of activities, profits declared, and tax paid. Sadly, the OECD bowed to lobbying and failed to require the data to be made public. Given the evidence for increased effective tax rates for companies that do face a *public* reporting requirement, this failure alone is estimated to have resulted in lost global revenues totalling US$89 billion a year (Tax Justice Network, 2022b).

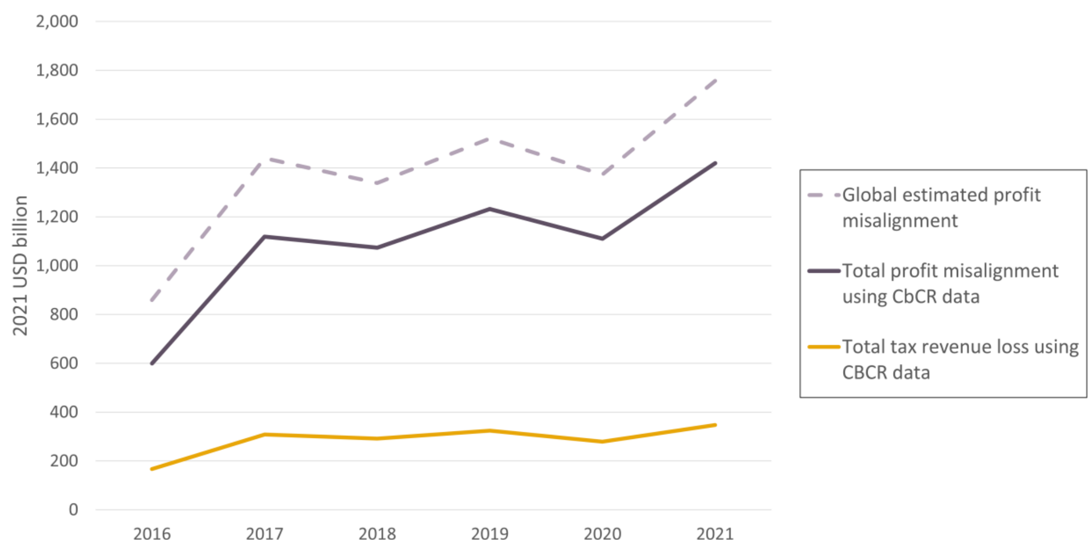


Figure 1: The growth of profit shifting and corporate tax losses under the OECD's BEPS

Instead, the OECD publishes, with significant delay, aggregate data on the multinationals of each cooperating country. With six years of data now available to analyse, the State of Tax Justice 2024 (Tax Justice Network, 2024) report reveals a clear pattern: the volume of profit shifting has continued to grow ever since the first BEPS Action Plan (see Figure 1). So too have the global revenue losses, which now stand at an estimated US$348 billion a year.

The extent of misaligned profit for the companies included in the OECD data has now reached US$1.4 trillion annually, while a cautious estimate of the total for all large multinationals is approaching US$1.8 trillion. It is notable that the (yellow) revenue loss line follows a less steep trajectory than that of total profits shifted – but this should not be interpreted as any cause for calm.

The estimate relies on applying statutory corporate tax rates to re-aligned profits (that is, of misaligned profits that have been allocated back to the location of the corresponding real economic activity). While the profits have grown sharply, the statutory tax rates have fallen. A range of econometric results indicate that the indirect costs of corporate tax abuse are likely to be substantially larger than the direct revenue losses – anything from twice as large to fifteen times greater (Crivelli et al., 2016; Cobham & Janský, 2018; Garcia-Bernardo et al., 2021).

A key channel for these indirect impacts is the pressure on policymakers to lower effective tax rates, in the face of uncontrolled abuse. While the evidence is clear that such cuts do not curb abuse, merely add to the revenues foregone, they do reduce the *perceived* loss: that is, in Figure 1, the revenue loss line is artificially flattened because the average tax rate has fallen over the period, by around 3 percentage points – resulting in additional foregone revenues annually of some US$32 billion by 2021 (Tax Justice Network, 2024).

While OECD BEPS has demonstrably failed, with corporate tax abuse rising and revenue losses increasing, there is a case for greater optimism about OECD CRS. Automatic information exchange is the most powerful tool available against the tax abuse and corruption associated with undeclared offshore wealth, and even the OECD's narrow and skewed approach has delivered significant gains for some countries.

