

# US International Corporate Taxation after the Tax Cuts and Jobs Act

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*The Tax Cuts and Jobs Act of 2017:  
Lessons Learned and the Debate Ahead*

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# Why care about international corporate taxation?

More fundamentally, do we want to tax capital income? Rents?

National Income = Labor Income + “Normal” Capital Income +  
“Above Normal” Capital Income

If so, how?

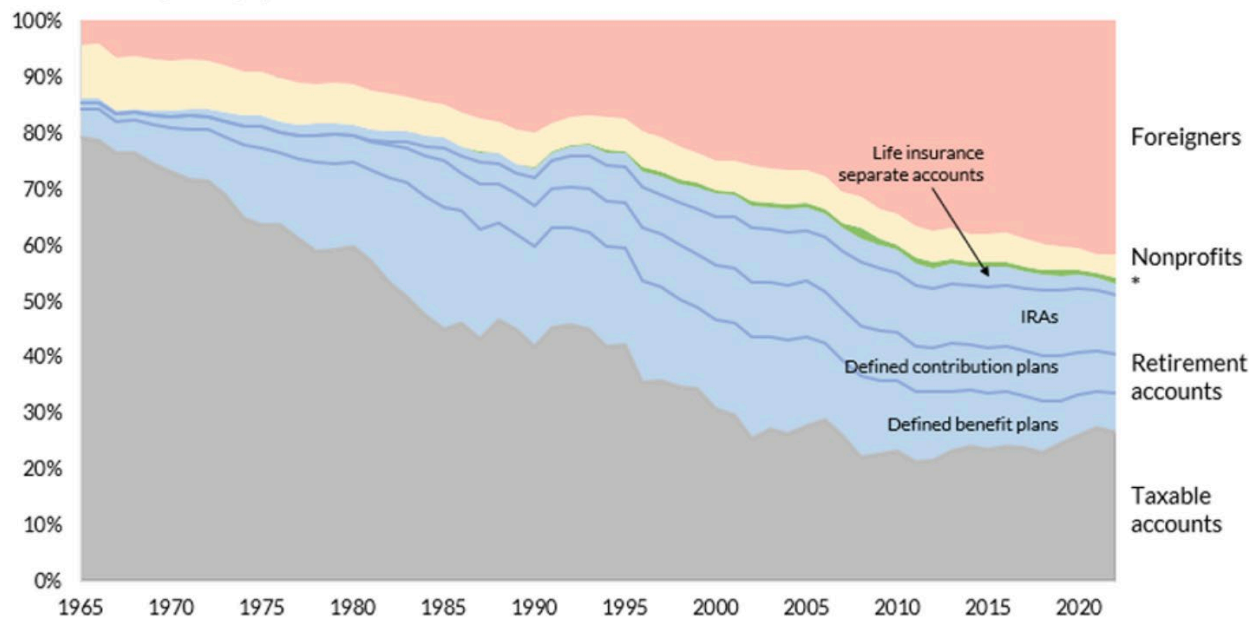
# Not simple to do capital taxation on individuals instead!

FIGURE 1

## Ownership of U.S. Corporate Stock, 1965-2022

Direct and indirect holdings

Percent of U.S. Corporate Equity



Source: Board of Governors of the Federal Reserve System, "Financial Accounts of the United States," Tax Policy Center Calculations

\* Federal, state and local government holdings, including equity in 529 college savings plans



# The Line TCJA Walked

Lower Corporate Rate / Base Changes

net (-650b)

## Big International Pieces

No Tax Upon Repatriation

GILTI

FDII

BEAT

(-225b)

+ 110b

- (65b)

