March 27, 2020

The Honorable Steven Mnuchin
United States Secretary of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, DC 20220

RE: OECD/G20 tax policy work during the pandemic

Dear Secretary Mnuchin,

On March 17, 2020, the OECD Centre for Tax Policy and Administration issued a press release stating that, although the OECD's offices in Paris are closed due to the COVID-19 pandemic, the OECD Secretariat is working "full steam" on the program of work to address the tax challenges of digitalization (commonly referred to as Pillars 1 and 2) via teleworking. According to the statement, "All participants continue working towards reaching a political decision on key components of a multilateral consensus-based solution at the G20/OECD Inclusive Framework on BEPS plenary meeting scheduled for 1-2 July 2020 in Berlin, Germany."

As you know, the program of work involves both the expansion of taxing rights of market jurisdictions regarding nonresident multinational enterprises (Pillar 1) and a global minimum tax regime for MNEs (Pillar 2). Given the complexity of that work, it requires significant resources from the OECD and governments, as well business input. OECD economists have estimated that these new tax policies would increase the tax liability of MNEs globally by as much as $100 billion per year.

The National Foreign Trade Council believes that, in this time of crisis, when policymakers around the world are overwhelmed by the need to introduce economic stimulus measures, the OECD Inclusive Framework's efforts would be better directed at this time toward developing policy responses to the crisis as well as to pro-growth tax policies for when the crisis is over to help deal with the economic consequences that benefit trade, investment, jobs retention and growth. The top priority of the OECD work should provide policy recommendations for beneficial and sustainable economic growth. Avoiding uncoordinated unilateral tax measures while devising new tax rules are worthwhile goals to pursue, and should not be abandoned, but timelines for finalizing the new rules should be realistic and a new timetable should be established given the current circumstances.

The G20 finance ministers should request the OECD to use its international tax policy expertise to advise on possible coordinated pro-growth measures that could help mitigate the economic damage of the coronavirus pandemic, rather than pushing full-steam ahead on complex and politically difficult proposals that are not conducive to growth. At the same time, they should also agree that they will not pursue unilateral actions in order to allow the time for the OECD to complete its work. Those proposals can be negotiated at an appropriate time in the future. Expending precious resources on them now does not make sense.

Yours very truly,

Catherine G. Schultz

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