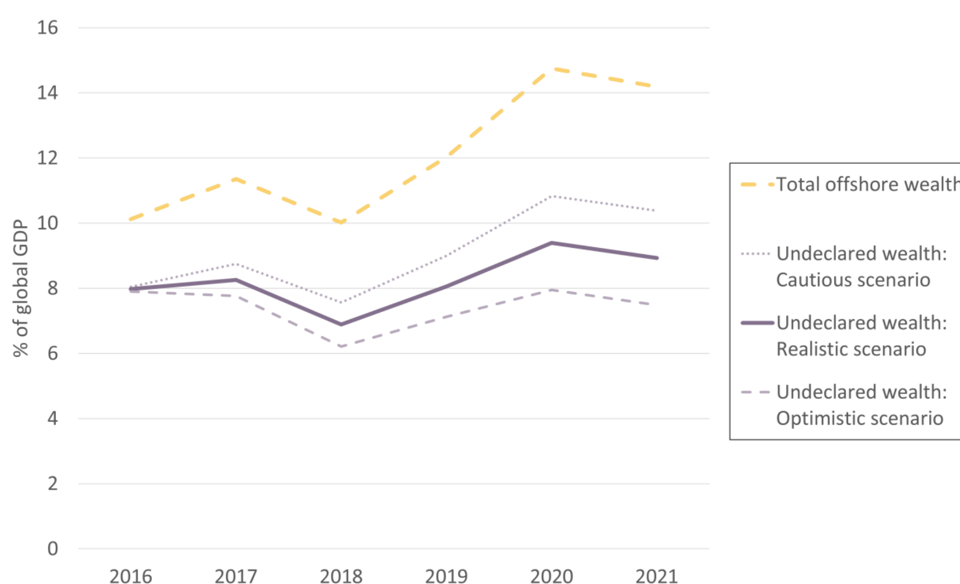
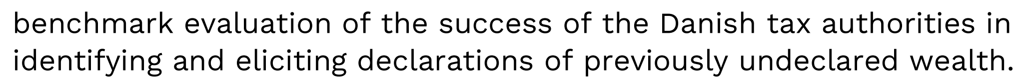


Figure 2: The failure of OECD CRS to curb bank secrecy

Figure 2 shows the growth of total offshore wealth, and three estimates of the share that remains undeclared since the introduction of the CRS. The analysis, drawn from State of Tax Justice 2024, is based on a



benchmark evaluation of the success of the Danish tax authorities in identifying and eliciting declarations of previously undeclared wealth.

Using estimates of the relative impact of other countries having typically less capacity to use CRS data, and (often much) less access to CRS data, the overall reduction in undeclared wealth is estimated to be substantially less than under the optimistic ‘We are all Denmark’ assumption. In the ‘Realistic’ scenario, the reduction in the proportion of offshore wealth that is undeclared is estimated to be outstripped by the growth of total offshore wealth.

This implies that the OECD Common Reporting Standard has been largely but not entirely successful in restraining the *further* growth of undeclared offshore wealth, while failing to engineer any absolute reduction in this abuse.

Tax losses have stopped rising – but the world remains far from the ‘end of bank secrecy’.

III. The promise of the UN tax convention

By early 2022, there was growing recognition – including among OECD member countries – of the organisation's difficulties with the second BEPS process.

Despite the 'political agreement' announced in October 2021 likely being the single tax event in history with the greatest global media coverage, the continuing search for actual agreement on technical substance became increasingly fraught. A range of modifications were introduced by the secretariat with little or no engagement from most members of the Inclusive Framework. Each modification added to the complexity and uncertainty of the two pillar proposals, while simultaneously reducing their ambition in terms of estimated revenues (see e.g. Starkov & Jin, 2022; Tandon & Rao, 2022; Reitz, 2023; Barake & Le Pouhaër, 2024).

African leadership, and the winding road to negotiations

It was in this context that the ECA Conference of African Ministers of Finance, Planning and Economic Development of May 2022 called *"upon the United Nations to begin negotiations under its auspices on an international convention on tax matters, with the participation of all States members and relevant stakeholders, aimed at eliminating base erosion, profit shifting, tax evasion, including of capital gains tax, and other tax abuses"* (ECA, 2022). The call mirrored that of global civil society, made jointly with the global union federation Public Services International (GATJ/PSI/TJN, 2020).

The African Group at the United Nations General Assembly acted immediately to take forward a resolution which, to some surprise, was passed by consensus of all UN member states. The resolution agreed to begin intergovernmental discussions (rather than formal negotiations) and requested the Secretary-General to prepare a report on the international architecture around tax rule-setting, and to identify options for the General Assembly to consider.

The UN Secretary-General's report (UN, 2023), delivered in August 2023, was atypically punchy. Building in part on the annual Financing Sustainable Development Reports, which identify the ongoing failure to include most G77 members in most international processes on tax and related financial transparency, combined with analysis of actual decision-making and country experiences within that architecture, the report makes a clear case for a fully inclusive alternative to address the current failings.

The Secretary-General identified three options for such inclusive progress on international tax cooperation. One was a UN convention: a single legal instrument to be negotiated and agreed, to make a one-time set of changes. Another was a UN *framework* convention: to make such a set of changes, but also to establish a framework body, as with the UNFCCC on climate change, with the power to convene Conferences of the Parties in

order to ensure ongoing negotiations and decision-making about future tax challenges.

The third option was for the creation of a framework without an associated legal instrument, or any binding power to make changes. This would have allowed for discussions but not decisions, in effect.