+ 150b

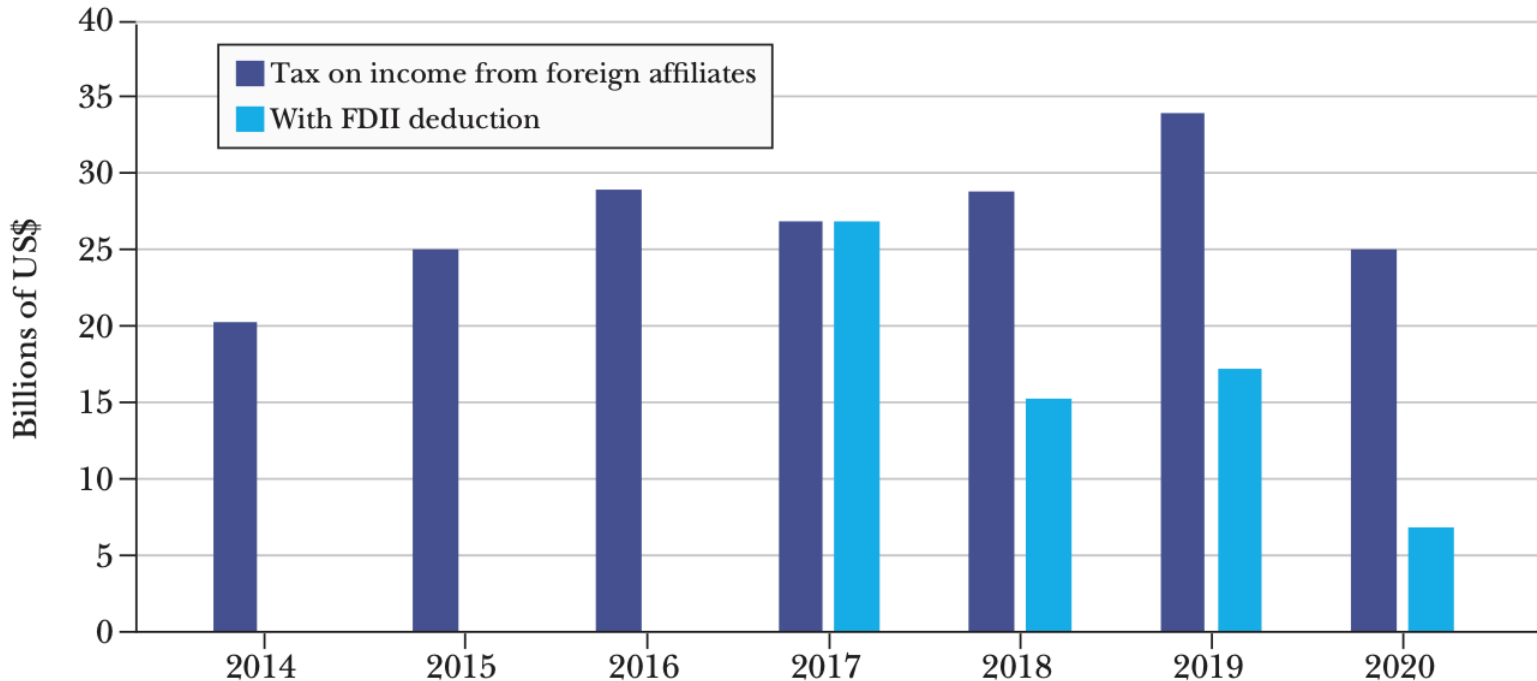
} = ~ 0

Deemed Repatriation

+338b

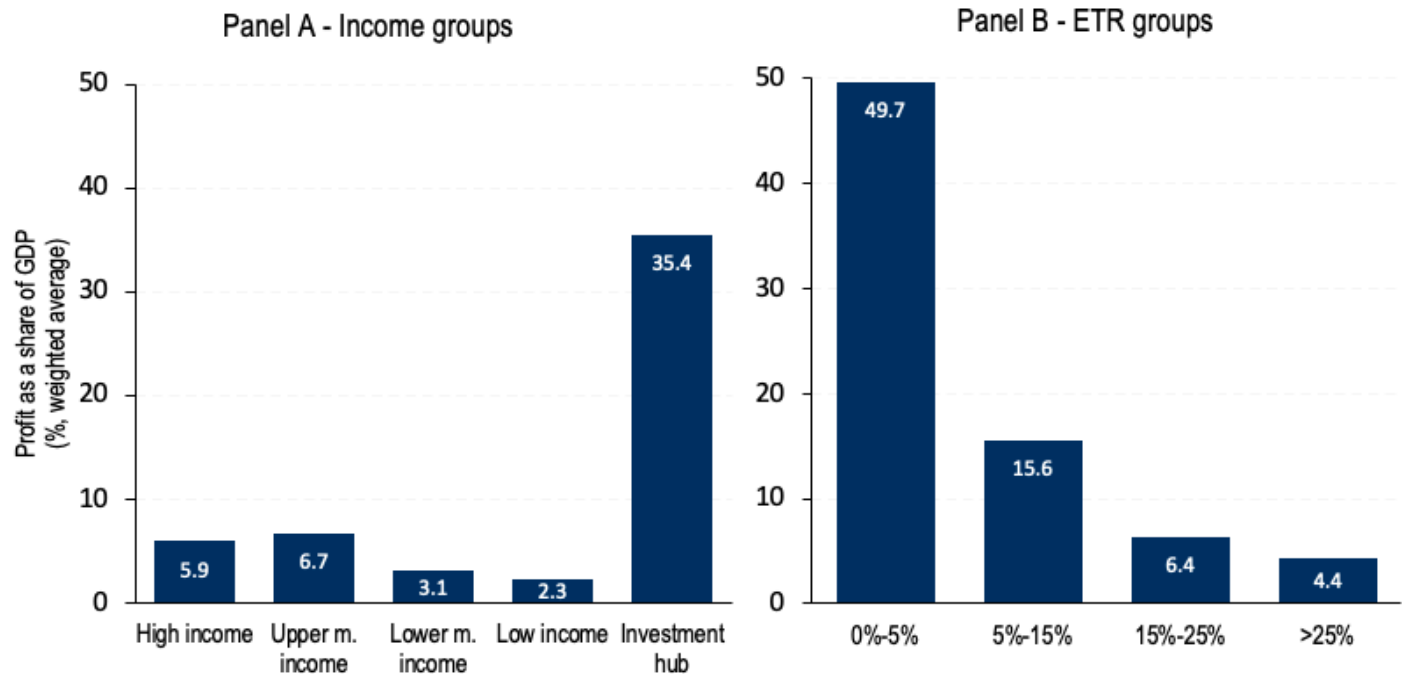
# What Happened? Revenue

## Penn-Wharton Budget Model Analysis of Revenues from Provisions of the Tax Cuts and Jobs Act



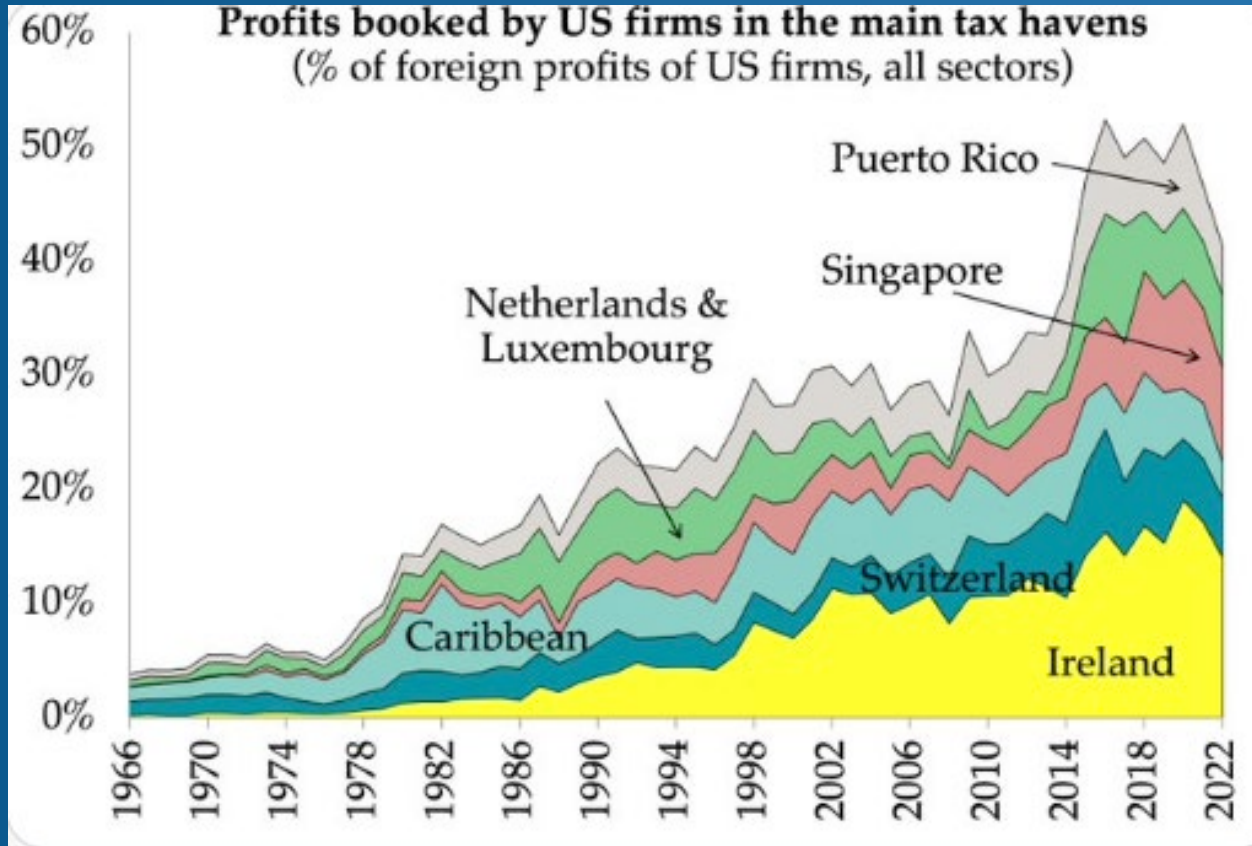
# What Happened? Profit Shifting

**Figure 1: Profits of Large Multinational Firms Relative to GDP, by Country Groups**



Source: OECD analysis in Hugger et al. (2024). Recreated with