WHY THE UNITED STATES SHOULD SUPPORT INTERNATIONAL TAX COOPERATION:

THE CASE FOR A U.N. FRAMEWORK CONVENTION ON TAX

The existing global tax system deprives countries, including the United States, of vital revenue that could be used to deliver on urgent priorities and lower inequality. **The world loses an estimated $286 billion annually through corporate tax abuse, with the U.S. alone losing around $96 billion, or about one-third of this total.** Although the U.S. stands to benefit from global tax reforms, the Trump administration has undermined international efforts. Countries are currently negotiating a new Framework Convention on International Tax Cooperation, which is an opportunity to address tax abuse and create a fairer tax system. Support for these negotiations will help ensure the interests of the ultra-wealthy are not put before those of ordinary people.

THE GLOBAL TAX SYSTEM CONTRIBUTES TO INEQUALITY

Inequality is high and the extreme concentration of wealth is increasing at an alarming rate. In 2025, the combined wealth of the world's billionaires grew by $2.5 trillion, nearly equivalent to the total wealth held by the bottom half of humanity.

Extreme inequality is inseparable from tax policy. According to the Tax Justice Network, there is an estimated $13.6 trillion in undeclared offshore wealth. **In 2021, tax abuse related to this offshore wealth alone cost governments an estimated $145 billion.**

The failure to adequately tax corporations has contributed to the sharp rise in billionaire wealth, as the ultra-rich own a vastly disproportionate share of corporate equity. The world loses an estimated $286 billion annually due to corporate tax abuse, where multinationals report their profits in low-tax jurisdictions, rather than where those profits are generated.

Global cooperation is needed to effectively tax corporations and super-rich individuals. Curbing the race to the bottom in tax rates, enabling transparency and cross-border information exchange, and allocating taxing rights more fairly all require countries to work together toward a more inclusive international tax framework.

THWARTING EFFORTS TO MAKE THE GLOBAL TAX SYSTEM FAIRER ONLY HELPS BILLIONAIRES

Undermining global tax cooperation enables rampant tax abuse, helping the wealthiest individuals and most powerful corporations, not ordinary people. Unfortunately, the U.S. has, for decades, failed to adequately support inclusive efforts to reform the global tax system. The Trump administration has been especially aggressive in its efforts to undermine international tax cooperation, consistent with the administration's domestic tax agenda, which has amounted to the largest transfer of wealth upwards in decades.

The U.S. has refused to participate in the OECD's automated exchange of financial account information, allowing ultra-rich tax abusers to hide undeclared wealth in the U.S. **As of 2021, an estimated $2.8 trillion in hidden wealth was stashed in the U.S., making it the world's most used financial secrecy jurisdiction.**

The U.S. has also effectively turned itself into a corporate tax haven by lowering the corporate tax rate from 35% to 21% in 2017. Moreover, the U.S. has worked to derail efforts to impose a global minimum tax on mega-corporations, pressuring countries that aim to crack down on tax abuse by U.S. companies. By threatening tariffs and a so-called "revenge tax," the Trump administration secured an agreement exempting U.S. multinationals from an internationally negotiated corporate minimum tax.

The result perpetuates the race to the bottom, depriving the U.S. of revenue while failing to generate job growth. **Despite a 69% increase in profits from 2016 to 2024, U.S. corporate tax receipts from U.S. multinationals fell by 14%.**

A GIVEAWAY TO BIG TECH OLIGARCHS

Large tech companies have especially benefited from the U.S. actions aimed at undermining global tax cooperation. Domestically, major tax breaks passed in 2017 — and renewed by the One Big Beautiful Bill Act in 2025 — enabled large tech firms to avoid billions in taxes. **The average U.S. effective tax rate paid by tech giants decreased from 40.7% in 2016 to 11.7% in 2024.**

Now the Trump administration is using the full force of U.S. economic power to seek to protect tech giants from being taxed *anywhere.* The administration has, in particular, pressured countries to cease efforts to impose digital service taxes (DSTs), which tax the revenue tech companies generate within a jurisdiction. DSTs are a promising source of funding, especially for low-income countries, and using trade policy to bully countries into dropping them does nothing for ordinary people in the U.S. It merely enriches tech billionaires while reducing revenue that could be used to lift people out of poverty around the world.