The African Group now brought forward a draft resolution to establish an ad hoc committee of all UN member states, to agree the terms of reference for the negotiation of a UN tax convention. This would have provided for a new legal instrument but created no framework body. As such, it appeared the compromise most likely to obtain agreement from OECD member countries concerned with protecting their power to set rules. Even if a growing number of OECD members had lost faith in the organisation's ability to pilot an effective reform process, there was no appetite to see decision-making shift to a UN forum in which their voices would be relatively diluted by the inclusion of non-OECD member countries with equal voting rights.

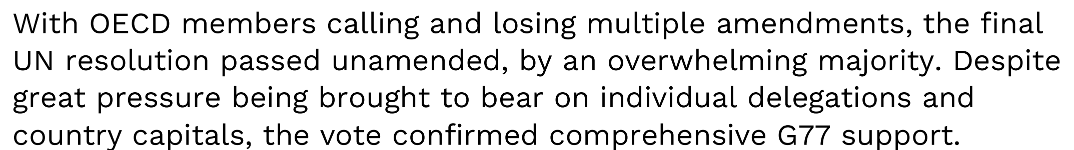
At this point, however, an ironic twist occurred. The OECD secretariat had become increasingly embattled, and according to multiple anecdotes had taken over the preceding years, to briefing ambassadors and media in deeply personal terms, accusing named UN civil servants and tax justice activists of acting in bad faith, and of providing false information.

The OECD briefed its own members that the draft resolution posed an existential threat to its ongoing work, and demanded that they insist on a vote, and reject the resolution explicitly. Key OECD members including the UK and EU made clear in member state discussions that the only one of the Secretary-General's options which would be acceptable was a nonbinding framework. That is, they demanded exactly the type of 'talking shop' with no power to effect reforms, that the same countries had previously accused the UN of offering - in contrast (in their view) to the action-oriented OECD.

The OECD's victory in convincing its members to take this stand was pyrrhic.

The Africa Group had previously indicated a willingness to enter into negotiations without any commitment to a particular type of legal instrument – that is, to make the form of instrument itself a subject of the negotiations. This would have allowed the choice between a simple convention and a framework convention, and other types of instrument also, to remain on the table and be determined through a longer process.

The effect of the OECD's lobbying was to make such a compromise unacceptable to OECD members, and to end the possibility of a resolution passing by consensus (unless the Africa Group had given up entirely on the mandated aim of achieving at least some form of inclusive decision-making). The Africa Group revised the resolution to remove the rejected compromise elements, and instead explicitly proposed negotiations for the most ambitious outcome possible: a framework convention.



With OECD members calling and losing multiple amendments, the final UN resolution passed unamended, by an overwhelming majority. Despite great pressure being brought to bear on individual delegations and country capitals, the vote confirmed comprehensive G77 support.

In other circumstances, such a split has seen voted resolutions wither and fail. A similar earlier resolution to establish negotiations on debt restructuring had failed when OECD member countries simply refused to participate. Because the private and public creditors of highly indebted countries are almost exclusively from the OECD, no meaningful progress could be made, and the effect of the resolution was nullified.

Anecdotally, this case was present in the thinking of at least some OECD country delegates. But the dynamics of the tax convention are quite different. The participating UN member states are not negotiating over the actions of other parties (or the economic actors of other parties), but instead over the treatment of economic actors *within their own jurisdictions*.

The implication is that a UN tax convention negotiated only by G77 countries would have direct impact on economic actors from OECD countries – most obviously, on the latter's multinational companies – and without any suggestion of extraterritoriality.

To take one obvious example: a comprehensive shift to unitary taxation with formulary apportionment would see each multinational taxed in each jurisdiction on the proportion of their global profits equivalent to the proportion of their global economic activity located in that jurisdiction. (Equivalent arguments would apply to varying extents, to many of the proposed corporate tax measures and also some of those affecting the taxation of wealth – but the case of unitary taxation provides the clearest example.)

The practical effect of such a move would be to redistribute the tax base away from corporate tax havens including some major headquarters countries, towards most other countries of the world. There is clear consensus from G20/OECD reforms since at least 2019, and now the much more inclusively agreed terms of reference for the UN convention negotiations, that the common goal is to align the taxable profits of multinationals with the location of their real economic activity. As such, the full application under the UN convention of the unitary approach (already a part of the OECD's 'Pillar One' proposal) would reflect a rebalancing of taxing rights towards the relevant jurisdictions, and not any extraterritorial intervention.

The fact that this would have direct and important implications for the effective tax rates faced by multinationals – including those headquartered in non-signatory states – is sufficient to ensure that every country has a keen interest in participating in the negotiations.

Those negotiations will now develop two distinct areas of content for the convention: the new architecture of international tax cooperation, and the (possibly sweeping) set of substantive changes to international tax and transparency rules and standards.

Convention content

(1) New architecture of international tax cooperation

As mentioned, the distinguishing feature of a framework convention is the creation of a framework body. The agreed terms of reference provide important additional detail on what the UN framework convention on international tax cooperation will deliver in this respect:

> *Other elements*
>
> *13. The framework convention should also include, inter alia, the following additional substantive and procedural elements: definitions; relationship with other agreements, instruments and domestic law; review and verification; exchange of information (for implementation of the framework convention); data collection and analysis; financial resources; conference of the parties; secretariat; subsidiary bodies; dispute settlement mechanisms; and procedures for amendments to the framework convention and adoption of protocols; and final provisions.*

This allows the identification of five likely components of the architecture.

