**Tech giants and tax havens targeted by historic G7 deal**

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The United States, Britain and other large, rich nations reached a landmark deal on Saturday to squeeze more money out of multinational companies such as Amazon and Google and reduce their incentive to shift profits to low-tax offshore havens.

Hundreds of billions of dollars could flow into the coffers of governments left cash-strapped by the COVID-19 pandemic after the Group of Seven (G7) advanced economies agreed to back a minimum global corporate tax rate of at least 15%.

Facebook [(FB.O)](https://www.reuters.com/companies/FB.O) said it expected it would have to pay more tax, in more countries, as a result of the deal, which comes after eight years of talks that gained fresh impetus in recent months after proposals from U.S. President Joe Biden's new administration.

"G7 finance ministers have reached a historic agreement to reform the global tax system to make it fit for the global digital age," British finance minister Rishi Sunak said after chairing a two-day meeting in London.

The meeting, hosted at an ornate 19th-century mansion near Buckingham Palace in central London, was the first time finance ministers have met face-to-face since the start of the pandemic.

U.S. Treasury Secretary Janet Yellen said the "significant, unprecedented commitment" would end what she called a race to the bottom on global taxation.

German finance minister Olaf Scholz said the deal was "bad news for tax havens around the world".

Yellen also saw the G7 meeting as marking a return to multilateralism under Biden and a contrast to the approach of U.S. President Donald Trump, who alienated many U.S. allies.

"What I've seen during my time at this G7 is deep collaboration and a desire to coordinate and address a much broader range of global problems," she said.

Ministers also agreed to move towards [making companies declare their environmental impact](https://www.reuters.com/business/environment/g7-backs-making-climate-risk-disclosure-mandatory-2021-06-05/) in a more standard way so investors can decided more easily whether to fund them, a key goal for Britain.

Current global tax rules date back to the 1920s and struggle with multinational tech giants that sell services remotely and attribute much of their profits to intellectual property held in low-tax jurisdictions.

Nick Clegg, Facebook's vice-president for global affairs and a former British deputy prime minister, said: "We want the international tax reform process to succeed and recognise this could mean Facebook paying more tax, and in different places."

But Italy, which will seek wider international backing for the plans at a meeting of the G20 in Venice next month, said the proposals were not just aimed at U.S. firms.

Yellen said European countries would scrap existing digital services taxes which the United States says discriminate against U.S. businesses as the new global rules go into effect.

"There is broad agreement that these two things go hand in hand," she said.

Key details remain to be negotiated over the coming months. Saturday's agreement says only "the largest and most profitable multinational enterprises" would be affected.

European countries had been concerned that this could exclude Amazon [(AMZN.O)](https://www.reuters.com/companies/AMZN.O) - which has lower profit margins than most tech companies - but Yellen said she expected it would be included.

How tax revenues will be split is not finalised either, and any deal will also need to pass the U.S. Congress.

French Finance Minister Bruno Le Maire said he would push for a higher minimum tax, calling 15% "a starting point".

Some campaign groups also condemned what they saw as a lack of ambition. "They are setting the bar so low that companies can just step over it," Oxfam's head of inequality policy, Max Lawson, said.

But Irish finance minister Paschal Donohoe, whose country is potentially affected because of its 12.5% tax rate, said any global deal also [needed to take account of smaller nations](https://www.reuters.com/business/ireland-confident-g7-tax-deal-wont-dent-multinational-investment-2021-06-05/).

The G7 includes the United States, Japan, Germany, Britain, France, Italy and Canada.