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G7 tax dodging deal 'sets bar so low companies can just step over it'

Minimum global corporation tax of 15 per cent does little to fix race to bottom, critics warn

Emily Goddard | @emilysgoddard | 1 hour ago | [comments](#)



Rishi Sunak announces 'historic' deal to force tech giants to pay more tax

A “historic” agreement by **G7** leaders that aims to force internet giants to pay more **tax** sets the bar far too low, campaigners have warned.



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But critics said the deal was neither historic nor fair, and will do little to fix the race to the bottom, which results in global revenue losses of at least \$240bn (£169bn) each year.

Oxfam said the 15 per cent rate would benefit rich countries and increase inequality in the post-pandemic world.

Gabriela Bucher, the executive director of Oxfam International, said: “It’s absurd for the G7 to claim it is ‘overhauling’ a broken global tax system by setting up a global minimum corporate tax rate that is similar to the soft rates charged by tax havens like Ireland, Switzerland and Singapore. They are setting the bar so low that companies can just step over it.”

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G7 leaders strike ‘historic agreement’ to force internet giants to pay more tax, Rishi Sunak announces



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The IPPR think tank said the deal could raise £7.9bn for the UK, but the 15 per cent rate foregoes almost half the potential tax revenue of the 25 per cent initially proposed by the US president, Joe Biden. That rate could have raised £14.7bn for the UK – enough to fund the rebuilding of the **NHS** and care system, it said.

“With the UK corporation tax rate set to rise in 2023, the UK government should be demonstrating leadership and aiming for a global minimum rate of 21 per cent or higher with the ultimate goal of around 25 per cent,” George Dibb, head of the IPPR Centre for Economic Justice, said.

George Turner, the director of investigative think tank TaxWatch, said the agreement appears to be a “great deal” for the United States, but he struggled to



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Labour also criticised the 15 per cent figure, accusing the government of “actively watering down” hopes for a more ambitious pact.

“That would have brought £131m extra a week to Britain for our NHS and other public services, while also stopping our high streets being aggressively undercut,” Rachel Reeves, the shadow chancellor, said.

Writing for *The Independent*, shadow foreign secretary Lisa Nandy said: “The government’s lack of ambition means the agreement reached, well short of the original figure proposed by President Biden, will see the UK miss out on an additional £131m extra a week.”

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The Independent Commission for the Reform of International Corporate Taxation (Icric) has called for a global minimum corporate tax rate of 25 per cent.

“A global minimum tax rate of 15 per cent is far too low to end the damaging race to the bottom on corporate tax and properly clamp down on tax havens,” Jose Antonio Ocampo, a professor at Columbia University and chair of the Icric, said.

“Once a global floor is agreed, G7 and G20 countries must beyond this global minimum and unilaterally commit to introducing a much higher minimum at 21 per cent or above.”

Prof Ocampo also said it was “imperative” that additional revenue generated by a global minimum tax is shared equitably between the home countries of multinational companies, such as the United States, and developing countries.

The deal agreed at the meeting of the G7 finance ministers would mean multinationals will be forced to pay a corporation tax rate of at least 15 per cent, and 20 per cent of the profits of around 100 of the biggest firms – potentially including Google, Facebook, **Amazon** and Microsoft – will be reallocated to the



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