First is the framework body itself, more specifically the secretariat of the convention which will perform the administrative and operational functions necessary for the convention to be enacted and maintained, and for the effective work of the second component: the regular conferences of the parties (COPs), through which signatory countries will ensure the convention's goals are delivered, including through ongoing negotiations to address further areas of international tax cooperation.

Two further subsidiary bodies are envisaged. The first, a technical body, will provide detailed advice and guidance (including legal and accounting review of proposals) in relation to necessary measures of international tax cooperation to respond to new challenges. An open question is how this body will resemble and/or relate to the existing UN tax committee, with its experts nominated by member states.

The second subsidiary body will be more quantitatively focused, addressing the identified issues of data collection and analysis. Likely to resemble the Centre for Monitoring Taxing Rights proposed by the High Level FACTI Panel in 2021 (FACTI, 2021; Hafeez Kardar, 2022), this would provide a depository for data from UN member states, and a source of quantitative analysis for the COP – including timely evaluation of the scale of tax losses due to continuing failures of international tax cooperation, and of the revenue potential and other impacts of new proposals.

Finally, the terms of reference identify the need for dispute settlement mechanisms, which may require their own subsidiary body to ensure effective and inclusive functioning.

(2) The international tax cooperation conditions for effective taxation

The substantive changes envisaged within the convention cover two main areas: meeting the conditions necessary for effective taxation; and setting rules and principles. Broadly these are the aspects of the convention which are necessary to meet the more specific of the substantive commitments in the terms of reference – (a), (b), (d) and (e) in particular:

> *Commitments*
>
> *10. The framework convention should include commitments to achieve its objectives. Commitments on the following subjects, inter alia, should be:*
>
> *(a) Fair allocation of taxing rights, including equitable taxation of multinational enterprises;*
>
> *(b) Addressing tax evasion and avoidance by high-net worth individuals and ensuring their effective taxation in relevant Member States;*
>
> *(c) International tax cooperation approaches that will contribute to the achievement of sustainable development in its three dimensions, economic, social and environmental, in a balanced and integrated manner;*
>
> *(d) Effective mutual administrative assistance in tax matters, including with respect to transparency and exchange of information for tax purposes;*
>
> *(e) Addressing tax-related illicit financial flows, tax avoidance, tax evasion and harmful tax practices;*
>
> *(f) Effective prevention and resolution of tax disputes.*

The conditions for taxation – for individual states to be able to exercise their sovereign taxing rights in relation to the economic activity in their jurisdictions – relate above all to the ability to access the necessary information to ensure taxes can be applied effectively. To be able to tax high net-worth individuals (commitment (b)), to combat tax-related illicit financial flows (e), and to ensure equitable taxation of multinational enterprises (a), depend – in addition to national policies and resources – on the degree of international cooperation and transparency above all. The core set of measures to create this context are the 'ABC' of tax transparency.

Automatic exchange of tax information on financial accounts, which is critical to overcome the scourge of bank secrecy, and the associated undeclared offshore accounts. By 2022, more than 110 jurisdictions had signed up to automatic exchange under the OECD Common Reporting Standard. This includes all the major financial centres except the USA, which nonetheless faces no countermeasures. Many of those signed up still refuse to provide information to many of the lower-income country signatories, and most lower-income countries still remain outside altogether due to spurious requirements for reciprocity. The case to replace CRS with a genuinely multilateral and automatic instrument,

capable of capturing the full range of financial accounts and equivalent arrangements, is clear.

Beneficial ownership of companies, trusts, foundations and partnerships is increasingly made transparent through public registers. Registers such as that for UK companies have proven pivotal in uncovering major corruption, including multiple ‘laundromat’ schemes, but still lack robust verification and instead demonstrate daily the ease of abuse. A global standard for robust public registers can provide a critical infrastructure against tax abuse and other corrupt practices by ending the threats posed by anonymous ownership.

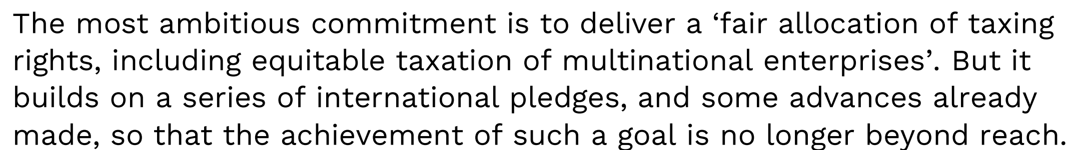
Country-by-country reporting, publicly by multinational companies is necessary to reveal the misalignment between where their real economic activity takes place, and where profits are declared for tax purposes. The technically weak OECD standard requires some data to be provided to home country tax authorities, but most lower-income countries never get access to the data because arrangements for information exchange continue to be discriminatory. The EU and Australia have now begun to require publication of some data. Australia requires alignment with the much more robust Global Reporting Initiative standard under which a growing number of major multinationals already report publicly, on a voluntary basis. Creating a global standard for public country-by-country reporting based on the GRI standard would greatly simplify the reporting for businesses which may face multiple requirements under different standards, as well as ensuring the full benefits. Publication is already proven to raise significant revenues through increased effective tax rates for reporting companies (Tax Justice Network, 2022b).

