

New minimum 15% global corporate tax rate goes into effect



Corporate Tax

['kɔr-p(ə)rət 'taks]

**A tax on the profits
of a corporation.**

New York, January 4 (RHC)-- Many major multinational companies must for the first time ever pay a global minimum tax of at least 15% on corporate profits. The landmark tax reforms went into effect Monday, nearly three years after 140 countries agreed to a new system, which is expected to increase tax revenue by \$220 billion per year.

The U.S. is not currently participating in the reform despite backing the 2021 agreement. Countries that have implemented the 15% tax since January 1 include the EU, the U.K., Australia, South Korea, Japan and Canada, as well as nations known as tax havens, like Ireland, Luxembourg, the Netherlands, Switzerland and Barbados.

The Center for International Corporate Tax Accountability and Research said the new global minimum tax would “reduce incentives from companies to use tax havens and incentives for countries to be tax havens ... put[ting] a serious brake on what was a race to the bottom.”

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