COUNTRIES ARE COMING TOGETHER TO FIGHT FOR A FAIRER TAX SYSTEM

But the world is not caving to U.S. pressure, and most countries remain committed to creating a global tax system that effectively taxes corporations and the ultra-rich. In 2024, the U.N. General Assembly adopted terms of reference for a U.N. Framework Convention on International Tax Cooperation (UNTC), providing the objectives, principles, and commitments of a future tax treaty. With 125 countries voting in favor and only nine voting against, the UNTC represents a clear commitment among countries to make the international tax system fairer.

The commitment to negotiate the UNTC resulted from years of advocacy led by Global South governments and civil society organizations. The current global tax system especially disadvantages low-income countries, leaving them less able to invest in development and poverty reduction. **Between 2015 and 2024, global billionaire wealth grew by around $5 trillion, while the number of people facing moderate or severe food insecurity increased by 43%.**

WHAT THE UNTC COULD DO FOR TAX FAIRNESS

Adopting the terms of reference was the first major step in a long process, committing the international community to work toward a UNTC that furthers, among other things:

- Inclusive and effective international tax cooperation.
- Alignment with international human rights law.
- Administrative assistance in tax matters, transparency, and exchange of information.
- Fair allocation of taxing rights, including equitable taxation of multinational enterprises.
- Addressing tax evasion and avoidance by high-net-worth individuals.
- Addressing illicit financial flows, tax avoidance, tax evasion, and harmful tax practices.

As a framework convention, the UNTC will set out various legally binding commitments but also create a process for more detailed rules to be adopted in "protocols."

The first two protocols will be negotiated alongside the framework convention itself. The first concerns the effective taxation of cross-border services, including digital services — critical for addressing tax avoidance by large tech companies — and the second concerns the prevention and resolution of international tax disputes. The terms of reference also set out potential subjects for future protocols, including the taxation of high-net-worth individuals, harmful tax practices, tax cooperation on environmental challenges, and information exchange.

THE UNTC CAN SUPPORT U.S. EFFORTS TO MAKE THE TAX CODE FAIRER

International cooperation is vital to strengthening federal, state, and local efforts to effectively tax corporations and the ultra-rich. Taxes on corporations and the ultra-rich have fallen around the world. **Globally, billionaires only pay between 0% and 0.5% of their wealth in taxes.** Combatting the mechanisms corporations and the ultra-rich use to avoid taxes in the U.S. requires global cooperation. Efforts at the federal, state, and local levels to tax extreme wealth and make corporations pay their fair share would be bolstered by a UNTC that commits the international community to making a more effective tax system.

NEXT STEPS

UNTC negotiation sessions began in August 2025 and will conclude in 2027. The UN General Assembly is scheduled to consider the negotiated UNTC and the first two protocols in September 2027, which will ultimately be open to ratification by countries.

WHAT THE U.S. SHOULD DO TO ADVANCE GLOBAL TAX JUSTICE

The U.S. has refused to support the UNTC and was one of only nine countries to vote against the terms of reference. The Trump administration is continuing to thwart efforts to tax corporations and the ultra-rich, withdrawing entirely from the UNTC process and continuing to threaten countries that enact measures to combat tax avoidance.

U.S. lawmakers can support international tax cooperation in the near term by reasserting Congressional authority over tax and tariffs and preventing the executive branch from threatening countries working to combat tax avoidance. Lawmakers can also support efforts to more fairly tax corporations and the ultra-rich, bringing the U.S. into effective compliance with global norms.

One example is the *No Tax Breaks for Outsourcing Act*, which brings the U.S. into compliance with existing global tax agreements by ensuring U.S. companies pay the same tax rate on their domestic and foreign profits.

Ultimately, the U.S. should support a global tax framework that equitably allocates taxing rights among countries, imposes a meaningful minimum tax on corporations, and enables effective taxation of the ultra-rich. The UNTC is the most promising, globally inclusive opportunity for achieving a fairer tax system that prioritizes ordinary people, not billionaires and large corporations.

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FIGHTING INEQUALITY TO BUILD A BETTER WORLD
Oxfam believes that poverty is a policy choice, and that the ultra-wealthy and giant corporations have hijacked our systems to benefit a select few. We are working to redress the balance of power, putting it back in the hands of working families in the U.S. and around the world.