In addition, a global asset register has been proposed (see e.g. ICRICT, 2022) and features in the ‘zero draft’ of the outcome document for the Fourth Financing for Development summit scheduled for June 2025 (UN, 2025). This would combine data on the ownership of high-value assets including financial accounts, with differential access for the public and for government authorities, depending on the sensitivity and requirements of the data. As well as providing a powerful tool against corruption, the register would be central in ensuring the possibility for countries to introduce effective taxes on wealth and other property.

The convention can also set the terms for the dispute prevention and resolution mechanism/s that will be necessary to ensure that the terms of the convention are respected, and any uncertainties or conflicts are swiftly and fairly resolved.

(3) Substantive rule-setting and the establishment of core principles

In addition to creating the cooperative international context for national tax policies to be effective, the convention also extends to the setting of international rules and principles within which sovereign, national tax policies will interact, in order to ensure consistent treatment and certainty for international taxpayers such as high net-worth individuals with wealth in multiple jurisdictions, and multinational enterprises.



The most ambitious commitment is to deliver a 'fair allocation of taxing rights, including equitable taxation of multinational enterprises'. But it builds on a series of international pledges, and some advances already made, so that the achievement of such a goal is no longer beyond reach.

As explored in section II above, the G20/OECD Base Erosion and Profit Shifting initiative took in 2013 its goal as the reduction of the 'misalignment' between the location of multinationals' real economic activity, and where in contrast they declare their profits. The second BEPS initiative (2019-/) is built on the recognition that the first BEPS Action Plan failed due to its commitment to maintain the arm's length principle set in place by the League of Nations, and the explicit recognition of the need to move 'beyond' arm's length pricing.

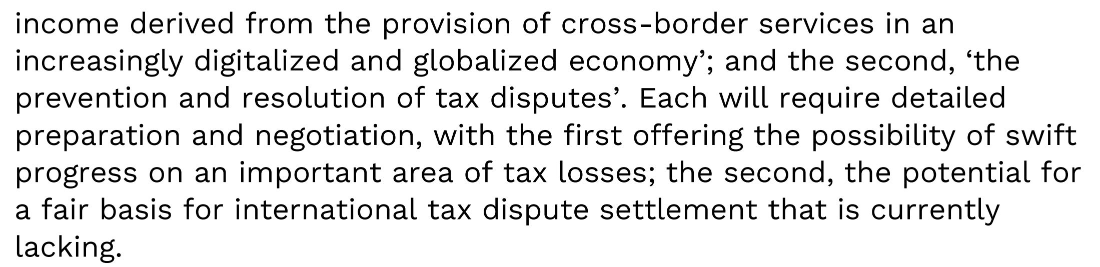
The alternative – unitary taxation, where the multinational's profits are appraised at the global level and then apportioned among jurisdictions according to the location of multinationals' real economic activity – is the central innovation of the OECD's 'Pillar One' proposal. While Pillar One appears destined to fail to be adopted widely, and in any case was ultimately limited to a small proportion of the profits of fewer than one hundred multinationals, the technical aspects of its development provide a useful basis on which to build the rules which can finally deliver on the goal of ending misalignment.

Indeed, the G-24 group of countries had tabled a proposal in 2019 which would have delivered powerfully on this commitment. Further developed by Picciotto et al. (2023), the approach allows for countries to move unilaterally in this direction, consistent with the overall aim. Only unitary taxation offers the potential both to end the misalignment of profits, and in doing so to ensure a fair distribution of taxing rights among countries. The question for convention negotiators will be whether they aim to sit the full standard within the convention or decide instead to embed the principle in reasonable specificity, while leaving the detailed development for a subsequent protocol to be negotiated within the new framework body.

On the issue of taxing high net-worth individuals, there is a similar dynamic, but the arguments and international consensus are somewhat less developed. With Brazilian leadership obtaining G20 support to explore ideas for international coordination, there is the potential to build on the new UN model law for national wealth taxes and establish common principles. As a backstop when national wealth taxes are widely in place, Zucman's (2024) proposal would provide for a global minimum tax for the most wealthy. This raises equivalent possibilities to unitary taxation of a design that could ensure fair taxing rights, and developing such a measure could fall within the convention or be proposed as early work for the new convention body.

Early protocols

Finally, the organisational session held in February 2025 has confirmed the two early protocols of the convention which will be developed simultaneously with the main text. The first will address the 'taxation of



income derived from the provision of cross-border services in an increasingly digitalized and globalized economy'; and the second, 'the prevention and resolution of tax disputes'. Each will require detailed preparation and negotiation, with the first offering the possibility of swift progress on an important area of tax losses; the second, the potential for a fair basis for international tax dispute settlement that is currently lacking.

