US pulls out of UN tax negotiations, GOP taxwriters declare continued support for Trump's international actions

Several tax developments on the international front made news this week, including the United States' withdrawal from negotiations over a United Nation's led effort to craft a new international tax agreement, and the GOP House taxwriters declaration in support of President Trump's actions regarding the OECD and other international matters.

US and UN part ways

The acting representative to the UN Economic and Social Council, Jonathan Schrier, announced on February 3 the United States' withdrawal from negotiations at the UN's Framework Convention on International Tax Cooperation – a member-led process that is expected to last until 2027, with the goal of developing a Framework Convention that leads to fully inclusive and more effective international tax cooperation. Schrier declared that the Framework Convention is "inconsistent with US priorities and represents unwelcome overreach."
URL: https://usun.usmission.gov/statement-at-the-session-for-the-intergovernmental-negotiating-committee-on-the-un-framework-convention-on-international-tax-cooperation/

He further indicated that "the process that has been adopted will lead to an agreement that would unacceptably hamper nations' ability to enact tax policies that serve the interests of their citizens, businesses, and workers."

Schrier also asserted "that the United States intends to reject the outcomes of this Framework Convention process and oppose them…and welcomes others to join [the United States] in opposition."

It is worth noting that Schrier's announcement came just a few weeks after President Trump cancelled the US involvement in the OECD's Inclusive Framework agreement for international tax reform (Pillar One and Two) which Trump announced in a memorandum and which came on the heels of a separate memorandum that the president issued the same day which instructed the Treasury Secretary to investigate whether any foreign country subjects US citizens or corporations to discriminatory or extraterritorial taxes under section 891 of the Internal Revenue Code. (For prior coverage, see *Tax News & Views*, Vol. 26, No. 3, Jan. 21, 2025.)
URL: https://www.whitehouse.gov/presidential-actions/2025/01/the-organization-for-economic-co-operation-and-development-oecd-global-tax-deal-global-tax-deal/
URL: https://www.whitehouse.gov/presidential-actions/2025/01/america-first-trade-policy/
URL: https://dhub.deloitte.com/Newsletters/Tax/2025/TNV/250121_1.html

Trump gets continued support from GOP taxwriters

In a February 3 letter, 18 GOP House taxwriters praised President Trump's day-one executive actions, particularly those concerning the OECD and what they consider to be "discriminatory taxes aimed at US businesses."

The taxwriters maintained that they “strongly reject the proliferation of extraterritorial taxes…and “applauded the authorization of the use of section 891 in response to the UTPR [undertaxed profits rule] and other extraterritorial and discriminatory taxes.” The UTPR allows a country to levy top-up taxes if a company isn’t taxed at the Pillar Two global minimum tax rate of 15 percent in a country in which it operates. Congressional Republicans have argued that the Biden administration overstepped its authority in negotiating and signing on to the OECD two-pillar approach and have especially opposed the UTPR being applied to US businesses. The US had not taken any action to come into compliance with either Pillar One or Pillar Two of the OECD framework, a two-part international agreement signed on to by the Biden administration in 2021 with 140 other countries.

As members of the taxwriting committee, they noted their readiness to provide help to the administration in protecting American interests abroad, starting with H.R. 591 – the Defending American Jobs and Investment Act – which House Ways and Means Committee Chairman Jason Smith (R-Mo.) and all 25 Republican committee members reintroduced on January 21 to reinforce President Trump’s cancellation of US involvement in the OECD Inclusive Framework agreement for international tax reform (Pillar One and Two). (For prior coverage, see *Tax News & Views*, Vol. 26, No. 4, Jan. 24, 2025.)
URL: https://www.congress.gov/bill/119th-congress/house-bill/591/text
URL: https://dhub.deloitte.com/Newsletters/Tax/2025/TNV/250124_1.html

It is worth noting that Smith and all Republican committee members in the 118th Congress introduced a prior version of the bill in May 2023, H.R. 3665, and while it did not receive a vote either in committee or on the floor of the House, it was intended to declare the Republicans’ aversion to participation in the OECD’s International Framework, and particularly its Pillar Two measure. Republicans also use it (and newly unveiled H.R. 591) to send a warning to foreign governments that planned to use provisions like the UTPR to tax American businesses.
URL: https://www.congress.gov/bill/118th-congress/house-bill/3665/text

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