permission. See Annex E of OECD (2024) for descriptions of the income and “effective tax rate” (ETR) groups.

# What Happened? Profit Shifting



# What Else Happened?

Competitiveness?

Wages?

Investment?

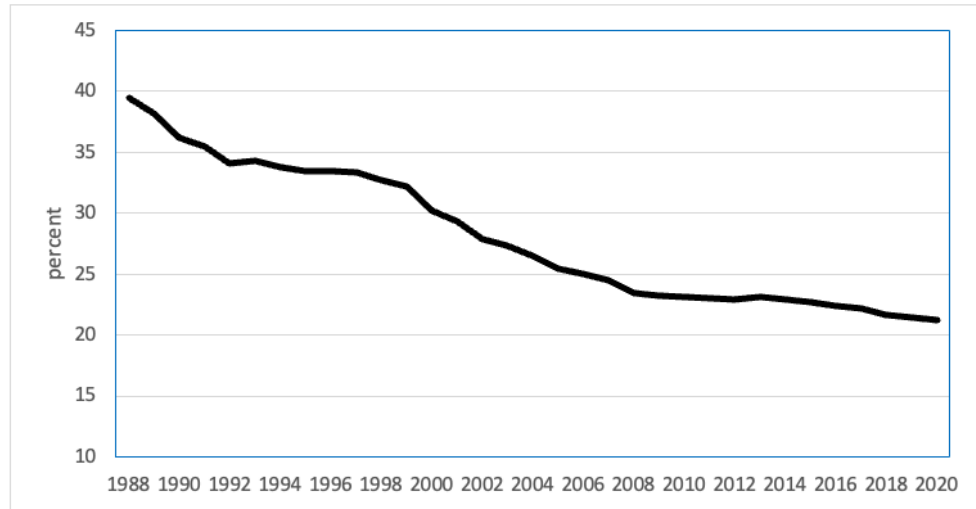
Growth?



# The International Tax Agreement

- 2021: Political Agreement by jurisdictions = ~ 95% of world GDP
- 2022: European Union moves forward ; many others follow suit
- Design: country-by-country minimum tax with backstops
- Addresses longstanding global collective action problem

Average Corporate Tax Rate of OECD Countries, 1988-2020



Source: OECD

# Implications for the United States in 2025

What are good ways to (a) raise revenue and (b) counter inefficient offshoring incentives and (c) meet other tax policy goals (efficiency, fairness, simplicity)?

Should US govt. join international tax agreement & raise revenue from corporate tax?

Or levy tariffs on the entire world instead?