IV. The Trump moment of clarity

In one view, the US elections of November 2024 won't matter much for international tax. A Kamala Harris presidency, like a Donald Trump presidency would likely have pursued a unilateral path on corporate tax, with a Republican-dominated Senate continuing to threaten the EU and others for their temerity in introducing elements of the OECD two-pillar proposals which the US itself did much to develop. Nor would either presidency have been likely to play a constructive role in the negotiation of the UN framework tax convention.

But President Trump's victory has three significant effects in this sphere. First, it has exacerbated damaging norms and framings around tax, with international spillovers. Second, his and leading Republicans' existing positions entail substantial uncertainty and instability in a range of areas, including the already fragile OECD two-pillar proposals. Third, and above all, the degree of the new administration's aggression against any attempts to tax more fairly, have redrawn the lines in international tax and now provide absolute clarity over the decision to be taken by other policymakers.

The attraction of globally inclusive negotiations over a UN tax convention has now been positively enhanced, offering progress and also a degree of collective protection from US 'counter-measures'.

Threats and uncertainty

Realistically, Trump's win is by far the more negative outcome for international tax. Harris intended to continue pushing back against the race to the bottom, and that would have set a much more positive frame, including for other countries to pursue their own progressive reforms. Trump's personal and rhetorical opposition to tax, as well as his plans to plunge the US back into a race to the bottom on corporate tax, set a quite different frame. Racing down to a rate of 15% confirms the fears of many that the OECD's minimum tax proposal ('pillar 2') had been so badly weakened and opened up to gaming, that the 15% rate is at risk of becoming a ceiling rather than a floor. Trump's win will give much greater momentum to that impulse.

In addition, Trump's desire to impose tariffs – including on multiple countries with US trade agreements – will taint all multilateral discussions throughout the administration. Actual and threatened trade wars are becoming a constant soundtrack to any negotiations on economic or other cooperation, including tax.

US Republicans are now empowered to deliver on specific tax-related threats. By late March, Trump tariffs may well be directed against two types of countries: those like Canada that wish to use alternative measures, such as digital services taxes (DSTs), to make up for the failures of the OECD's 'two pillar' proposals; and those like the European Union that wish to implement the two pillars in full (White House, 2025).

House Republicans had earlier targeted both groups (Ways and Means Committee, 2024a, 2024b).

The common element? Both Canada and the EU intend to raise the heavily gamed effective tax rate on at least some multinationals, including at least some that are headquartered in the US. It is this aspiration, coupled with the political power of these multinationals – under any US administration, and under this one in particular – that has triggered the threats.

As such, the immediate impact of the Trump presidency is to exacerbate the ongoing uncertainty and complexity that has bedevilled international tax for more than a decade.

The OECD’s two pillars had already lost much of the original ambition and were falling far short of widespread adoption. But the added precarity of existing and pending legislation around the world, and their interactions with each other and with the uncertain US plans for its own tax laws, means that international businesses face a trickier tax horizon than for many years.

It is one of the ironies of the current situation that one of the direct causes is the lobbying of major multinationals – which is so often couched as a demand for greater certainty, rather than continuing scope to engineer lower effective tax rates. That lobbying not only contributed to the greater complexity of the OECD proposals, but also to the opposition of the Republican party in the United States – leaving the world, and multinationals, in the current uncertainty.

Indeed, the original opposition of US multinationals facing the possibility of a growing range of unilateral digital sales taxes was the driving factor behind ‘BEPS 2.0’ – and the world is now again at the threshold of an explosion of these and other unilateral measures, due to the failure of the OECD proposals.

A further irony is that the Trump administration’s approach may turn out to be equally self-defeating. The carefree approach to imposing tariffs and ‘countermeasures’ – including in respect of countries’ attempts to combat corporate tax abuse – could produce precisely the kind of coordinated international action that would re-establish the effectiveness of corporate taxation on multinationals, including those headquartered in the US.

Other member countries are accustomed to the unbalanced power relations of the OECD, where the US has long exerted an unofficial veto. Instead of the scheduled two-year process from 2019-2020, the EU and others had to accept the original requirements of the first Trump administration and then accept these being overthrown by the incoming Biden administration in 2021, only in 2025 to find themselves threatened by the second Trump administration for having legislated the proposals that it had a clear hand in developing.

The difference now is that the second Trump administration has indicated it will not settle for just a retreat by countries on the Biden

administration’s proposals, and a return to the state-of-play seen under the first Trump administration.

The second Trump administration appears to have a greater ambition: to plant a flag in the treasury of every country, so that no country will dream again of asking US multinational corporations to pay their fair share of tax.

The Trump administration’s intention to challenge, and threaten with serious economic repercussions, the right of all countries to decide their own tax policies on economic activity taking place within their borders – at least when that economic activity is conducted by US companies – is in effect nothing less than a demand on countries to cede their tax sovereignty to the US.

And while such surrenders in the past may have been more easily stomached as calculated concession that can be easily kept quiet behind the OECD’s closed doors, Trump’s exploding of the OECD process and the heightened media visibility of his actions and words, means each country’s response to the US demand for tax subjugation will have to be made, unavoidably, in full view of their public.

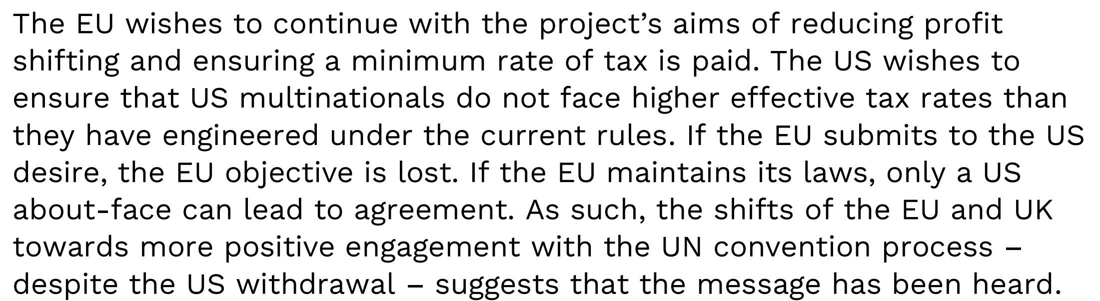
As such, the incoming Trump presidency is a clear signal to the countries of the world of the choice they face. The continuation of the current, deeply flawed system will see further growth of cross-border tax abuse and the race to the bottom, undermining the scope for progressive national taxation in each country. At the same time, efforts to strengthen national responses will face a significant threat of countermeasures from the US if their intention or result is to increase the effective tax rates of US multinationals.

The resulting uncertainty, combined with the knowledge that the US will not be a partner for progressive discussions on international reforms, underlines the importance of countries moving forward together at the UN, to develop jointly owned proposals and a governance structure that can facilitate collective progress and also withstand future threats from non-participants.

The parallel of the cluster munitions convention is informative (CCM, 2025). This instrument to limit the use of munitions that have disproportionate civilian cost was successfully negotiated without the US, through a series of conferences held around the world. The expectation should be that broadly global norm-setting of this type will also shift the policy stance of the US over time.

Persisting with OECD approaches, with US dominance of decision-making being followed by US rejection of the outcome, does not appear a viable path forward.

The EU plans to meet US policymakers to request their re-engagement with the OECD process. But it is unclear what could be offered, even if the EU intends to take a submissive role in the face of US threats. In theory the parties could agree to reopen the ‘GloBE’, despite EU legislation being in place and the climbdown that would entail. But even in this scenario, it is unclear what could be agreed.



The EU wishes to continue with the project's aims of reducing profit shifting and ensuring a minimum rate of tax is paid. The US wishes to ensure that US multinationals do not face higher effective tax rates than they have engineered under the current rules. If the EU submits to the US desire, the EU objective is lost. If the EU maintains its laws, only a US about-face can lead to agreement. As such, the shifts of the EU and UK towards more positive engagement with the UN convention process – despite the US withdrawal – suggests that the message has been heard.

Indeed, there was a comedic element to the scene in the second meeting of the first organisational session on 3 February 2025, when the US delegate announced their withdrawal, and called for others to join it. The following two countries to take the floor, the UK and Canada, were both members of the minority of eight that had voted against the terms of reference being adopted at the General Assembly – but neither so much as referred to the US statement, instead focusing their interventions on the modalities of civil society involvement in the negotiations. The US delegate quietly withdrew.

The following week, Spanish Prime Minister Pedro Sanchez pinned his country's colours to the mast. With an emphatic call for tax justice, Sanchez told a high-level meeting at the Vatican of the central importance of the UN tax convention to deliver on that aim (Tax Justice Network, 2025).

Corporate stance

A key element for some countries may be the position of international business. Some corporate lobbyists (and CEOs) can evidently see the attraction of a US presidency that is happy to entertain their most outlandish demands. Certainly, the broader future for responsible regulation in the US looks bleak. But most serious companies and corporate decision-makers would rather pay their taxes with certainty and be free to operate in stable international markets. A Harris presidency would have come with no guarantee of certainty or stability, but a Trump presidency is a cast-iron guarantee of uncertainty and instability, in international tax as in many other things.

As such, there may now be greater scope for international business to align itself with tax reforms that could deliver a globally owned, broadly stable and effective set of tax rules. Compared to the potential for chaotic uncertainty, with the contested and only partial implementation of the OECD's two pillars, and an aggressively interventionist US administration committed to trade wars on multiple fronts, the UN convention negotiations offer an increasingly attractive forum for multilateral progress.

That in turn may encourage governments from Japan to the UK into more positive engagement in the convention negotiations. Businesses that operate in the US will be understandably timid about raising their voice publicly to this effect, but may do so privately with more trusted, less extreme governments.

V. Conclusion: A stark choice

It may turn out to be a blessing that this second, and wilder Trump administration has coincided with the best opportunity for a century to rewrite international tax rules and their global governance. Policymakers across the OECD have the chance now to stand for multilateral cooperation and simultaneously to defend their own tax sovereignty and revenues – those of their own people.

Joining the collective negotiation of an effective and inclusive means of international tax cooperation is the smartest move politically, and the strongest move economically in the tax and trade wars that the Trump administration seems intent on starting. The outline of an ambitious framework convention for international tax cooperation is set out in section III and offers a path for the negotiations that will run to 2027.

The choice between subjugation to the US, or the pursuit of cooperation at the UN, could not be clearer.

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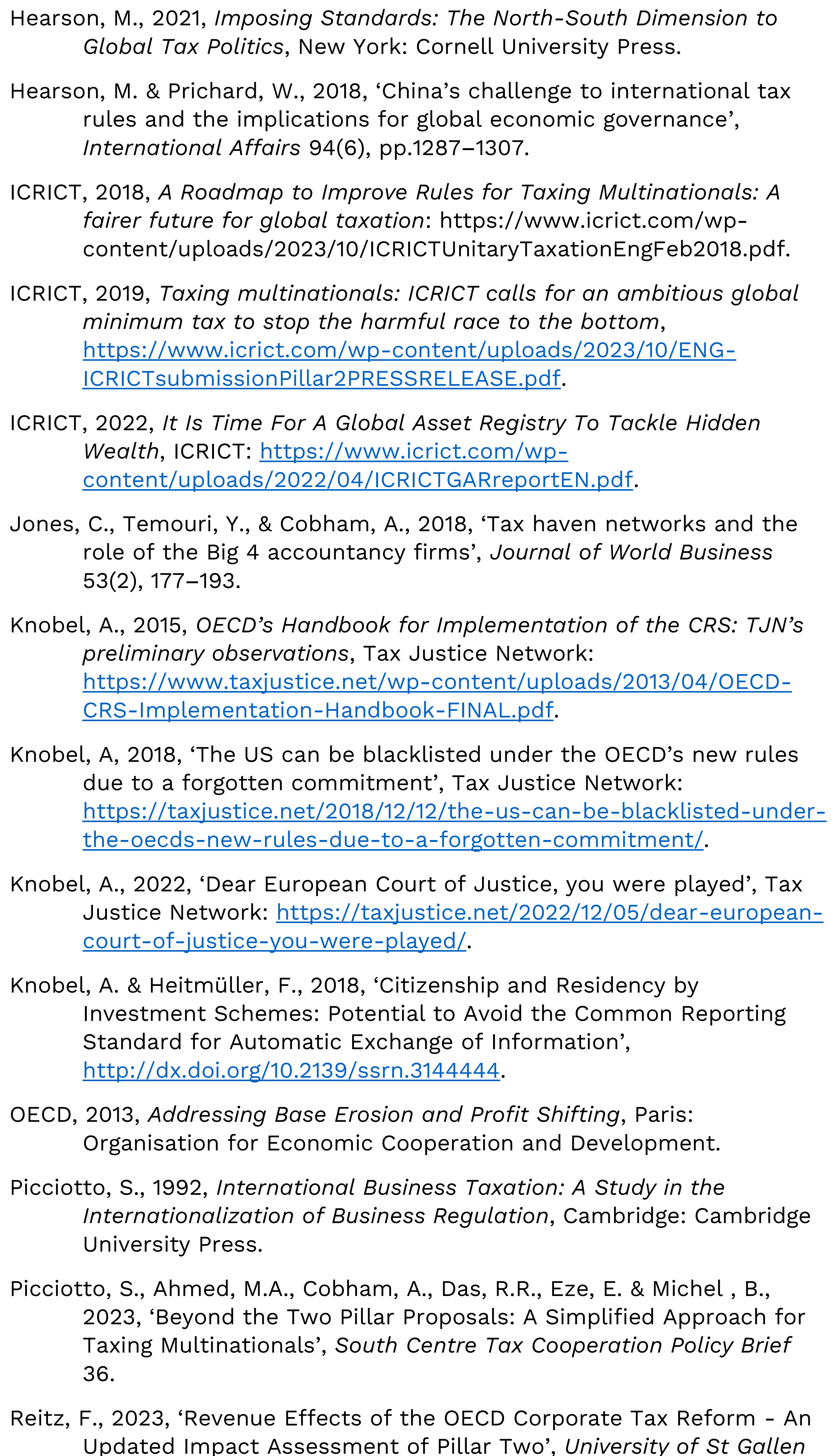
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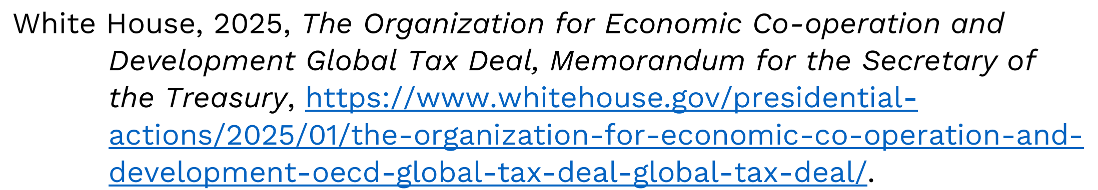
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